Disney upgrades video service

By Associated Press  |  February 14, 2006

LOS ANGELES -- Walt Disney Co.'s MovieBeam set-top box is coming back in an upgraded version that aims to be a Blockbuster in a box. The box receives movies through over-the-air broadcasts and stores them on a hard drive. Disney started testing the service in three cities in 2003, then put it on hiatus in April.

Disney is relaunching the box as a separate company, MovieBeam Inc., with several new financial backers, including Cisco Systems Inc. and Intel Corp., and is expanding the service with plans to eventually make it available on laptop computers and other devices.

The new set-top box can show movies in high definition and display DVD extras such as directors' commentaries. Unlike cable TV video-on-demand services that keep movie files on a central computer and send them to a consumer when ordered, MovieBeam boxes come preloaded with 100 films. About 10 new movies are sent each week over an unused part of the broadcast TV signal.

Consumers pay $199 for the box after a rebate, and a $29 activation fee. After that, they pay video store prices for 24-hour rentals.

The service will be launched in 29 large markets, with plans to take it nationwide.

MovieBeam plans to introduce a stand-alone antenna with a USB port that can be attached to a computer or other portable device, eliminating the need for a box.

But the real goal is to get ready for the ultimate video store end-run -- allowing consumers to buy films and burn them to DVDs. "Those rights don't exist today, but they will be coming and we want to be a part of that," said TresIzzard, MovieBeam's CEO.

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