

EUROPE

Trends: A key event has been the decision by France Télécom, Olivetti and Bell Atlantic to set up a telecoms alliance in Italy, Europe's third largest telecoms market. The move confirms growing company activity in anticipation of Europe's 1998 telecoms liberalisation. On the application front, Bertelsmann and Springer have overcome their traditional rivalry to jointly launch medical and health multimedia products. As regards to culture, the Commission has launched an initiative to promote languages in the information society. Finally, European industry has set up a European branch of the International WWW Consortium to give a boost to Internet-related activities in Europe.

MULTIMEDIA APPLICATIONS AND PRODUCTS

The French national informatics institute INRIA and a group of about 40 leading European companies have founded, with the support of the European Commission, the European branch of the International World Wide Web Consortium (WWWC).

The goal of the WWWC is to contribute to the development of the World Wide Web into an infrastructure for the global information society through the conception of communication protocols and the development of reference software, and their promotion to encourage industry to develop products which are in conformity with them.

So far, the WWWC comprised about 50 US firms and about 10 Japanese companies around the Massachusetts Institute of Technology (MIT). Key members include America's AT&T, AOL, Compuserve, Digital, Kodak, HP, IBM, Lotus, MCI, Microsoft, Nynex, Netscape, Novell, Oracle, Silicon Graphics and Sun, Japan's Fujitsu, Mitsubishi, NEC and Sony, as well as Europe's Alcatel, BT, Deutsche Telekom, France Télécom, Matra-Hachette, Nokia, Siemens, STET and Thomson.

The German media giant Bertelsmann and the German science publisher Springer-Verlag have agreed to set up Bertelsmann-Springer Gesundheitsgesellschaft (BSG), a joint venture specialising in on-line and off-line multimedia medical products and services to professional and consumers. Each partner will have a 50% stake in BSG.

BSG would launch two on-line services in the spring of 1996: Multi Medica, which would offer diagnostic support to doctors as well as medical and health-related data to healthcare services, pharmacies, industry, associations or lawyers; and Lifeline, which would target consumers. The same information would also be available on CD-ROMs.

BSG would use the on-line PC service that will be jointly launched later this year by Bertelsmann and the US on-line PC service America OnLine as its transmission platform.

The world's six leading insurance brokers, Alexander & Alexander, Aon, Johnson & Higgins, Marsh & McLennan, Willis Corron and Sedgwick have launched, in collaboration with the British telecoms operator BT, a global electronic commercial insurance network, World Insurance Network (Win).

The European on-line PC service Europe OnLine (EOL) has set December 15, 1995 as the launch date of its English, French and German language service.

The announcement follows a series of defections: the German publisher Axel Springer will not go ahead with the purchase of a 10% stake, while the French publisher Matra-Hachette has decided to pull out, and the British publisher Pearson to reduce its stake.

The major shareholders are now the German publisher and founder of EOL Burda, the US telecoms giant AT&T and two Luxembourg banks. In addition, the German energy-based conglomerate with telecoms assets Veba also intends to buy a 10% stake in EOL.

LEGISLATION AND POLICIES

The European Commission has submitted to the Council of Ministers and the European Parliament a new programme worth 15 million Ecus between 1996 and 1998 to promote the linguistic dimension in the information society and allow all European citizens and businesses to reap the benefits of new information tools.

The programme's first priority would be to promote the deployment of a Europe-wide infrastructure of multilingual linguistic resources such as dictionaries, terminological databases or grammars, in order to boost linguistic research, the development of computer-based linguistic tools and the improvement of on-line translation services.

Secondly, to promote Europe's language industry, the Programme would co-finance demonstration projects that can have a catalyst effect on demand and technology transfer.

Finally, it would encourage collaboration between European and national public authorities in order to promote the use of advanced linguistic tools in government.

The European Commission has unveiled a draft action to promote the development of satellite personal communication services (S-PCS) in Europe.

Based on Low Earth Orbit (LEO) satellite systems, S-PCS will provide global voice, data and eventually video transmission to receivers about the size of a mobile phone.

Other the next three years, the Commission would select S-PCS satellite segment operators, adopt common conditions to be attached to authorisations for S-PCS operators and harmonise conditions, as well as launch a worldwide dialogue and where appropriate negotiation to promote the worldwide development of S-PCS and remove obstacles.

The Russian government has shortlisted two Western candidates for the purchase of a 25% stake worth at least 900 million Ecus in Svyazinvest, a leading Russian telecoms company that has been granted rights to offer long distance and international services.

The companies are the Italian national telecoms company STET and a consortium comprising the French and German national telecoms operators France Télécom and Deutsche Telekom together with the US regional telecoms group US West.

A final choice will be made by Russian authorities before the end of the year on what would be the country's largest strategic investment outside the oil sector.

MARKET AND COMPANIES

Studio Canal+ and Sony Pictures Entertainment (SPE), respectively the audiovisual production subsidiaries of the French pay-TV company Canal+ and the Japanese electronics giant Sony, have agreed to jointly produce European movies.

Studio Canal+ and SPE will set up in early 1996 a common production structure in which each will have a 50% stake. The new entity is expected to produce two to five English-language movies worth 4 to 11 million Ecus each over a three-year period.

The French national telecoms operator France Télécom and the Italian telecoms venture Infostrada have agreed to set up a telecoms joint venture that will aim at becoming Italy's second telecoms company after the national operator Telecom Italia.

Infostrada, a joint venture set up in April 1995 and owned 67% by the Italian computer giant Olivetti and 33% by the US regional telecoms operator Bell Atlantic, will have a 51% stake in the new company while France Télécom will own the remaining 49%.

The new company will concentrate on corporate telecoms services until the full liberalisation of European telecoms in 1998. After that, it will expand into all segments of the telecoms market, including cable TV, broadband and satellite networks and services.

It will however not step into digital mobile telephony, a sector in which Olivetti and Bell Atlantic are partners in Italy's second mobile operator, Omnitel Pronto Italia.

Fininvest, the media group of the Italian media mogul and former Prime minister Silvio Berlusconi, has confirmed that it is holding talks with the British telecoms group Cable & Wireless (C&W) over the possibility to form a telecoms alliance.

NORTH AMERICA

Trends: The core US news in the last weeks is Novell's decision to step out of the PC application software business, a move that reflects its inability to challenge Microsoft.

MULTIMEDIA APPLICATIONS AND PRODUCTS

Microsoft, the world's leader in PC software, has said it would release in the course of 1996 a World Wide Web browser, Catapult, and offer it for free on the Internet.

The move is a clear counterattack against America's Netscape, which has grabbed 80% of the world market for Internet navigational software by giving its Internet Navigator away for free on the Internet. It is also part of Microsoft new strategy to balance the emphasis it puts on-line commercial services and on the Internet.

Intuit, a US producer of financial software, and the US on-line PC service America OnLine (AOL) have agreed to launch an on-line banking service in the first half of 1996.

It will allow AOL subscribers to check bank accounts and pay bills with any of Intuit's 21 banks partners. Transaction security will be based on a password and encryption.

MARKET AND COMPANIES

Novell, the world's leader in PC networking (LAN) software, said it will withdraw from the PC application software market and sell its business application division.

The move follows a sharp decline in the sales of Novell's application programmes such as the WordPerfect word processor, following the launch in August of Windows 95, the new operating system of Microsoft, the world's leader in PC software.

Novell, whose application programmes are based on earlier versions of Windows, tried to challenge Microsoft with the purchase in 1994 of WordPerfect for \$1.4 billion.

The US cable TV operator Comcast has agreed to spend \$1.6 billion on purchasing rival EW Scripps Company, a move that would increase the number of its subscribers to 4.3 million from 3.5 million, thus making it America's third largest cable operator.

Yet Comcast will not play in the same league as TCI and Time Warner which have over 10 million subscribers. The move reinforces concentration in the US cable sector.

Compaq, the world's leading PC manufacturer, is planning to spend \$370 million on buying NetWorth, a US computer network equipment manufacturer, in a move to further expand into computer networking systems and become a full-service computer group.

Last June, Compaq agreed to join forces with Cisco Systems, a leading producer of computer network router, to design and manufacture a new router.

TECHNOLOGY

McAfee Associates, a small US manufacturer of anti-virus software, said it has developed WebScan, a piece of software that screens programmes or files transmitted over the Internet and detects the presence of any virus before they are downloaded.

ASIA AND PACIFIC

Trends: A striking tendency in Japan is the recent trend by leading firms to step into multimedia, in particular on-line services. This acceleration shouldn't however hide the fact that unlike in America and to a lesser extent Europe, cross-company cooperation remains limited in scope and time: it doesn't take the form of mergers or lasting ventures. That suggests that even though Japanese companies do not want to be left behind in the emerging information era, they adopt a cautious attitude and seem to be waiting to be certain that the info-superhighway really takes off before getting fully involved.

MULTIMEDIA APPLICATIONS AND PRODUCTS

Japan's electronics giant Sony and Intel, the world's leader in microprocessors, have agreed to jointly develop software, hardware and components for the home-PC market.

The move is part of Sony's strategy to step into the PC market through new products integrating audio, video, information and communication technologies.

The two partners aim in particular at developing a multimedia PC which is as easy to use as a TV set. A first joint product is expected to be unveiled in the fall of 1996.

The Japanese electronics giant Sony has agreed to join forces with the US credit card giant Visa to set up a new on-line information and chat service on the World Wide Web.

The new service would offer Sony CD music titles, movie and TV previews for discussion, as well as e-mail order of Sony's electronics products. Visa would be responsible for ensuring on-line payment as well as the security of financial transaction.

Five leading Japanese telecoms, electronics, computer and video game companies, NTT, Sony, Yamaha, Victor and Sega, have agreed to invest a modest 750,000 Ecus in setting up a joint venture, GrR Homenet Corp., that will build on NTT's broadband network to provide interactive multimedia PC services such as e-mail, games or karaoke.

The Japanese electronics group Fujitsu and the Japanese video game giant Sega have agreed to cooperate to provide Japanese households with on-line multimedia services.

The move would allow users of Sega's Saturn game station to access Fujitsu's PC network and visualise multimedia material on the TV screen. The two firms will design services specifically targeted at Saturn users such as games, home shopping or education.

The Japanese electronics group NEC said it has developed a wireless mobile teleconferencing system that could be used anywhere via connection to a wireless mobile phone. The system could be marketed in the course of 1996.

LEGISLATION AND POLICIES

The Indonesian government has been forced to down-scale its plans to privatise part of the national telecoms operator PT Telkom as a result of a lack of interest of foreign companies, in particular American ones. The size of the offer, Asia's largest ever, has been cut down to 1.2 billion Ecus from an initial target of 1.9 to 2.3 billion Ecus.

The Japanese national telecoms operator Nippon Telegraph and Telephone (NTT) has threatened to cut a quarter of its workforce over five years in a drive to boost efficiency and competitiveness if the government goes ahead with plans submitted by the Consultative Telecoms High Council to split up NTT into five entities next year.

Half of the 45,000 planned job cuts out of 195,000 would come from early retirement schemes while the other half would consist of staff transfer to subsidiaries.

MARKET AND COMPANIES

The decision by leading US media groups such as Time Warner's HBO, Walt Disney and Viacom's MTV to establish their Asian TV headquarters in Singapore suggests that the city-state is increasingly rivalling Hong Kong as Asia's main media centre.

While Hong Kong still hosts the headquarters of major groups such as News Corp.'s Star TV and Turner Broadcasting System's CNN, its leadership could be further undermined by uncertainties over its future once it becomes part of China in 1997.

Singapore's internal TV censorship is no obstacle to foreign media groups since it doesn't apply to TV programming that is broadcasted via satellite towards the rest of Asia.

AFRICA AND MIDDLE-EAST

LEGISLATION AND POLICIES

The Congolese government has said that the national post and telecoms company ONPT will be split into two separate entities before the end of 1995 in preparation for the eventual privatisation of ONPT's telecoms operations.

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