The hub of Convergence...

...is the home entertainment centre. Kate Bulkley talks to Chris Deering of Sony and Microsoft's Moshe Lichtman about their companies' very different approaches.

Kate Bulkley

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Chris Deering

I assume the Playstation figures quite prominently in Sony's vision for the connected home? There are already millions of them in homes, and Sony dominates the games console market (versus Nintendo, Sega and Microsoft) with nearly 80 per cent of the market.
Playstation has historically been a console playing through the TV and now the PSP is a stand-alone portable console. That business continues to grow and PS-2 is in its ascendancy with more than half of the ultimate software to be sold on it yet to come and if you take historical lifecycles into account. PS-3 is powered by a much more robust CPU based on the Cell chip technology (made in cooperation with IBM and Toshiba) and therefore can multi-task and handle multi-operating systems and can provide much more of a robust home server environment than past consoles.

This PS-3 is going to be a very different machine – more like a Media Centre PC - but certainly very different from PS2?
In it's earliest use, the market for PS-3 will come from the existing base of game players, which is every increasing and ever-more demanding. But of course, PS-3 will power a Blu-ray disc, super headroom capacity player for HD movies or other memory intensive pre-recorded material as well as memory intensive gaming. And the connectivity will be heavily built in and access to various networks will be easy. It will be coming not only just as the world goes broadband but also as the world goes high-speed broadband, so the stars will come into alignment. Whereas in the past maybe there was high speed broadband but insufficient CPU or memory power or vice-versa, so now there is a whole new plateau of interoperable requirements to enhance the home entertainment experience.

...you say this as the right product at the right time. What will this all-singing, all dancing PS-3 cost?
It will be definitely be more than the PS-2, which is now costing about $149.00. Initially the PS-2 came out at $400 and in some cases more, but there has been no price announced for the PS3. The pricing is a function of cost, business strategy, software business models and a number of other factors, but PS has always been affordable for what it offers and I believe that will continue.

...when we talk about Sony there are a lot of different arms - from the PS group to the TV group to the PC group to the mobile phone group, which has a deal with Ericsson. And I haven't even mentioned the content side of Sony. So are all these different units going to be offering the consumer different avenues to accessing, storing, playing etc all the content that is available out there?
The nature and diversity of hardware coming from Sony is the legacy of our heritage. Displays and speakers and electronics equipment has been the cornerstone of Sony going way back along with the Walkman and portable audio. Sony is a very big conglomerate in the manner of speaking. It is linked more closely strategically and organisationally than many other holding company type conglomerates but there is a fair amount of independence between divisions. But our challenge is to take the best of the best and attempt to succeed in solving a number of the complications that currently face consumers as these various devices increase in capacity and sophistication. The interoperability and the inter connectivity to always-on IP networks along with HD and big screens and what I would call personalisation and navigation and discovery software are going to be centre stage.

How do you see the truly networked home developing and what will make it happen and how fast will it happen and will there be more than one winner in the home, by that I mean more than one device from one manufacturer and how will that work?
I think there will definitely be a number of dedicated devices. If you look at the Blackberry for example it seems to survive in the midst of all this. The standalone digital still cameras will still survive despite the mass proliferation of mobile phones with cameras but they may do things more directly and uniquely, as they get more sophisticated, possibly with changeable lenses. I don't think all-singing, all-dancing products are necessarily the only way that life will go but there will be advances in sparing the consumer of the head scratching and the spaghetti laying of wires or how to access content coming from a mobile network. The important thing is not actually how it gets there but how transparent it is to the consumer's use and how they will not have to change hats every time when they are trying to

remember who they just called or what content form what network they just accessed!

How will this all affect interoperability? This is the big bugbear of the new frontier. And Sony has had some experience with its Connect music service where the different groups within Sony were in charge of different parts of the service that was meant to compete with Apple's iTunes. The result was that some of Sony's own Walkman's didn't actually work well with the service! So what about proprietary systems?
To use the famous example or iPod and iTunes, Apple is not IBM and Apple is not Microsoft but you know you get your iTunes or your MP3 files for that matter off an iPod and empirically it is through the operating system on the laptop, so there can be examples of things that are proprietary in some ways and open in other ways. I think that recent history would suggest that Sony is migrating slightly more in the direction of open but with very sophisticated final use applications and navigations or feature sets that enhance the enjoyment of the content but try and open the amount of variety and creativity as possible. The biggest reason for Playstation's success beyond its creation has been its philosophy of inviting the broadest possible participation of independent publishers, which was not the case in the early years of Nintendo and Sega.

It seems to me that the success of iPod spurred on a lot of companies to get thinking in a more consumer-oriented way about music delivery. I know that your Connect service is due for a re-launch before the end of this year. How important was iPod to changing how Sony approached this burgeoning market?
I think certainly it caused a change in perspective more towards more networks and end-to-end solutions than strictly toward devices and pre-recorded formats. But I think the proficiency in manufacturing and engineering and across many technologies is already showing Sony to in a formidable rebound in respect to MP3 and networked audio devices, battery life, dependability, and improving navigation and jukebox features.

Is protecting content in this increasingly converged world going to continue to plague business models, especially for a company like Sony that owns content like music and movies?
Clearly, copyright theft or piracy are problems for the businesses in music and movies and even in games. It is the responsibility of the publishers of this material that the property of the owners is protected as much as possible and it is also in the interests of the device manufacturers to collaborate toward that end.
Is **Sony developing discovery software?**
Without going into any detail, let me just say, yes.

So Google look out! I want to also ask you about how fast all this is going to happen. Will digital switchover be propelled by any of this?
The boxes to be ticked are broadband availability of 1 meg or preferably 2 megs or better; fairly robust access to storage either in the home or at some remote location; and of course the purchasing power to get the right CPUs and displays and sound systems etc. But for the content delivery monetisation there are others: protection, access and categorisation etc. these will evolve and it will not be overnight. But it won't be a constant ascending slope; instead it tends to go in jerks, like earthquakes in California. You get these jump steps and when you get to the tipping point in one locale and at least one home on every street can see what it is like to watch a football match in HD on a 40-inch screen, then it sort of becomes this year's "it's about time to do this" thing. The early adopters are always at work, but for the mass market it will come along in jerks. That said, I think there is a major new plateau, kind of a jump shift that will occur in the next three to four years.

A lot of this will depend on technology, right?
If you can solve the spaghetti wires problem, and help reduce the interoperability problem then there is going to be a mass adoption. People had emails for 10 years but all of a sudden it went from 5 per cent to 50 per cent in two years. I can sense that with things coming into alignment on the broadband and CPU side there is not a lot that needs to be cracked to get quite a big shift. But it will be a few more years before mobile and IP wired services are seamlessly interwoven in the home.

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Looking at your competition, Microsoft comes to mind. Are you at all worried about them?
Their presence and their resources are well known and their ambition is also formidable but I am not sure that Microsoft is guaranteed pace car position. They may earn it in some ways but it is a difficult field. They have tried cable software for TV, and mobile software and now IPTV software with mixed results but I am sure they will succeed on some fronts. But I don't think it is a one-horse race by any stretch.

Does Europe have any advantages in this new converging world?
I think that Europe will be a bigger engine to resolving some of the issues around the new converged world than in the past, a little like it was with resolving the GSM standard. The consumer utility across so many governments and cultures and economic systems tends to produce solutions like GSM that win out more often than when there is an incestuous horse race between two competitors in a somewhat walled garden, like the US or Japan. I just have a feeling that Europe's diversity will be a strength in coming to resolutions that are flexible and that should also work on a global scale. I think Europe — because of its experience with the success of GSM --will come up with some interesting solutions for this next phase of convergence for example on interoperability and network services.

Chris Deering