



## Roku player first to stream Netflix movies to TVs

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A harbinger of how US consumers may access the Web for entertainment and information, Roku, Wednesday introduced the first player that streams movies from the online, subscription service Netflix to televisions using open source software. Roku's Netflix Player, about the size of a paperback book, costs US\$99 and is available immediately from its Web site.

The Netflix Player is the first step in Roku's quest to fulfill its "Internet to the TV strategy" that challenges the "walled garden" approach of closed systems Apple TV and Vudu, and in the future, cable television, said Tim Twerdahl, Roku's vice president of consumer products.

Roku, which grew profitable selling its BrightSign interactive kiosks and digital signs to businesses like the Monterey Bay Aquarium, now faces all the challenges of the consumer electronics market.

"It's an easy software upgrade to go for other services," Twerdahl said. "First we're going to focus on marketing to Netflix's eight million subscribers. As we add more features to our box, we'll look for other content partners."

Netflix, has been toying with creating a device that could stream its online movie library to television sets for three years. A year ago it struck a deal with serial entrepreneur and inventor Anthony Wood, Roku's founder, to split his time between Roku and Netflix to guide the development of a Netflix-branded set-top box. However in January, the strategy

changed. Netflix bought a US\$6 million minority interest in Roku and spun off its small player development team to work for Roku, Twerdahl said. Meanwhile, it reached out to two undisclosed consumer electronic companies and LG Electronics to build other Netflix players. LG is expected to ship its player in a few months.

The Netflix Player by Roku lets Netflix subscribers to watch videos from the company's Instant Viewing (aka Watch Now) feature — about 10,000 of its 100,000 movies and TV programs — without paying an extra charge. Movie licensing agreements prevent Netflix from streaming its entire library. The Roku player is optimized for Netflix video streaming there is no downloading to a hard drive. The player requires either a wireless or wired Ethernet connection to the Internet.

The player can be paused on one television and playing can be resumes on another television connected to a Roku Netflix Player in another room. The player also has high-definition connections and a basic remote control that subscribers use to browse and make title selections on the TV screen, read synopses, and rate movies. In addition, users can fast-forward and rewind the video stream with the remote control. The Roku software will be automatically updated, the company said.

About 20 million of the 110 million U.S. households have an Ethernet connection and a television in their living/family rooms, according to a Solutions Research Group "digital life" survey last November.

"When you factor in the fact that only a fraction of the user base would actually bother to make the connection or pay the premium, we suspect this (player) would be attractive to, at best, one in 10 Netflix users," said Kaan Yigit, a Solutions Research Group analyst.

Currently, the US doesn't make the list of top 10 countries with the fastest Internet-to-home connection. Once that happens, movies streamed from servers to televisions and lots of interactive television functionality are expected to become commonplace.

"During the next couple of years, two factors will unfold," Twerdahl said. "The first is consolidation. People don't want lots of set-top boxes under their TVs. And the second is the explosion of content coming down the IP (Internet Protocol) pipe. We're not quite there where we don't need cable TV, but people are sick of cable providers."

With its software technology that pulls Web content into televisions, Roku also has the world's television manufacturers "on our radar" in anticipation of consumer demand for TVs with Internet capabilities built-in, Twerdahl said.

Roku's CEO and founder Anthony Wood often has been ahead of technology curve. As a teenager, he wrote his first communications program in 1983 - 15 years before most people plugged a personal computer to a telephone line. He followed that by developing desktop publishing and audio-editing software for the Commodore Amiga while a college student in the mid-1980s. Wood's next software product was Studio 16, an audio effects and editing system. Later he built Backstage, a combination Web page authority tool and page-organizing database that Macromedia bought, stripped of some functionality, and sold as Dreamweaver, the popular Web page editor. His fifth venture was Replay TV, the first digital video recorder, which was sold to SonicBlue and lost to TiVo in licensing its technology to satellite TV firms. Wood started Roku, which means six in Japanese, with a focus on high-definition television systems based on open source.

Like Wood's past products, the Roku Netflix Player is not just about the software, it's about trying to invent the future.

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