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EDITORIAL

Europe Union joins world-wide cyberschool drive

Promoting new information society tools in the school environment is an issue that has gained significant momentum in the world's richest countries in the last year.

This trend comes in recognition of both the contribution of multimedia to the learning process and of the need to prepare the next generation for the information society.

Government-led initiatives and pilot projects to put schools on-line have been launched in North America, Japan and Europe at national, regional and local level.

A few striking examples include the US Administration's plan to provide free Internet access for all US schools and libraries by the year 2000, Japan's plans to install 900,000 network-equipped PCs in schools by the year 2000, Germany's three-year "Schools on the network" project, Denmark's plan to put all schools on-line by the year 2000 and Finland's "Education, training and research in the information society" strategy.

Industry often supports government initiatives through public-private partnerships, for instance in the framework of the UK's "Superhighway in education" plan or the US National Education Technology Funding Corporation, and sometimes launches its own initiatives, such as the \$370 million worth US Technology Learning Challenge.

Discrepancies are important at global level: in 1995, one third of all US schools were connected to the Internet compared to only 5% in Japan and in the European Union (EU). They also exist within the EU with school connection rates ranging from two-third in Scandinavia to 15% in the UK, 2% in France and Germany and less in Southern Europe.

To contribute to harness EU Member State efforts, the European Commission adopted on 2 October 1996 a new Action Plan, "Learning in the information society".

The Action Plan aims at interconnecting at EU level existing school networks as well as isolated schools. It will also contribute to training teachers and raising awareness of the educational potential of new multimedia and on-line technologies.

The Action Plan will also contribute to creating a critical mass of users with a view to support the development of the European market for educational multimedia products and software. The aim is to help support the emergence of Europe's educational multimedia industry as well as the production and dissemination of European educational content.

As a first step, the Commission will organise on December 16-17 a European Conference entitled "Towards a European electronic network of schools".

The existence of a strong European industry is a key issue in terms of shares of the fast-growing educational multimedia market. It may also contribute to preserving and promoting the European cultural identity by offering educational multimedia content that meets Europe's diversified cultural and linguistic needs.

EUROPE

Trends: Telecoms competition is gaining further momentum in Europe with the award of fixed-line service licenses in the Netherlands and the constitution of two new rival telecoms poles in France, Cégetel-BT and Bouygues-STET.

MULTIMEDIA SERVICES AND PRODUCTS

The European commercial on-line service Europe OnLine, which was declared bankrupt in August 1996, has been relaunched as a non-profit organisation, following the decision by ex-employees to buy the company's assets. The new service, which is largely similar to the old one, will be available for free on the Internet. Funding will come from corporate sponsors and subscription fees for certain advanced features.

LEGISLATION AND POLICIES

The Dutch government has awarded two licenses for the provision of fixed-line telecoms services in direct competition with the incumbent telecoms operator KPN.

The winners are Telfort, a joint venture between NS, the telecoms arm of the Dutch railway company, and the British operator BT, and EnerTel, which comprises regional energy utilities and cable TV operators in association with Canada's Northern Telecom.

The French government has decided to sell-off a first 20% share of the French national telecoms operator France Télécom in late April 1997.

The French government has decided to break up and sell for a symbolic Franc the loss-making public owned defence and consumer electronics group Thomson., pending final approval of the French Privatisation Commission.

The electronics branch, Thomson Multimedia, will be purchased by the South-Korean electronics group Daewoo, while the defence branch, Thomson CSF, will merge with the defence unit of France's Lagardère Group into a new company named Thomson Matra.

MARKET AND COMPANIES

The leading UK telecoms operator BT has agreed to spend about 1.4 billion Ecu for a 25% stake in Cégetel, the telecoms subsidiary of the French water utility CGE, which aims at becoming the main competitor of the incumbent operator France Télécom.

CGE would retain a 50% majority stake in Cégetel. Other shareholders include Germany's Mannesmann with 10%, Britain's Vodaphone and America's SBC.

The alliance would boost the credibility of Cégetel as France Télécom's main rival, while allowing BT to close the major gap in its pan-European expansion.

The deal has dealt a serious blow to CGE's other ally, the Euro-American telecoms group AT&T-Unisource Services, which has a 49.9% stake in Iris, a corporate service provider set up by CGE. Furthermore, Concert, BT's joint venture with America's MCI, competes at global level with Worldpartners, a global venture led by AT&T.

The Italian telecoms holding STET has agreed to join forces with the French telecoms, media and construction group Bouygues to establish a telecoms group capable of rivalling the incumbent operator France Télécom and the private telecoms group Cégetel.

The two partners would set up a joint venture owned 51% by STET and 49% by Bouygues. STET would invest 26 million Ecu in the venture.

The battle for leadership in the satellite digital broadcasting (DSB) market is now heating up in France, with main rivals Canalsatellite, the digital satellite service of the French pay-TV group Canal+, and TPS, which is controlled by the French private and public TV groups France Télévision, TF1, M6 and Lyonnaise des Eaux, and the European broadcaster CLT, racing for the purchase of US audiovisual content.

TPS completed contracts worth over 800 million Ecu with the Hollywood studios MGM/United Artists and Paramount.

Canal+ responded with a deal with MCA and NBC as well as the expansion of its existing partnership with Walt Disney.

The UK public broadcaster BBC said it has signed memoranda of understanding with two audiovisual groups, Flextech of the UK and Discovery Communications of the USA, to create cable and satellite TV channels aimed at the British and global markets.

Flextech, which is controlled by the leading US cable operator TCI, would develop at least six channels based on BBC programming while the deal with Discovery, in which TCI own 48%, would encompass three channels. Accord are to be finalised by year end.

The Italian ailing computer manufacturer Olivetti has announced plans to sell off its core PC business before the end of 1996 as well as other assets in the course of 1997, including a 8% stake in Omnitel, Italy's second cellular phone operator. The move is part of the group's restructuring efforts and of its strategy to focus on a new core business.

The US software giant Microsoft said it has establish an Internet marketing partnership with the French and German national telecoms operators.

Under the deal, Microsoft would incorporate into its Windows 95 and Explorer software an option allowing users to subscribe by the click of a mouse to the ISDN high-speed digital networks of France Télécom and Deutsche Telekom.

The move is part of the two operators' strategy to become leading providers of high-speed Internet access. They would pay a fee to Microsoft for each new subscriber.

NORTH AMERICA

Trends: A fifth planned global multimedia satellite system has been unveiled by Motorola in a move that further confirms the likeliness of US dominance of this major emerging sector. At regulatory level, US telecoms liberalisation has been dealt a serious blow by a Court decision to suspend the implementation of FCC interconnection rules. On the social front, President Clinton launched a new cyberschool initiative.

INFRASTRUCTURE

The US telecoms group Motorola has unveiled a new global interactive multimedia satellite project, M-Star, which would be worth \$3.6 billion.

Based on 72 low-earth orbit satellites, M-Star would target multinationals with global communications needs and wireless operators that want to tie up their global operations.

M-Star would rival other worldwide satellite systems, including Lockheed Martin's Astrolink, AT&T's Voicestar, Hughes Aircraft's Spaceway and Teledesic, which is sponsored by Bill Gates and Graig O. McCaw.

MULTIMEDIA SERVICES AND PRODUCTS

The US satellite group Hughes Electronic Corp. has launched a marketing test in California for its new satellite-to-the-home high-speed Internet access service, DirecPC.

The major test for DirecPC will be whether customers are ready to pay charges of \$700 for the hardware plus a monthly fee ranging from \$40 to \$130 for the service.

LEGISLATION AND POLICIES

The liberalisation of the US telecoms market risks being seriously delayed by the decision of a US Federal Appeals Court to temporarily suspend the "Interconnection rules" published in August 1996 by the US Federal Communications Commission (FCC) aimed at organising the financial terms of rival operator's network interconnection.

The Kansas City Court has argued that its so-called "temporary stay" is motivated by the fact that the FCC rules contravene the 1996 US Telecoms Act, as they impose nation-wide pricing rules for local services which ought to be regulated at state level.

MARKET AND COMPANIES

The US telecoms giant AT&T has launched a new wireless service, Digital PCS, offering voice, e-mail and paging communication services via a single handset.

The service was made available to 70 million potential customers and is based on the upgrade of the company's existing cellular network. The service would rapidly be extended to a potential 212 million customers, or 80% of the US territory, based on the personal communications services (PCS) licenses won in an FCC auction in March 1995.

The move gives AT&T a head start over its wireless rivals, which plan to launch nationwide PCS offers in 1997, while also posing a threat to paging companies. Priced attractively, Digital PCS may also trigger a price war.

SOCIAL, SOCIETAL AND CULTURAL

US President Bill Clinton has launched the concept of an education rate or "E-rate" guaranteeing free Internet access to all US school and libraries by the year 2000.

Access providers would be chosen on the basis of competitive bids for a basic package including interconnectivity, e-mail and World Wide Web capability at adequate transmission speeds (1.5 Mbps), and paid via a Universal Service Fund (USF).

Under the scheme, schools and libraries would also enjoy discount rates on advanced services such as video-conferencing. But only the discounts for high connection cost or low-income schools and libraries would be covered by the USF.

The US Administration would rely on the market place and public-private partnerships for accompanying measures such as the supply of teacher training, hardware and content.

ASIA AND PACIFIC

Trends: Competition is progressing in Japan both in the telecoms market, with the first licensing of a cable TV operator, and in the audiovisual market, with the launch of PerfectTV. Meanwhile, KDD is building its own backbone network to get ready for competition. As for Deutsche Telekom, it is consolidating its position as one of the leading European players in the South-East Asian telecoms market.

INFRASTRUCTURE

The Japanese overseas carrier KDD has unveiled plans to invest 700 million Ecu to lay a submarine optical fibre network around the three main islands of the Japanese archipelago by mid-1999. The move aims at reducing the company's dependence upon the network of the incumbent operator NTT in view of further liberalisation of Japan's domestic telecoms market. Subsequent economies would result in tariff cuts.

LEGISLATION AND POLICIES

In a move to gradually introduce more competition in the domestic telecoms market, the Japanese Ministry of Posts and Telecoms (MPT) has for the first time licensed a cable TV company, Titus Communications, for the offer of telecoms services.

Titus, a joint venture between the trading house Itochu, the Japanese electronics group Toshiba, the US telecoms group US West and the US cable operator Time Warner, will subsequently offer long distance services in the regions where it already offers cable TV services at a rate significantly lower than those of competitors.

MARKET AND COMPANIES

The Japanese trading companies Mitsui, Itochu, Sumitomo and Nissho Iwai have launched PerfectTV, Japan's first digital satellite broadcasting (DSB) service, which comprises about 60 channels, a figure which should raise to 100 by April 1997.

Competition in the DSB market will gain further momentum in the coming year with the planned launch of JSkyB and DirecTV Japan (DTVJ), two 100-channel DSB services respectively led by America's News Corp. and Hughes Communications.

The German telecoms operator Deutsche Telekom said it would spend 475 million Ecu for a 21% stake in Technology Resources Industries (TRI), Malaysia's leading cellular operator with 700,000 customers amounting for a two-third market share.

The move gives further momentum to Telekom's investments in South-East Asia, which already include a 25% stake worth 535 million Ecu in Indonesia's PT Satelindo and a 35% stake worth 195 million Ecu in the Philippines' Isla Communications.

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