

HP Unveils Next Phase of its Digital Entertainment Strategy

Company announces industry's first HDTV media hub, next-generation HP Digital Entertainment Centers, and a full line of new TVs and projectors

In advance of the annual Consumer Electronics Show in Las Vegas, HP today kicked off the next phase of its digital entertainment push by announcing a set of products and partnerships that build on the company's strategy to deliver simplicity, innovation, personalization and mass-market pricing.

"Digital entertainment is about enabling consumers to enjoy, manage and interact with all kinds of content from any source in a simple, easy way," said Carly Fiorina, HP chairman and chief executive officer. "Our expertise in imaging and printing, consumer devices and computing technologies combined with our R&D capabilities uniquely position HP to solve the complexity of integrating the physical and digital worlds and take the digital lifestyle mainstream."

The company announced an expanded family of entertainment hubs. First, HP announced it will add high-definition ATSC tuning capabilities to its current HP Digital Entertainment Center (DEC), which is designed for PC enthusiasts who want to combine e-mail and Internet access with digital entertainment capabilities. HP's new DEC products fuse the best of PC and audio-visual elements. Two models are expected to ship this spring with different storage, graphics card and tuning options.

Second, HP announced the industry's first HDTV media hub - an HP-developed product that enables consumers to access, manage and enjoy digital photos, music, TV and video combined with the capabilities of HDTV, a digital cable set-top box and a dual-tuner digital video recorder (DVR). Consumers who are looking for a family room or living room-based entertainment experience can now enjoy multiple kinds of content, which previously required multiple technologies and devices, through a single, simple-to-use platform managed remotely from the couch. For example, consumers can easily create their own slide shows combining personal digital photos and videos with music.

The new HP media hub, expected for release in fall 2005, will launch with three key services:

- An intuitive Electronic Programming Guide designed by HP that allows consumers to easily find and record the content they want,
- A music information service that automatically provides song titles, CD artwork and other artist information and
- An automatic update service that upgrades the device with new services as they become available, extending the longevity of the device.

Additionally, in 2005, HP plans to introduce a full line of 17 new HDTVs and home theater projectors based on HP-developed "visual fidelity" technologies, such as the company's patent-pending "wobulation" technology, which enables twice the resolution of digital projection displays without increasing the cost. HP's picture-enhancing technologies also analyze each pixel in every image for noise reduction, color enhancement, motion compensation and detail enhancement, resulting in a sharper, clearer picture.

Partnerships and channel expansion accelerate digital entertainment

HP continues to expand its partnerships with some of the industry's most influential companies, driving open standards and furthering the goal of providing consumers with unique content and services. New

partnerships include:

-- Tweeter Home Entertainment Group: HP is expanding its vast retail presence by teaming up with specialty A/V retailer Tweeter Home Entertainment Group. Tweeter's new Las Vegas concept store, called Tweeter Entertainment Architects, will feature HP's digital entertainment products at the center of many of the entertainment experience settings throughout the store. Additionally, these products will also be sold throughout the retailer's store network.

-- Philips: HP is helping to lead the digital rights management (DRM) effort to enable businesses and consumers to produce and use digital entertainment content without having to worry about piracy. HP and Philips are jointly launching the new Video Content Protection System (VCPS), which provides a powerful entertainment experience that automatically adheres to new recording rules for the consumer but remains completely transparent to the viewer.

-- Panasonic: HP and Panasonic are working together to make it easier for consumers to use DVD media between their digital consumer electronics and PCs by incorporating DVD+R and DVD-RAM formats into the companies' respective DVD products. By eliminating format issues and confusion about which media to use, both companies expect that consumer interest in DVD recording will grow significantly. The companies also plan to cooperate on developing products and solutions that support the Blu-ray Disc Association high-definition optical disc format. The goal is to create the overall best user experience in the growing recordable DVD market, as well as in the future Blu-ray Disc market.

-- DRM Coral Consortium: As a founding member of the Coral Consortium, an alliance of media and technology leaders dedicated to DRM interoperability, HP will participate in announcements regarding new Coral members and technical specifications. Working with the Coral Consortium is one of HP's efforts to protect digital content without confining the consumer experience, supporting DRM solutions that balance technology, regulations and legal mechanisms.

Additional new products

-- LightScribe Direct Disc Labeling: Last year at CES, HP announced that it was revolutionizing consumers' ability to personalize discs with the introduction of LightScribe Direct Disc Labeling technology, which enables users to create customized, silkscreen-quality labels directly onto discs using their HP PCs. This year, HP is enhancing LightScribe so that it works 50 percent faster. It is also licensing the technology so it can be offered by other PC makers as well as DVD manufacturers. Several manufacturers are announcing plans at CES 2005 to include LightScribe technology in their products.

-- New Desktop and Notebook PCs: The Compaq Presario SR1350NX Desktop PC, HP Pavilion Desktop PC (a830n or a820n) and the HP Media Center m1280n/m1270n Photosmart PC will all include new LightScribe Direct Disc Labeling technology and ship this month. Starting at estimated U.S. street prices of \$699, the HP Pavilion ze2000 notebook PC and the Compaq Presario M2000 notebook PC will also ship this winter.

The company will also unveil new partnerships with music, fashion and entertainment icons during Fiorina's Friday morning keynote address at the CES conference.

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