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Microsoft Unveils New Version of MSN TV
Gary Gentile / AP Business Writer



Bebeto Matthews / Associated Press

Sam Klepper, left, MSN TV general manager, holds a press interview after unveiling Microsoft's new internet and media player MSN TV 2, right, in New York, Tuesday. Microsoft's latest version of its Web-surfing, set-top box adds high-speed Internet and video in an attempt to attract younger users.

LOS ANGELES -- [Microsoft Corp.](#) introduced on Tuesday a new version of its Internet TV service, seeking to broaden its appeal beyond a relatively small base of older, computer-phobic users.

The set-top hardware it uses, the MSN TV Internet and Media Player, is a strange hybrid for an increasingly networked world.

Essentially a media receiver, the player lets people surf the Web, display digital photos, watch downloaded video clips and do e-mail -- all the time using their television as a monitor.

The new version, called MSN TV 2, adds a port for people with high-speed Internet connections and home networks. Made by Thomson under the RCA brand, it has more processing power than its predecessor but contains no hard drive. The box has 128 megabytes of RAM and 64 MB of flash memory.

It sells for \$199.95 plus a subscription fee, depending on whether it is used with broadband Internet access or dial-up. The box also includes Wi-Fi connectivity for wireless home networks and slots for memory cards from digital cameras.

A wireless keyboard and remote are also included.

Microsoft last updated this service two years ago, at which time it said it had a little over 1 million subscribers.

MSN TV is the renamed WebTV service that Microsoft bought in 1997. The company declined to provide current subscription numbers.

“We’re going after the broadband households with home networks who have digital content on their PC and a big screen TV where they can relax and share that media with friends and family,” said Sam Klepper, general manager of MSN TV.

Subscribers get access to Microsoft’s MSN service, which includes 200 streaming radio stations and video clips from NBC, the Discovery Channel, Fox Sports and other partners.

Users will not be able to watch movies downloaded from the Internet or listen to songs purchased from legitimate online services, such as MSN’s own music store, until next year, when copy-protection software is added to the receiver.

But like any other media player -- the market remains young -- the device will play songs that have been ripped from a user’s CD collection to computers on a home network.

Analysts said Microsoft will have a tough time attracting a younger, more tech-savvy consumer while simultaneously trying to appeal to older less tech-savvy users.

“How you serve both at the same time will be an interesting question as you go forward,” said Eric Kainer, an equity analyst at Needham & Co.

The cost of the service could also be a problem, analysts said.

People who already pay nearly \$50 a month for broadband service will pay \$9.95 per month for MSN TV 2. Dial-up users pay a \$21.95 monthly fee, which includes Internet access.

“If you do have broadband, the MSN TV subscription is on top of that,” said Josh Bernoff, an analyst with Forrester Research, Inc. “That is quite a lot to ask.”

New services also include a photo viewer that displays pictures in a slide show, accompanied by music, MSN Messenger, for online chatting, and parental controls.