

Is Canoe the Wrong Approach for Cable?

Colin Dixon, Broadband Media Practice Manager

June 25, 2009

The news last week that Canoe Ventures is backing away from [community addressable advertising](#) comes as a set-back to its stated goal of modernizing and unifying the cable advertising infrastructure. As David Verklin, CEO of Canoe Ventures said: "We were trying to use 20th-century technology to enable a 21st-century advanced-advertising product." A frank admission indeed! So, does this bring into question the whole Canoe approach?

Canoe's Approach to Interactivity

Canoe is working to retrofit web-like functionality to cable systems using proprietary technology. At its core sit two technologies:

1. For those more advanced set-top boxes, the platform of delivery is Tru2way. Because of Tru2way's hardware demands, the majority of set-top boxes cannot run it. This means that the technology is relatively untried.
2. For the existing set-top boxes, EBIF will be used to delivery simple interactivity. Since these applications rely on the existing cable backchannel, a very limited resource currently only leveraged by VoD, expect applications more like the old, slow modem days provided.

What are some of the applications that Canoe is seeking to enable with this technology? Expect to see functionality like voting and polling, RFI (request for Information), simple commerce and, possibly interactive advertising. But I guess we'll have to wait a while longer for local addressable ads.

If all of this functionality sounds familiar it should. All of this and much more is fully supported through the Internet already! In fact, you are probably using it on a daily basis through your web browser.

By using this proprietary approach to application development, cable is set to pay a heavy price versus Internet OTT competitors. Perhaps the most important disadvantage is in service velocity. Service Velocity refers to the ability to quickly develop and deliver new services and applications to customers. In the Internet world service velocity is often measured in days and weeks (sometimes even in hours and minutes!). This is because the applications are often based on the browser, are very light, and require much less testing than full applications and also because the tool-chain and delivery mechanisms are all standards based.

Compare this to the cable environment. VoD has been in service for 10 years and operators are only just beginning to deliver advertising. It often takes a year or more to deliver even minimal changes to the TV guide application. Tru2way does not improve this situation greatly since the application environment is still relatively heavy and applications require a great deal of testing before release.

In addition, applications written for Tru2way or EBIF will run only in the cable environment. With [operators beginning to talk about delivering TV on broadband](#) how will the Canoe functionality be leveraged in this environment? This, of course, is easily supported by the Internet but not at all by Tru2Way and EBIF. This leads to another huge problem. Consumers are looking to take their digital lives with them to all their personal devices. Services such as Flickr, Twitter and Facebook are a requirement of any connected device these days. Yet cable has no way to easily support them on the television (and yes, consumers will want to use them there!) Little wonder that, to the young, traditional television services are becoming increasingly irrelevant to their lives.

Finally, and perhaps most telling, David Verkin, Canoe's CEO, said: "[We can give the Internet a run for our money.](#)" This is entirely the wrong way to view the Internet. The Internet is not an enemy to be defeated; it's a technology to be leveraged. By setting itself against the Internet, Canoe puts the cable industry at a huge disadvantage.

For all the reasons mentioned above, and many others not discussed here, service providers need to recognize that the whole Canoe approach is "20th Century Technology." There is a better way and that is by investing in Internet delivery. After all, it's only a transport mechanism!

About TDG:

TDG is the leading voice in the digital video ecosystem providing market planning and research services to keep our clients In Front of the Curve™. Since 2004, TDG has helped more than 250 technology leaders, media companies, and service providers to master the quantum shifts impacting how consumers access, navigate, distribute, and consume broadband media - whenever and wherever they may be.