

Intel's mysterious TV device sparks industry chatter

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Buzz is building over Intel's secretive TV set-top box due out later this year, which the chipmaker claims will provide live and other content via the Internet, is easy to use, and boasts face-recognition technology so it can tell whose watching it and recommend programs they like.

Quoting one analyst who has seen the gadget developed by an Intel branch in Santa Clara, Calif., Advertising Age this week enthused that it was "beautiful," boasts a "gorgeous interface that does away with clunky (and often ad-strewn) programming grids" and provides "seamless integration of traditional TV and what's on the Web."

Some analysts fear Intel could have trouble carving out a niche in the unfamiliar [TV market](#), which is heavily coveted by other companies, including Apple. They also are dubious of the venture, considering Intel's past stumbles offering such consumer products as digital cameras, [MP3 players](#), toy microscopes and [home entertainment systems](#).

"We are skeptical," concluded Raymond James

analyst Hans Mosesmann in a recent note to clients. "Overall, we believe an Intel Internet [TV platform](#) will be a tough sell."

But others, including tech analyst Patrick Moorhead, are more upbeat.

"I actually believe the time is right for this; there is demand for this, absolutely," he said. Based on his conversations with Intel officials, he added, "this is going to be a very interesting one to keep an eye on."

Aside from a briefing the company gave on the product in February, Intel has kept much of it under wraps, declining to reveal what it will be called, what programming it will include, and how much the device and the subscription to its content will cost.

But when the product powered by Intel's chips goes on sale through [retail stores](#) and the company's website in the latter half of this year, it will offer an impressive array of features, according to company spokesman Jon Carvill.

"This is a fairly bold and audacious move for Intel," he said of the device, developed by the corporation's newly formed Intel Media division, which employs more than 300 entertainment and consumer electronics experts, including some former employees of Apple, Google, Comcast, Sony Pictures and the BBC.

The TV box will have a built-in camera that can recognize users and maintain profiles of the programming each of them prefers, he said.

That would enable it to highlight each person's favorite shows when they switch the TV on and make suggestions about what else they might want to watch.

Moreover, he said, the camera will enable two or more viewers in different locations to observe one

another and chat as they tune in to the same show.

For people who want to replay something they missed, he said, it also will have what he called "a catch-up feature" that lets them "go back in time to a previous day's program and watch it without needing to record it."

Because Intel will be competing with such established pay-TV providers as Comcast and DirectTV, its ability to attract customers will depend heavily on providing comparable content. Intel hasn't disclosed what programming will be offered, but Carvill said the company is "heavily engaged" with content providers and believes its TV offerings will be "strong."

Intel gets most of its revenue from sales of chips for personal computers, a market that's dwindling as consumers turn increasingly to smart phones and tablets. As a result, the company has been pushing to get its circuits into mobile devices as well as automobiles, medical products, industrial applications and television devices.

So far, those new markets provide only a small share of the company's revenue. But "Intel could continue to build this into a bigger business going forward," according to a recent report by analysts at FBR Capital Markets.

"Whether they make a lot of money doing it, I don't know, it's questionable," said tech analyst Jack Gold of Intel's TV device. But even if Intel sells only a few, he added, it could further benefit by prompting other companies to make similar gadgets powered with Intel's chips.

But Nathan Brookwood, of the market consulting firm Insight 64, fears the chipmaker may be getting in over its head because "Intel has never really done very well at selling things to consumers."

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