

EDITORIAL

A new global communication triumvirate is born

France Télécom and Deutsche Telekom, which already have strong ties, have agreed to buy a 20% stake worth \$4.2 billion in Sprint, the third largest US long distance company, and have three seats in Sprint's 15-member board of directors.

The new "world carrier" will initially focus on international data, voice and video services for multinational firms, international calling card services for private customers, and international communication transport services for other carriers.

The three companies will form a joint venture to build a global optical fibre network owned 50% by Sprint and 50% together by France Télécom and Deutsche Telekom.

Local services in home markets will be offered by the respective companies, and two other joint ventures will be set up to operate beyond home markets.

The first will cover Europe and be owned 33% by Sprint and 66% by Eunetcom, a joint venture between France Télécom and Deutsche Telekom specialising in data communication for multinationals.

The second, in which Sprint will have a 50% stake and France Télécom and Deutsche Telekom the remaining 50%, will be responsible for the rest of the world.

The deal follows a similar transatlantic alliance between British Telecoms (BT) and MCI, the second largest US long distance operator and is not the first attempt by France Télécom and Deutsche Telekom to forge a global partnership.

The triumvirate's main competitors will be the MCI-BT couple, the Worldpartner venture set up by AT&T, Japan's long distance operator KDD and Singapore's national telecoms operator Singapore Telecom, as well as Unisource, a consortium owned by the Swiss, Swedish, Dutch and Spanish (Telefonica has just bought a 25% stake in Unisource) telecoms companies. AT&T also collaborates with Unisource in Europe.

This global hunt for partners is necessary to reach a critical mass in the increasingly globalised telecoms market. It is also a

prerequisite for US companies to benefit from the 1998 liberalisation of voice telephony in the Union, and for European companies to get a foothold in the American market.

However, these deals are pending approval by national competition watchdogs. The US Department of Justice and Federal Communications Commission (FCC) are voicing concern about lack of reciprocity in foreign markets access for US carriers. While after some discussions the MCI-BT deal seems now set to be cleared, France and Germany's still highly regulated markets could prove to be a hurdle.

EUROPE

Trends: Apart from the alliance with Sprint, the week has been rich in events. On the infrastructure side, France tops the news with the unveiling of some elements of the Théry report and Lasserre's statement that info-superhighways will be a priority of France's EU presidency; in Germany, Media Service could run into a veto of the Cartel Office; in Italy, Olivetti goes networking; in Britain, BT presents the electronic university. Separately, latest fraud figures suggest that copyright becomes a major issue.

INFRASTRUCTURE

Telecoms operators, not cable operators, will be the main actors in the launch of France's electronic superhighway said Gérard THERY, an expert charged by the French government to produce a report on ways to bring info-superhighways to France.

Théry, who spoke ahead of the release of his report in July, said that only operators such as France Télécom have the financial capacity to complete the 30 billion Ecus investment required over 20 years to build up France's information infrastructure.

As regards to technology, Théry said he favours optical fibre to the home. He added that all citizens should be able to enjoy new interactive multimedia services such as access to one's computerised health record, tele-shopping or video-on-demand.

LEGISLATION

The opening up to competition of telecoms infrastructure will be a priority of France's six-month presidency of the European Union starting in January 1995, said Bruno LASSERRE, director-general at the French Ministry for Post and Telecoms.

Germany's Federal Cartel Office believes Media Service , a planned joint venture between Deutsche Telekom, media giant Bertelsmann and cable television group Kirch Gruppe, contravenes competition rules, according to the news magazine Der Spiegel.

The statement was made in an internal unofficial study of the Cartel Office, which won't officially review the joint venture until the three companies apply to it for approval.

The study said the strengthening of Deutsche Telekom's market position resulting from the venture would impede competition in media and telecoms.

In 1993, the total amount of financial losses due to computer software piracy in Western Europe amounted to over 1.1 billion Ecus compared with 1.4 billion Ecus of legitimate sales, according to the Software Publishers Association (SPA).

Producers have lost 630 million Ecus, distributors and retailers 395 million Ecus and governments 170 million Ecus through VAT avoidance, said the SPA, who comprises the world's major software manufacturers, America's Microsoft, Lotus and Apple .

Turkey, an applicant country for European UNion membership has passed legislation to separate the national telecoms company from postal operations and reorganise it into a new company, Turk Telekom.

The bill gives the government the authority to privatise 49% of Turk Telekom. The partial sell-off is expected to take place next year and raise 1.7 billion Ecus.

MARKET

Eunetcom, a telecoms joint venture between Deutsche Telekom and France Télécom, has won a five-year contract worth 170 million Ecus to supply Dun & Bradstreet (D&B), an American information and business services group, with international data services covering 30 countries.

Italian computer manufacturer Olivetti said it plans to launch next month Italia-On-Line, a nation-wide service supplying electronic mail, bulletin boards and other services for modem-equipped personal computers, and expand later into other European countries.

Separately, Olivetti has extended its collaboration with America's GM-Hughes Electronics in digital satellite communication systems from Europe to the United States.

Under a new five-year contract worth 43 million Ecus, Olivetti will be responsible for the maintenance, management and

technical support of Hughes' VSAT (Very Small Aperture Terminals) systems, which are used to transmit data, voice and video over satellites amongst the company's operations in 37 countries.

Olivetti aims to devote 25% of its activities to telecoms by the year 2000.

France's cable operator Compagnie Générale des Eaux (CGA) is reinforcing its presence in the audio-visual industry with the increase of its stake in France's UGC-Droits Audiovisuels (UGC-AD), which owns the copyrights of 2,600 films, as well as in Audiopar, the French audio-visual group which controls UGC-AD.

CGA now has an 8% stake in UGC-DA and a 26% stake in Audiopar, which owns 37% of UGC-DA, one of Europe's most important owner of movie copyrights.

INFORMATION SOCIETY

The university of the future will be computerised, interactive and multimedia. It will be accessible by anybody from any location via communication networks and allow for life-long learning through new, more efficient and friendlier educational methods.

This, at least, is the vision presented by Peter COCHRANE, head of research for British Telecoms, to a floor of leading British academics. "The technology that is going to take you all out is already here," he told them.

Cochrane ran a demonstration of a multimedia version of "Gray's Anatomy" for 21st century medical studies that will allow students to navigate in a virtual human body, and predicted that book libraries will be replaced by databases using compact disks.

New information technologies will not only help teachers and students, but also enhance the learning, stressed Cochrane. In particular, it will enable students overwhelmed by a huge mass of information to soundly handle available human knowledge.

A French government initiative, "1,000 Villages," in partnership with France Télécom, aims at developing economic activities in rural areas through the use of existing information tools such as the Minitel and fax machines.

France Télécom has agreed to install a Minitel and a fax in each "1,000 Villages point," usually small shops, to give people access to electronic public and private services.

NORTH AMERICA

Trends: Last week, the focus was definitely on the fast development of the information society in the USA, which is increasingly looking like a reality.

TECHNOLOGY

US computer manufacturer Texas Instruments has developed chips that will reduce the cost of electronic components incorporated in video compact disk players by 40% to 50%. This will allow to be sold only twice the price of videocassette recorders.

INFORMATION SOCIETY

Digital Network Television (DNet), a digital clearing-house and archive service for audio-visual news organisation was launched in the United States on June 13.

Built around existing optical fibre networks, DNet allows producers and buyers of news programming to review and download footage on a workstation at a lower price than the current satellite-delivery system and in a more flexible manner.

America's main private TV networks, CBS, NBC and ABC have already been testing DNet and use it to ship digitised video to their affiliated stations nation-wide. DNet also supplies access to the archives and daily footage of the British news agency Reuters.

DNet is also considering establishing a connection with Drums, a service used by film, TV and advertising producers to exchange digitised programming over optical fibres.

Drums was launched in March by Sprint, the third largest US long distance operator, and Silicon Graphics, the world's leader in workstations for digital imaging. The network already links up 20 image producers, mostly television post-production houses.

Sprint and Silicon Graphics are now looking into ways to target new customers such as hospitals and industrial-design companies.

American computer maker Apple has unveiled a new virtual reality software, QuickTime VR, that will allow PC users to "visit" places from their workstation.

The software assembles photographs to recreate a complete scene, such as a museum room, which can then be visualised on a

personal computer screen.

The main features of QuickTime are a zoom to make close-ups on objects, a computerised hand to pick up things and rotate them and the inclusion of realistic sound.

While virtual reality usually requires powerful workstations, QuickTime fits on a standard compact disk, which allows it to be run on most PCs.

Several US companies are already interested in Apple's software. Simon & Schuster Interactive will soon market a QuickTime-based programme allowing users to visit the "Enterprise," the spaceship featured by the science-fiction series "Star Trek," and IVI Publishing, the publisher of the best-selling "Mayo Clinic Family Health Book," said it could use it in a medical education programme to provide realistic anatomical tours.

Fisk Communications, a US communications company, has launched a "fax machine" that makes it possible to transmit the content of computer floppy disk over a phone line .

The device has the size of a big phone set and a transmission capacity from disk to disk of one file containing 50 pages at a time. It costs \$1,100 and works exactly like a fax, only paper is replaced by a floppy disk.

ASIA AND PACIFIC

Trends: Japan seems to be attracting an increasing number of foreign companies involved in multimedia, emphasising the global character of the information society and Japanese companies' need of foreign know-how.

APPLICATIONS

Japan's telecoms operator Nippon Telegraph & Telephone (NTT) plans to launch an interactive multimedia services trial linking up consumers, businesses and government ministries that will rely on the technology of US computer maker Silicon Graphics .

Silicon Graphics will supply computers and software similar to those used by Time Warner, the second largest American cable television operator, for its Orlando video-on-demand experiment.

France Télécom will have a 15% stake in a joint venture, Japan Multimedia Services, it agreed to set up with 19

Japanese companies to provide interactive multimedia information services in Japan.

The aim of the venture is to combine France Télécom's telematic expertise in running the Minitel, a successful data network providing 6.5 million users in France with 2.400 services, and the Japanese companies' knowledge of Japan's market and culture.

The main Japanese partners are electronics companies Mitsubishi and Seiko Epson, as well as Tomen, a trading house, with a 10% stake each. Before starting its operations, Japan Multimedia Services will spend one year analysing consumer expectations. Its capital will then be increased from 1.2 to 5.7 million Ecus.

INFORMATION SOCIETY

Japan's electronics group Matsushita and the Japanese publisher Nihon Business Applications have developed a software that allows users with no particular computer literacy to produce interactive video magazines that can be displayed on a CD-ROM.

The content of the press review does not necessarily reflect the European Commission's views.