

## EDITORIAL

### Attempt to change domain names splits the Internet community

On April 29-May 1, the International Telecoms Union (ITU) invited all ITU Member States and sector actors to a meeting in Geneva which suddenly put the issue of Internet generic Top-Level Domain (TLD) names in the global spotlight.

The aim was to invite governments and sector actors to sign a Memorandum of Understanding (MoU) prepared by the International Ad Hoc Committee (IAHC), a voluntary group of experts from the ITU, the Internet Assigned Numbering Authority (IANA), the World Intellectual Property Organisation (WIPO), etc.

The MoU proposes to create seven new TLD names on top of the three existing ones: .firm for companies, .store for product sale, .arts for culture, .rec for recreation, .info for information, .web for World Wide Web and .nom for individuals.

It foresees the division of the Internet into six geographical regions, in which domain names would be allocated by registrars picked by lottery.

There are currently three official TLD names in the Domain Name System (DNS): .com for firms, .org for public bodies and .net for network operators. These are attributed by Network Solutions Inc. (NSI) on the basis of a contract with the US government.

But with the growing number of companies, public organisations, associations and individuals that want to have their own Web site, the current classification is rapidly becoming overloaded and doesn't reflect the diversity of existing Web sites. Add to these shortcomings the fact that the contract of NSI, which corresponds to a US monopoly, runs out in March 1998, and there is an urgent need to overhaul the DNS.

Yet the MoU wasn't unanimously welcomed: it was signed by 120 companies, but most governments, including the USA and

European Union Member States, as well as key players like Microsoft and Netscape declined to endorse it.

Most criticisms regarding the MoU concern the geographical division of a new medium that is intrinsically global, the differentiated management of old and new generic TLD names, the lack of clarity of the proposed dispute settlement mechanism and the lottery system, which was in fact dropped after the Geneva meeting.

There are also doubts concerning the ITU's leading role in this process, in particular as national governments were not involved in the preparation of the MoU.

From a European perspective, the end of the US monopoly over the management of TLD names would of course be welcome. But there would be a clear preference for addressing the DNS issue on the basis of a global consensus involving all governments.

This should aim to better take into account European commercial expectations and the diversity of both Web sites and Web languages. The language issue in particular is totally ignored by the MoU. But with increasing portions of the Web being developed in other languages than English, it is important to reflect this reality in domain names.

## EUROPE

Trends: BT tops the news with three important developments: clearance by the Commission of its merger with MCI, its involvement in interactive TV and the launch with MCI and Scitex of global on-line graphics applications.

## MULTIMEDIA SERVICES AND PRODUCTS

The leading UK operator BT and the British leading pay-TV group BSkyB, a subsidiary of the US media giant News Corp., said they have agreed to form British Interactive Broadcasting (BIB), a joint venture specialised in interactive TV services.

BT and BSkyB would own 32.5% each of BIB. Other partners would include the UK Midland Bank with 20% and the Japanese electronics group Matsushita with 15%.

BIB would invest 375 million Ecu in developing the technological platform and subsidising digital set-top boxes which would sell at an estimated 280 Ecu.

From the summer of 1998, the BIB platform would allow businesses to offer interactive services such as home shopping, banking or travel booking, and educational and community programming. It would also offer Internet access and e-mail.

The move could come under scrutiny of Oftel, the UK telecoms watchdog, as it could be in contradiction with a ban preventing BT from offering entertainment services at least until 2001. But the Labour government said it would stick to its pledge to lift the ban if BT agrees to connect schools, libraries and hospitals to the Internet for free.

The leading UK operator BT and its US partner MCI have agreed to join forces with Scitex Corporation, a US provider of publishing equipment, to launch the Digital Graphic Network (DGN), a high-speed network targeted at the graphic arts industry.

Based on the BT-MCI global network, the DGN would offer print and publishing companies worldwide end-to-end digital applications covering all stages of the production process, in particular remote file transfer, advertisement delivery, remote proofing, distributed printing as well as high-resolution image access and transfer.

## LEGISLATION AND POLICIES

The European Commission has decided to clear Concert, a planned merger between the leading UK telecoms operator BT and its US partner MCI following the partners' commitment to avoid any dominant position in the markets for international voice telephony on the UK-US route and for audioconferencing services in Britain.

The Spanish Parliament has approved legislation which requires digital TV operators to use a new decoding technology if they fail within two months to agree on the use of the technology already used by the digital satellite broadcaster Canal

Satellite.

While Spanish authorities argue that a single decoder will facilitate consumers' life, Canal Satellite, which is led by the Spanish media giant Grupo Prisa and the French pay-TV group Canal+, says the decision aims to support its rival, DTS, due for launch later this year, which comprises the national telecoms operator Telefonica, the public broadcaster Television Espanola (TVE) and the Mexican TV group Grupo Televisa.

## NORTH AMERICA

Trends: Canada tops the news with the CRTC decision to fully liberalise the country's telecoms market from 1998 and encourage convergence.

## INFRASTRUCTURE

Boeing, the world's largest aircraft manufacturer, has agreed to take a 10% stake worth \$100 million in Teledesic, a \$9 billion worth global broadband satellite project sponsored by Microsoft chairman Bill Gates and telecoms entrepreneur Graig McCaw.

Boeing would be responsible for the conception and deployment of the Teledesic network which is to be based on 840 low-earth orbit (LEO) satellites. A first 200 satellites are due for launch in the year 2000. Boeing's involvement is likely to give more credibility to the "Internet in the sky" project due for commercial launch in 2002.

Iridium, the satellite telecoms consortium led by the US telecoms manufacturer Motorola, has successfully put into orbit the

first five of its 66-satellite network.

The remaining satellites are due for launch by mid-1998 with a view to reach global commercial availability of Iridium's phone and data services by late 1998.

## MULTIMEDIA SERVICES AND PRODUCTS

Time Warner, the second-largest US cable TV operator, has said it would pull the plug on its much hyped Orlando interactive TV experiment by the end of 1997.

Launched in 1994, the Orlando Full Service Network offers 4,000 households advanced TV-based multimedia services such as video-on-demand (VOD), interactive games and high-speed Internet access, and is believed to have cost \$100 million.

The trial was more expansive than was originally foreseen and ran into technical difficulties. It also triggered less consumer enthusiasm than was expected.

Based on the findings of the trial, Time Warner said it would launch in 1998 some new TV services such as near-video-on-demand and Internet access over its modern cable TV networks in US cities such as Orlando, Houston or Memphis. More advanced services such as VOD and high-speed Internet access would not be available before 1999.

## LEGISLATION AND POLICIES

On 1 May 1997, the Canadian Radio-television and Telecommunications Commission (CRTC) adopted measures to fully liberalise Canada's telecoms market by 1998 and encourage convergence between telecoms and broadcasting.

New telecoms entrants will be allowed to offer local services by 1 January 1998. Universal service would be maintained by letting new entrants enjoy the same subsidy used by dominant carriers to offer services in high-cost and rural areas.

As regards convergence, cable TV operators are immediately allowed to offer local telecoms services, while telecoms companies

will be entitled to apply for broadcasting licenses from 16 June 1997 to enter the market by 1 January 1998.

## MARKET AND COMPANIES

Hewlett-Packard (HP), the second-largest US computer group, agreed to spend \$1.2 billion on purchasing VeriFone, the world's leader in credit card processing systems.

The move would strengthen HP in electronic commerce as VeriFone has recently started to expand into secure systems for credit card-based payments over the Internet

The US digital satellite broadcasting (DSB) group EchoStar Communications has decided to sue the US media giant News Corp. for allegedly breaching the terms of the accord by which News Corp. agreed to purchase 50% of EchoStar and merge it with its DSB subsidiary American Sky Broadcasting (ASkyB).

EchoStar also said it intends to look for a new strategic partner. The move is a setback for News Corp. as the merger would have given it access to 75% of US households, thus strengthening it against rival DSB groups DirecTV and Primestar.

## TECHNOLOGY

Intel, the world's leader in PC microprocessors, has unveiled the Pentium II, a new chip that is 20% to 50% faster than the Pentium, which was released in 1994.

The Pentium II will come in 233, 266 and 300 MHz versions and be priced 25% to over three times more than the current line of Pentium chips.

Like the Pentium, the Pentium II had a bumpy start with the identification of a flaw, which Intel said would be easily fixed using a piece of software.

The Pentium II arrives at a time when Intel faces increasing competition from AMD, a US chip manufacturer that has recently launched the K6, a line of chips which come in 166, 200 and 233 MHz versions and would be priced significantly lower.

The US computer group Sun Microsystems has said it would license an encryption software developed by Elvis+, a Russian company set up by former scientists of the former Soviet Union space programme in which it has a 10% minority stake.

Sun said it would sell the software to potential customers outside of the USA, thus bypassing the US government's ban on the export of powerful encryption products. The move is therefore likely to trigger close scrutiny by US authorities.

## ASIA AND PACIFIC

### INFRASTRUCTURE

The Japanese telecoms giant Nippon Telegraph and Telephone (NTT) has said it would take a 15% stake worth 18 million Ecu in Cyberview, a joint venture to be formed by a group of Malaysian companies to take part into the development of Malaysia's Multimedia Super Corridor(MSC), a business-dedicated advanced infrastructure.

The MSC project was launched in mid-1996 by the Malaysian government with the aim of attracting foreign high-tech corporations.

The Japanese long-distance operator Japan Telecom (JT) has unveiled plans to develop a wireless local telecoms network in Japan aimed at connecting large corporations to its long-distance network within a distance of 2 km of the network.

JT, which has agreed to merge with the Japanese overseas carrier International Telecom Japan (ITJ) by October 1997, would thus become the first Japanese company to offer a full range of local, long-distance and international telecoms services.

## LEGISLATION AND POLICIES

The Japanese Ministry of Finance (MoF) has said it would resume the partial sell-off of the country's domestic telecoms operator Nippon Telegraph and Telephone (NTT) by putting up to 500,000 shares on the market before the end of March 1998.

An initial 16 million shares were sold by the MoF between 1986 and 1988, thus reducing the government's stake in NTT to 65% from 100%.

The Kazakh government has decided to sell-off 40% of Kazakhstan's state-owned telecoms operator Kazakhtelecom to the South-Korean electronics giant Daewoo.

## MARKET AND COMPANIES

The Japanese TV group Fuji Television Network has agreed to take a 21% stake in JSkyB, a Japanese digital satellite broadcasting (DSB) venture due for launch in the autumn of 1997 and led by the US media giant News Corp.

The other shareholders are the Japanese software group Softbank and the electronics giant Sony. The four partners groups agreed in principle to have equal stakes in JSkyB

## SOCIAL, SOCIETAL AND CULTURAL



The US computer group Oracle and Philippine Long-Distance Telephone Co. (PLDT) have agreed to sign a preliminary agreement aimed at launching Phil-Net, a advanced network that would give college students in the Philippines access to the Internet and on-line educational content via network computers (NCs).

Students are due to get on-line in the course of 1998. Phil-Net would eventually become available to Philippine businesses and to the public.

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