

EDITORIAL

The Internet goes commercial

A group of about 20 Silicon Valley corporations, including Hewlett-Packard, Apple, Sun Microsystems, Lockheed, Intel, Pacific Bell and Bank of America have agreed to launch in September CommerceNet, the first large-scale plan to transact business over the Internet.

The Internet is a vast international network of 20 million users linking computers in companies, universities and homes. The new service will enable Internet users to purchase goods and services and use banking services on-line. CommerceNet will also allow companies to place orders with suppliers, bid for contracts and collaborate in real time.

The launch of CommerceNet illustrates the importance of the business market in building up information superhighways. In fact, it seems that the focus is increasingly shifting from consumer-driven to corporate-driven superhighways.

This is in part a result of the increasing recognition amongst companies that a high-speed information infrastructure will boost their competitiveness by cutting costs and increasing responsiveness. The corporate market may also seem more profitable in the short and medium term than the more unpredictable consumer market.

At this early stage of the development of information infrastructures, CommerceNet will provide great opportunities in business services creation for the companies involved, with the promise of contributing to the shaping of future electronic superhighways.

Companies will be able to experiment all sorts of ideas for conducting electronic business, develop user-friendly interfaces and tackle in real-size, crucial issues such as data protection and system security. These are all determinant factors in convincing corporations to conduct business over electronic networks.

Another striking aspect of CommerceNet is that half of the \$12 million investment required to set up the service will be funded by the US Administration. Not only is it a reminder of the Administration's commitment to develop a national infrastructure, it also shows that there are exceptions to the official financial hands-off policy when it comes to supporting the launch of real-scale projects.

EUROPE

Trends: Europe's infrastructure de-monopolisation has further progressed on the margins of the current regulatory framework with the launch of the EVUA private telecoms network, which by-passes existing national monopolies, and an official French report calling for an early dismantling of France Télécom's network monopoly. These two events illustrate a clear corporate demand for an early de-monopolisation as well as a public authorities' awareness of the need for it.

INFRASTRUCTURE

British Telecoms and Unisource, a consortium grouping four European and American telecoms companies, have won a one-year contract to set up a private telecoms network for the European Virtual User Association (EVUA), which groups 30 multinationals.

The network, based on leased lines, will allow companies such as Rank Xerox, ICI, Philips, ABN Amro and ABB to enjoy upgraded voice and data services with their subsidiaries, clients and suppliers in Europe, and save up to 40% in tariffs. The network is considered private as the multinationals won't be able to communicate with each other.

Unisource, which comprises the leading US long distance operator AT&T as well as the Swiss, Dutch and Swedish national telecoms companies, will provide its services during a one-year test period starting in September. The final contract will be concluded in September 1995 and could amount to as much as 500 million Ecus a year.

The main losers are France Télécom and Deutsche Telekom, which bid jointly, as well as Britain's Cable & Wireless, America's Sprint and Australia's Testra. However, EVUA will review again all the proposals next year in view of the final contract award.

A report presented by Bruno LASSERRE, director general at the French ministry for post and telecommunications, calls for the gradual dismantling of France Télécom's network monopoly ahead of the 1998 European liberalisation.

The report, which reviews France's telecoms legislation in view of the 1998 deadline, argues that the monopoly of the national telecoms company won't resist technological progress and the liberalisation of mobile and satellite communications. It adds that an early de-monopolisation would foster the emergence of new stable market actors.

As regards the status of the public operator, the Lasserre report stops short of advocating an early privatisation of France

Télécom, a highly sensitive issue whose discussion has been postponed until after the 1995 presidential election.

However, an annexe to the report says the commercial and administrative practices of France Télécom should be submitted to a code of good conduct to avoid any abuse of the operator's dominant position in the French market.

LEGISLATION

The European Commission has unveiled a Green Paper on audiovisual policy which calls for the setting up of parafiscal levies on audiovisual products to provide a critical mass of subsidies that could revive Europe's ailing film and television industry.

The Green Paper also advocates a tighter enforcement of the "TV without frontiers" directive, which requires broadcasters where practicable to devote a majority of air time to European programming, and suggests that the quotas should eventually apply to new services such as video-on-demand.

Audio-visual Commissioner de Deus Pinheiro stressed that the digital revolution and the eventual liberalisation of the sector prefigured by the GATT accord make it urgent to reshape Europe's audio-visual sector.

The Green Paper aims at setting the basis for debate with the audiovisual industry, which will be followed by formal Commission proposals.

TECHNOLOGY

Eutelsat, Europe's telecoms satellite organisation, has launched a week-long trial to simultaneously transmit TV signals in both analogue and digital forms.

The aim of this experience is to allow television companies to progressively switch from analogue to digital broadcasting with no additional cost.

NORTH AMERICA

Trends: While huge and widely publicised multimedia projects and mergers have reached a stalemate in the United States, companies go ahead laying the ground for information superhighway in a more modest -- but not necessarily less efficient -- way. From this point of view, CommerceNet, TCI's digital-compression centre, and the digitisation of Nynex' network are all

significant.

INFRASTRUCTURE

The US leading long distance company AT&T has signed with Nynex, a regional telecoms company, a contract worth several million of dollars to digitise 1.75 million lines.

Nynex hopes to complete the full digitisation of its 16 million lines by the year 1998.

APPLICATIONS

The leading US cable operator TCI has launched a digital-compression centre, the National Digital Television Centre, that will allow TCI and other cable TV companies to boost their network's capacity.

TCI's centre, which has required a \$100 million investment, will be able to transmit as many as 10 compressed digital channels on the network capacity required for one analogue channel, and will eventually offer more than 300 channels.

The centre is part of TCI's plans to offer interactive multimedia services and will enable other cable operators to provide digital service at a lower price than the cost of upgrading their networks.

The technology will require the use of TV set top boxes to translate the incoming digital signal into analogue form. The decoders will be available in 1995.

The regional telecoms company Bell Atlantic, whose merger plan with TCI collapsed last February, will launch a similar centre next July.

TECHNOLOGY

France's national telecoms company, France Télécom, said it will invest in General Magic Alliance, an American company producing Magic Cap, a software for portable multimedia equipment, as well as Telescript, an intelligent "agent" for data networks.

France Télécom is mainly interested in Telescript, which consist of mini-programmes that research a given information over various networks simultaneously.

France Télécom wants to adapt this technology to the Minitel, an interactive data network providing 6,5 million users in France with 2,400 services ranging from on-line banking to booking, traffic conditions and private dialogue.

France Télécom is the first European operator to become involved in General Magic, in which America's AT&T, Apple and Motorola, Europe's Philips and Japan's Matsushita, Sony, Nippon Telegraph & Telecom (NTT), Fujitsu and Toshiba are already partners.

ASIA AND PACIFIC

Trends: Asia proves again to be active in multimedia with the launch of a Japanese-South Korean partnership and the presentation of ambitious goals in the field of information infrastructures in China.

INFRASTRUCTURE

Japan and South Korea have agreed to co-operate in setting up information infrastructures and will launch a joint video-on-demand and home shopping experiment linking a Japanese multimedia research centre and Korean test users.

The government-funded project, which will use an optical fibre cable, will connect the Kansai Culture, Academy and Research City in Osaka to homes and businesses in South Korea. The two countries are planning to expand their co-operation into other areas such as tele-medicine and distance working.

South Korea said it intends to complete advanced domestic multimedia networks by the year 2015.

China's Telecoms Minister Wu Jichuan has unveiled plans to build two nation-wide high-speed digital information networks to boost the country's economic growth.

The plan consist of two parallel systems, the first providing data services and the second "on-line operation of information resources and application systems".

The minister said the initial stage of the project will start in July but gave no further details.

France's Dassault Automatismes et Télécommunications, the telecoms arm of the electronics company Dassault, has signed a contract with the Chinese government to supply a complete wireless digital phone network.

The size of the contract has not been disclosed.

Dutch electronics company Philips has been awarded by Australia's national telecoms company Telecom, a 100 million Ecus contract to supply a cable TV network dedicated to interactive television services.

Telecom aims at wiring up 1 million households in Australia by the year 1996.

WORLD-WIDE

TECHNOLOGY

The High-Definition Digital Conference, a body comprising 50 electronics company including Japan's Sony, Matsushita and Toshiba, Europe's Philips and Thomson, and America's IBM and Apple, have agreed on common standards for the next generation of HD video cassette recorders (VCR).

The agreement covers standards for VCRs used with conventional televisions and Japan's HDTV system. Standards for the future HDTV system currently developed by US and European manufacturers should be ready by the end of year.

The content of the press review doesn't necessarily reflect the European Commission's views.