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Cheap digital homes remain a tech grail *By Dan Zehr*

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Barry James Folsom has heard all the digital-home hype. He's been in the middle of it for more than eight years now.

Magazine writers used to swing by his two homes in California and depart with wonderful stories about the house of the future: Mom could work from home, Dad could ask the refrigerator how much chicken to pick up for dinner, and the kids could watch the same movie in three different rooms at the same time.

It was all such a grandiose vision. But almost a decade after Folsom showed off his connected house, consumers still have little more than a vision of how it's all supposed to work.

"All the pieces are there, so anyone who wants to have these experiences" can, said Folsom, now head of Motorola Inc.'s connected home solutions. "But the price points have to come down, and, frankly, we have to do some work on getting the experiences easier to use.

"That's craftsmanship, and unfortunately craftsmanship takes time."

The latest craftsmanship goes on display at the annual Consumer Electronics Show beginning today in Las Vegas. And no doubt the massive trade show will feature hundreds of new designs for the "digital home" - a phrase now so common one would think all homeowners have an entertainment network pulsing through their houses.

But they don't, and they probably won't any time soon, either. The digital home is expensive, it's complicated, and no one has come up with a good, one-size-fits-all approach.

"The bottom line is, it's such a fragmented market," said Chris Mauzy, director of business development at Best Buy Co. Inc., the largest U.S. consumer electronics retailer.

Best Buy is one of many companies hoping to change that. At the show, the retailer will feature its ConnectedHome.Life package, which brings together components from 16 manufacturers into one package.

The system includes the computer, the television and a raft of other electronics to create an entertainment and home automation network. It'll allow customers to check home security cameras from the office or pause a live show in the den, get ready for bed and pick it up at the same spot in the bedroom.

"There are many ways to consume media on the Internet, but typically a user is consuming it in a three-foot experience between their head, the monitor and the computer," Mauzy said. "We want to create a 10-foot customer experience. . . . When that's a 10-foot experience, then you can engage the family."

It won't engage Joe Sixpack's family, though. Including installation and service, the package runs \$15,000.

AT&T Inc. has taken a less expensive approach with its Homezone product. The phone and Internet colossus is expanding its top-end digital networks in an effort to meld the three screens most consumers use: their cell phones, computers and televisions.

Though AT&T's plans aren't as extensive as Best Buy's package, they have the same philosophy: Eliminate the fragments and offer one easy-to-use system.

"Certainly there's the piecemeal" approach, Mauzy said, "but we're trying to take some of the most relevant pieces and bring them together."

To be sure, those pieces are getting increasingly powerful and sophisticated, a sign that the grand vision of the "digital home" isn't a mirage.

Computer makers such as Dell Inc. and Hewlett-Packard Co. are producing quieter computers that better suit the living room. **Austin's NetStreams Inc.** has a system that ships audio and video throughout a house using the basic language of the Internet.

The Wi-Fi Alliance, also based in Austin, plans to announce the Wi-Fi Protected Setup, a new industry standard that will make it easier for homeowners to set up their own secure hot spots. The simplified process will cut the number of steps required to set up a network by half, the group says.

Even Intel Corp. and Advanced Micro Devices Inc. are looking at the ecosystem surrounding their microprocessors.

For example, AMD will announce additions to its AMD Live platform today, including proposed designs for a home cinema.

"As there's more digital media, we're finding consumers are looking for more and more ways to share and access it," said Aaron Feen, director of AMD's consumer marketing.

The entertainment options made possible by new technologies have gained momentum over the past several years. And that might be what finally grabs enough consumer interest to push these digital networks into the more mainstream homes.

"With all the technology we've got, most homes are still as dumb as they were in the '20s," said Matthew Swanston, director of business analysis for the Consumer Electronics Association, host of the conference.

The consumer electronics industry initially saw the digital home in terms of "alarm systems and water heaters," Swanston said. "But it turns out Slingboxes and TiVos were more compelling to consumers."

Back around the time Folsom was showing off his networked home, electronic companies were thinking about how consumers could control their homes - how they could turn on their lights from the other side of the planet. Now, the driving force is content - how they can watch a home-recorded TV show from the other side of the planet.

But most consumers don't want to know how it works, as long as it works.

"All they care about is it's recognizable, immediately usable and that it works every time," Swanston said. "The television never crashed. . . . The expectation for entertainment is for a bulletproof, works-every-single-time experience."

And the undisputed champion of customer experience right now is Apple Computer Inc. As usual, Apple won't be at the trade show; it holds its annual Macworld conference this week in San Francisco. Many observers expect the company to release a digital home package called iTV.

"Why is this such a big deal?" Tim Bajarin, a longtime technology analyst for Creative Strategies, asked in a recent essay. Because the consumer electronics and PC companies "are quite concerned that Apple could do an iPod on them."

You've heard of the iPod, no?

If Apple replicates even part of the success it has found with the iPod and iTunes, the company "could end up with the lion's share of this (home entertainment) business as they have with the portable MP3 market," Bajarin wrote.

"All eyes are on California, even while people are marching around in Vegas, because what Apple does in this space is very important," said tech analyst Roger Kay, president of Endpoint Technologies Associates Inc. "The PC side has to fix their issues, because Apple represents the bar right now."

Despite the recent iPod success at Apple, computers running Microsoft Corp.'s Windows operating system still dominate the home computer market.

The company's new Vista operating system, due out at the end of January, will make it easier for consumers to deal with all their digital photos, music and video, analysts say.

But the operating system can be too big and bulky for people who just want to watch a movie, Kay said.

"The PC ecosystem is big, broad and inclusive, so in the end you get a really robust experience," he said. "But the people at home have to be their own (tech support) staff. They don't want to do that."

So for the companies that will populate the trade show's floor, it comes back to the craftsmanship that takes so much time.

"We tend to think in the tech business we ought to be able to solve all these problems the first time we think about them," said Stephen Baker, vice president of industry analysis at NPD Techworld. "But even a good solution takes some time to find its bearing. And even a good product idea can be ahead of its time, before the technology is really ready for it."

Mainstream consumers "see the possibilities, but we haven't been able to offer the plumbing to make it happen," Baker said. "I don't think it's there now, and I don't think it'll be there this year. We're still at that eye-opening stage."

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AT&T 'The television never crashed. . . . The expectation for entertainment is for a bulletproof, works-every-single-time experience,' an industry executive said of the main obstacle facing digital home networks. The Homezone hardware from AT&T focuses on in-home networking at a lower price than some competitors. AT&T AT&T wants to tie a household's cell phones, computers and TVs together so customers can, among other feats, watch security camera feeds on their phones.