

# VOD a room standard today, but the delivery method is the new debate

By Christopher Ostrowski

Just because you add flat-panel, high-definition televisions throughout your property doesn't mean guests will ultimately be content with your in-room entertainment offerings. That's because that shiny, sleek HDTV you added is only as good as the content it provides.

Luckily for hoteliers, all of that content can be retrieved from today's single-source VOD suppliers, who not only provide movies but also TV channels through local cable systems or the satellite systems. Of course, in order to leverage the power of HDTVs, which guests already know display standard definition content worse than the old tube-based models, HD content is key and is now fully provided by those VOD suppliers.

On the way to obtaining HD content, hotels must first make sure they are receiving digital programming via their VOD, cable or satellite providers because as of Feb. 17, 2009, all TV stations will only provide digital programming.

Beyond that move is the current decision to be made around the VOD/TV content delivery method, which has traditionally been conducted through coaxial cabling. However, the same Internet protocol infrastructure used for a hotel's high-speed Internet service can now be used to deliver VOD/TV content as long as that infrastructure is at least CAT5 or CAT6 in nature.

There is some debate about which method is better suited for hotels today among the major competitors in this business area, which include LodgeNet Entertainment Corp., NxTV and KoolConnect Technologies.

While NxTV and KoolConnect both can deliver their services through coaxial cable or IP, they are decidedly in favor of the increasing deployment of the IP-based service.

"People are getting wowed by the new VOD tech-

nology that is supposedly digital, but it's the not the same as IP VOD," said Russell Reeder, president and COO of NxTV. "But if they want to provide a premium HD VOD system, you need the right network to support it. And that doesn't necessarily mean CAT6, although that is the most scalable. Ultimately, hotels have to be educated on who their right technology partner is if they want to switch to a high-quality IP VOD system."

Dave Tahan, COO of KoolConnect, is of the same mind as Reeder and noted, "With CAT6, you can avoid the cost of coax as an extra installation in a new-build property, plus IP provides a much better looking digital picture. Others out there are providing a digital system in the basement, but still an analog system to the room."

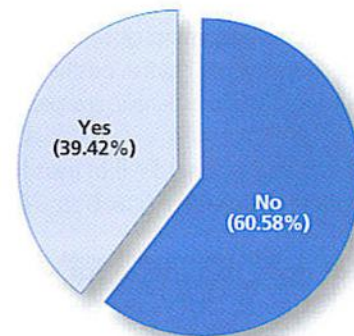
However, Dave Bankers, the senior vp of product technology development at LodgeNet, has a different perspective on this situation. "From my point of view, the large share of the market does not have the option to deliver content economically over IP," he noted. "For those constructing new-build hotels with an IP infrastructure, at this point in time the standards and practices necessary to deliver HD content over that infrastructure is at the bleeding edge because it is expensive. Meanwhile, coaxial infrastructure at most hotels can deliver the same guest experience."

While each of these companies has their own agendas, the bottom line for hoteliers currently appears to be that new-build properties and those going through gut renovations should future-proof themselves by installing CAT5 or CAT6 infrastructures that will deliver IPTV and IPVOD. That proposition, however, may only be affordable for higher-end hotels now. Nevertheless, such a maneuver cuts some of the expense of having to install a coaxial line.

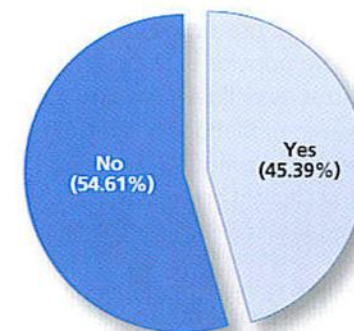


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Do you find that your current video-on-demand (VOD) system generates sufficient revenue?\*



Do you know what IPTV (Internet protocol television) is?\*



\*Source: ICDResearch



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