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Can I Get TiVo In This Suite?

In-room hotel entertainment has long been a backwater of technology. That's beginning to change.



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Though the lobby lounge is really fabulous, technology lovers who stay at the Mandarin Oriental in New York City may never want to leave their rooms. The hotel, which opened a year and a half ago, decked out its rooms with all the latest gear: flat-screen TVs, state-of-the-art speakers, 97 channels—including 10 in high definition—and scores of on-demand movies. There are also ports for laptops and iPods, as well as Xbox consoles, available on request. The hotel spent an average \$27,000 per room on technology—something that skeptical guests might want to remember as they shell out \$600 a night.

The fabulous technology expenditures put the Mandarin Oriental in a small but growing minority. While hotels once delivered an assortment of amenities that seemed luxurious because folks didn't have them at home (swimming pool, color TV), the category of in-room entertainment has lately sunk into a backwater of outdated technology. But that is beginning to change. As online price competition drives

down room rates, and mobile phones make overpriced phone service obsolete, hotels are looking to digital TV, personalized entertainment and video-on-demand for new revenues. They're also desperately trying to keep up with the rapid advancement of technology that consumers increasingly have in their own living rooms, which in turn raises guests' expectations. "Business travelers who have 42-inch plasma TVs at home are going to be disappointed when they get into a hotel and don't have a similar experience," says Mike DiLeva, general manager of KoolConnect, which installed the Mandarin Oriental system.

Progress in hotel rooms has been slow for various reasons. For starters, while start-ups like six-year-old KoolConnect are making inroads, two older companies dominate the industry of installing and managing hotel TV systems: the publicly owned LodgeNet, and On Command, a division of John Malone's Liberty Media. Though they don't like to talk about it, these kinds of companies have been perfectly profitable without any new technology. That's because of the industry's cash cow—adult movies, which are cheap to acquire and popular with travelers.

Older firms like LodgeNet and On Command also regularly negotiate deals that last as long as 10 years, which is why the more limited analog pay-per-view systems and videogame consoles persist beyond their normal life spans. And even newer in-room entertainment companies have the difficult task of securing the rights to TV shows and movies directly from the networks and Hollywood studios, which are wary about broadcasting to hotels digitally. The reason: content in digital form is more likely to be pilfered. If the TV networks and movie studios don't give permission for digital transmission, then services like high-definition, video-on-demand and "time shifting" popular television programs are not possible.

The holy grail of hotel entertainment is personalization. A traveler in L.A. who lives in Philadelphia could get broadcasts from home. Even better, a fan of "Lost" who's flying on Wednesday night could call ahead and get his hotel to record the show, so it's waiting for him when he checks into his room. Time-shifting has been possible at home for quite some time with devices like TiVo. But Hollywood gets to choose when it cooperates with hotel-owned video-on-demand networks, and so far it's moved slowly.

There are some hopeful signs. During the next basketball season, for instance, guests in rooms equipped with LodgeNet's digital systems can pay a one-time fee to order daily access to all NBA games. And networks like HBO and Showtime, which own their own programs and thus have less-complicated licensing schemes, have taken the first steps toward allowing time-shifting of programs on hotel TVs. Doug

Rice, executive director of the Hotel Technology Next Generation trade group, says he sees signs of progress. "I've been on calls with major studios that are just starting to recognize there is a major opportunity they are missing in 10 million hotel rooms," he says. Hey, maybe their executives just want to watch good TV when they travel, too.

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