

HD Is In-Room Entertainment Theme Of The Day With IPTV Up Next

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NATIONAL REPORT—
There was a time in the hotel industry when a color television set was considered a luxurious amenity and one that no guest could foresee owning in their own home. But that paradigm was dead and buried long ago. Today, the home is where virtually all in-room entertainment technologies make their initial appearance before slowly making their way into the hotel guestroom. Consequently, flat-panel, high-definition TVs and HD content are just now showing up in hotels, or at least the ones that can afford them.

"This next wave of technology is financially possible because HD is not unlike any other technology; it's going to scale down in cost as time goes by," asserted Tad Walden, the senior vp of marketing and programming for Denver-based On Command Video Corp. "It's currently expensive, but not entirely

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burdened by hoteliers. It's financially feasible for large hotels now because providers like us are taking some of the cost. But the real question is: Are there going to be enough HD-based products?"

Walden further explained that since hotels are adding HDTVs that cost thousands of dollars each, more compelling HD content must be provided. As a result, he said that On Command is now aggressively making sure there is a large amount of HD content for its clients' guestroom TVs.

But while the lodging industry and its vendors fine tune its use of HD content and TVs, the next frontier is Internet Protocol TV, which promises not only increased in-room entertainment capabilities but also bottom line cost savings in the long run.

"IPTV is the next frontier," asserted James Miles, CEO of Woodland Hills, CA-based NXTV. "And we've been installing systems over IP Ethernet since 2001. We recently had the Four Seasons Boston move to our IP over Ethernet platform from the traditional platform, which is the analog coaxial platform.

"We currently provide video on demand via IPTV," he continued. "However, by the end of the year we're also going to move the free-to-guest offering over IPTV in all hotels. The IPTV signal is a digital signal, so instead of modulating it through an analog modulator, we can take the digital signal and stream it directly to the set top box, so there's no compromise. It's true 100% digital TV with a tremendous bandwidth."

Also furthering the use of IPTV is Needham, MA-based KoolConnect Technologies, Inc., which has utilized the

technology in its work with such hotel companies as Mandarin Oriental Hotel Group. "The next big step and next big thing is IPTV," pointed out Mike DiLeva, KoolConnect's executive vp and general manager. "And what's driving it are a couple of things. One is that the hotels have made an investment now in broadband infrastructures and are looking to leverage that with other technology solutions. Also, the traditional coaxial environment has its limitations and will probably be obsolete in the future. And IPTV allows you to, for instance, yield manage the channel lineup, so that you can up sell specific programming to specific guests. So if I'm from Philadelphia and I'm traveling in Los Angeles, I can get my local sports."

DiLeva added that personal video recorders and their related capabilities to stop, pause and rewind live content will also find their way into guestrooms in the future as PVRs become more prevalent in households. He also noted that in the more far-off future, hoteliers will be challenged with the fact that guests will bring their own content with them that they will want to be able to view on hotel room TVs. Furthermore, the advent of Slingbox technology, through which guests are able to view live content from home on their laptop, will cause additional challenges for hotels.

Personal Video Recorders

Regarding PVRs in guest-

rooms, Dave Bankers, senior vp of product and technology at Sioux Falls, SD-based LodgeNet Entertainment Corp., said that there are associated legal implications. For example, if a hotel were to record certain shows for a certain guest's benefit through a PVR, is that hotel gaining some commercial benefit by doing so? Bankers further noted that there are other content holders' rights and copyright issues involved in the guestroom PVR debate.

Of course, the ultimate debate is whether too much is spent on in-room entertainment and the return on investment is significantly reduced. And that possibility seems to already have been grasped by the experts. "I think that guests have limited amounts of time to spend in guestrooms and our job is to find the right blend of economics and content to create a value proposition for hotels," Banker said. "Connectivity panels, for instance, where guests can plug in their MP3 player, are diminishing the value proposition of the pay-per-view provider. So the economic balance needs to be adjusted. There's only so much you can invest in."



ABOUT KOOLCONNECT TECHNOLOGIES

KoolConnect Technologies, Inc. is a leading provider of compelling media solutions - including standard digital and advanced High Definition Video on Demand for the hospitality industry. KoolConnect's innovative platform provides interactive media and high-speed data services over digital IP networks and offers a host of scalable turnkey solutions in a variety of flexible business models - including complete revenue-share options. To learn more about KoolConnect, visit www.koolconnect.com.

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