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Content Providers Still Fear Innovation Consumer Electronics Show to unveil 'must-have' gadgets

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North America's largest trade show takes over Las Vegas this Sunday. For the following four days, the bright lights of the Strip will be outshone by giant plasma and LCD TVs, video game displays and the flashes of new digital cameras.

And no city is better than Las Vegas for the International Consumer Electronics Show to celebrate its 40th anniversary — this city's generosity, hospitality and can-do attitude have made the show a success for decades.

Encompassing more than 1.8 million square feet of exhibit space, the 2007 International CES hosts more than 140,000 consumer electronics manufacturers and retailers who will witness the introduction of more than 20,000 new technological marvels. In past years, revolutionary household electronics such as the VCR, CD player, camcorder, DVD player, and high-definition television have all debuted at International CES.

The 2007 "must-have" electronics products will all be unveiled here this week. Consumers are demanding innovative new products that allow anytime, anywhere access to the music and video content they own. And manufacturers are rushing to meet that demand.

But there are dark clouds gathering over the robust spirit of innovation that settles each January in Las Vegas. While many content providers are rushing to partner with manufacturers to develop robust new devices and applications for audio and video content, some in the content community are waging war on these new innovations. This narrow-minded attack on new technology would make even the original tech-hating Luddites blush, and it threatens the otherwise healthy promise of our industry.

The classic historical example of this "kill innovation" attitude was the content industry's reaction to the invention of the VCR. First introduced at International CES in 1970, the VCR brought home entertainment to new heights, allowing consumers to time-shift video content

to enjoy at their leisure. Fearing consumers would stop going to movies and unable to imagine any revenue potential, Hollywood studios sued to block the VCR, taking the case all the way to the U.S. Supreme Court.

Fortunately for consumers (and indeed, for the studios themselves), the suits were unsuccessful. By the time International CES moved from Chicago to Las Vegas in 1978, the first video rental stores had opened, introducing a new revenue stream so significant to Hollywood that many studio moguls questioned why they ever opposed the VCR in the first place.

Sadly, the lessons learned from the VCR litigation seem to have been forgotten, and consumers could feel the direct impact on the electronic equipment that is so important in their daily lives.

Today, the average U.S. household owns 26 consumer electronics devices. For the \$145 billion consumer electronics industry, 2007 promises to be another record year as demand explodes for high-definition television, MP3 players, video game consoles and next-generation DVD players. But as technology growth continues to outpace the overall economy, lawsuits and proposed legislation could bring the sector down from its lofty heights.

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Already, certain content owners have filed lawsuits to block devices that allow consumers to shift lawfully owned music and video around their homes or to their cars. Some content owners have pushed for legislation that would shut down satellite radio services, ban devices that allow you to watch a movie in more than one room of your house, and disable functions in MP3 players that allow you to make archive copies of your own music.

International CES shares much with its content community partners: in a sense, this show is the ultimate garage rock band or indie film, as pioneers of the electronics industry, as well as telecom, satellite and cable and even content companies bring their big ideas from the basement or dorm room to the trade show floor. Consumer electronics companies that started with just a small idea now provide hundreds of thousands of good-paying jobs in the United States and are a vital part of the global economy.

As International CES gets under way, a new Congress is beginning work in Washington. Our new elected leaders must avoid the trap of short-sighted regulation that cripples our ability to spread innovation around the globe.

Policy makers must work to ensure our role in the global marketplace by empowering U.S. companies with the means to remain competitive. This means ensuring that intellectual property laws do not restrict our manufacturers' ability to innovate, or the consumer's ability to buy devices that make the most of the content they own. It means promoting free trade by resisting protectionist demands to shut our borders, a move that would close lucrative foreign markets to American goods and services.

And above all, it means learning about how technology is shaping the lives of all Americans, and taking the necessary steps to promote this vital sector of our economy so that the 2008 International CES returns to Las Vegas next January, bigger and more exciting than ever.

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