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## Seeking a Niche, Companies Try New Web-to-TV Technologies

 By **LI YUAN** and **PETER GRANT**
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Like many Chinese immigrants to the U.S., Yan Chen uses the Internet to watch Chinese TV programs. But, unlike many, she watches them on her television, not her computer screen.

Ms. Chen, an accountant in West New York, N.J., who moved to the U.S. four years ago, subscribes to KyLinTV, one of a new breed of companies trying to build businesses by sending movies, TV shows and videos available on the Internet directly to television sets. For \$30 a month she gets 31 Chinese TV channels, which are piped to her TV through a special set-top box that connects to her broadband cable.



KylinTV uses a set-top box to route Chinese programs to TVs via the Web.

"I used to buy DVDs when I was visiting home," says Ms. Chen, "Now I can watch live Chinese TV programs sitting in my living room."

The technology company behind KyLinTV is NeuLion Inc., a Plainview, N.Y., start-up that sells a new streaming-video technology. It enables KyLinTV and other companies to deliver programming via the Internet


to the TV sets of small but passionate audiences for topics such as Cuban baseball, religious programming and television shows in Africa.

Since videos showed up on the Internet in the late 1990s, technology companies have looked for ways to turn the Web into a new form of distribution for conventional television -- allowing programmers to pipe movies and TV shows directly to consumers without having to go through cable- or satellite-TV middlemen.

Most attempts at doing this have fizzled, proving unable to compete with traditional television programming. But interest is still rising as the quality and quantity of Internet video grows. Some companies are rolling out products they hope will overcome consumers' resistance to multiplying set-top boxes and complicated connections.

**Sony Corp.** this year began shipping Bravia televisions that can be fitted with \$299 plug-in modules that grab select content off the Internet. **Apple Inc.** introduced Apple TV, a device that wirelessly connects iTunes music and movies from a computer to a television. **Hewlett-Packard Co.** recently began selling its second generation of "media smart" televisions with built-in software to pull videos, music and photos off computers. The two largest manufacturers of set-top

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boxes for cable and telephone operators -- **Motorola Inc.** and **Cisco Systems Inc.**'s Scientific-Atlanta division -- are working on a new generation of boxes that will do double duty, taking content off the Web and from traditional sources.

Steady Stream Bringing movies and videos from the Web to TVs			
Product	Maker	Cost	What it does
Bravia	Sony	\$299	Streams Web-based videos from Yahoo, AOL and Crackle to TVs.
Apple TV	Apple	\$299; 399	Wirelessly transmits iTunes content to TVs.
Media Smart TV	Hewlett Packard	42": \$2,099 47": \$2,499	TV that connects to computer wirelessly. Also accesses selected Internet content.
Xbox LIVE Marketplace	Microsoft	\$279; 449	X box 360 feature enables download of standard and high-definition TV shows and movies to TVs for a fee.
KyLinTV	NeuLion	Avg. \$16.99 per month	Routes Chinese TV programs and movies from the Internet to TVs through special set-top box.

But many technology companies have found delivering quality pictures to TV sets via the Internet isn't necessarily a formula for success. "There's been so much road kill trying to make the TV behave like the PC," says Ashwin Navin, president of San Francisco-based BitTorrent Inc., which provides software used in sharing videos on the Web.

KyLinTV, founded by Charles Wang and Charles Dolan, uses a technology that can deliver programs in a stream over slow

household bandwidths, rather than as a download. "We're delivering a television experience over the public Internet," says Mr. Wang. He built Computer Associates International Inc., now **CA Inc.**, into a leading software company before stepping down as chief executive in 2000 and chairman in 2002. (In April, a special board committee of the company, based in Islandia, N.Y., accused Mr. Wang of participating in fraudulent accounting during the 1980s and 1990s. He denies the charges.)

KyLinTV's technology comes from NeuLion, which is financially backed by Mr. Wang and run by his wife, Nancy Li, CA's former chief technology officer.

Ms. Li left CA in the wake of a power struggle in 2004 and founded NeuLion around that time. Mr. Wang decided to invest in an Internet video technology being developed by four students at Peking University. It allowed video files to be transmitted at lower bandwidths without sacrificing picture quality.

Seeking a use for it, Mr. Wang looked up Mr. Dolan, his longtime friend and neighbor in Oyster Bay, N.Y., who is also the chairman and founder of **Cablevision Systems Corp.** After seeing a demonstration, Mr. Dolan agreed to invest in KyLinTV, the first company to use NeuLion's technology. Mr. Dolan declined to comment through a spokesman.

Messrs. Dolan and Wang decided KyLinTV would provide Chinese programming. Mr. Wang and Ms. Li, natives of China and Taiwan respectively, knew there was demand among the four million Chinese living in North America. "Our parents used to complain there were no good Chinese programs to watch," Ms. Li says.

Obtaining rights to Chinese TV wasn't easy. But things improved after KyLinTV hired a Chinese company, Run Media Inc., to act as an intermediary in 2006. KyLinTV was able to sign contracts with more than two dozen Chinese channels.

NeuLion's strategy is to spread the cost of the technology among the niche programmers that use

it. That cuts the cost for NeuLion's customers so they don't need many subscribers to make a profit. KyLinTV, whose around 25,000 subscribers pay an average of \$25 a month, will break even once it hits 30,000 subscribers, says Chris Wagner, a NeuLion executive vice president. "It's a lot cheaper than starting your own cable company," he says. KyLinTV plans to start selling advertising toward the end of the year.

Some 15 television service companies now use NeuLion's technology, including Africast Global Media Inc., showing TV from Africa; ABS CBN Global Ltd., showing TV from the Philippines; and Schorr Partners, which has acquired the rights to Cuban baseball games.

One of NeuLion's latest deals was with Dominion Video Satellite Inc., which for a decade has sold a Christian-oriented satellite TV service that about 110,000 households pay \$14.99 a month to receive. Later this year, Dominion will begin transmitting to TV sets over the Internet instead, using NeuLion boxes.

NeuLion markets its technology at cable-and satellite-TV trade shows. It also identifies owners of niche content, like ethnic TV or sports that have small but avid followings. "We send them a box," Mr. Wagner says. "All they need is an Internet connection and they can hook it up in their office. That's how it starts. We have tests going in Italy, Turkey, all over the place."

The company recently announced a deal with the National Hockey League. But the NHL is using NeuLion technology to make its games and other content available only on the Web. League officials say they don't want to antagonize cable- and satellite-TV companies that pay to broadcast hockey games and don't want the competition.

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