

EDITORIAL

"Push technology" triggers new Internet controversy

Until now, Internauts had to surf the Web to find the information they seek. This has led to the development of powerful search engines such as Yahoo! and Alta Vista which aim to make it easier and faster for users to "pull" information out of the Web.

This is changing with the emergence of "push technology," which allows to automatically deliver the desired content right to the Internaut's PC.

In a matter of weeks, push has become the latest Web craze. It does indeed look like a perfect way to facilitate information retrieval. It could also be appealing to people who are reluctant to get on-line because of the involved complexity and time spent waiting.

A pioneer of "push" is the US Internet start-up PointCast with the launch in March 1997 of the PointCast Network, a service that sends or "webcasts" news from a selection of Web publishers on the basis of a customised profile designed by the user.

PointCast claims to already have 1 million subscribers. News appear on screen during poses in PC activity, thus replacing the traditional screen saver. The service is delivered free of charge as it is financed by advertising webcasted along the desired content.

Other popular US push providers include Marimba with its Castanet software, which webcasts selected Web sites or applications based on the Java Internet programming language, and BackWeb, which automatically downloads to the user's hard drive selected information during poses in PC activity along with an update signal.

Push is also further fuelling the rivalry between the two leaders in Internet browsers, Netscape and Microsoft, which are introducing push technology in their browsers.

But push has its critics who fear that the Web will increasingly look like an enhanced version of broadcasting and be dominated by commercial interests.

Indeed, push is likely to boost the commercial appeal of the Internet for both advertisers, which are enabled to send targeted ads, and content providers, to which it offers a new distribution outlet as well as an opportunity to increase their audience's fidelity through personalised programming packages.

While push is likely to speed up the commercialisation of the Internet, it largely reflects its commercial maturity: from only 100 Web sites in 1992, the Internet now offers access to an estimated 250,000 commercial sites, according to the Global Internet Project, a group of CEOs mainly of the telecoms and software industry.

Push therefore points at the fact that the evolution of the Internet is now at a turning point. This, however, doesn't necessarily spell the end of the Internet as we currently know it. There may in fact be enough room for the coexistence of push and pull as the two technologies respond both to different users and to different needs.

EUROPE

Trends: The core news is the creation of an alliance between BT, MCI, Telefonica and Portugal Telecom. Also important was the adoption by the Commission of its formal proposal for the 5th Framework Programme.

MULTIMEDIA SERVICES AND PRODUCTS

The Swedish Internet start-up Euroseek has launched a pan-European Web search engine that offers search facilities in 28 European languages, a number that is unrivalled to date. Euroseek also allows advertisers to target audiences in their specific language.

The French national telecoms operator France Télécom is moving into educational multimedia content with the launch of two new products, Après l'école and Mirandole.

Après l'école is an on-line service targeting France's 13 million pupils and 900,000 teachers which France Télécom's subsidiary France Télécom Multimedia would develop with educational publishers. It would be launched by the end of 1997 on Wanadoo, a commercial on-line service jointly operated by France Télécom and the French media giant Havas. It would require an investment of 3 to 4.5 million Ecu over three years.

As for Mirandole, it would be an on-line directory listing all of the over 1,000 existing French language educational Web sites.

CanalSatellite, the digital satellite TV arm of the French pay-TV group Canal+, said it would provide its subscribers with access to the Internet, e-mail and other interactive services such as home-banking and teleshopping via the TV-set by the end of 1997.

The content of the World Wide Web's most popular sites would be transmitted via satellite to the set-top box, thus allowing viewers to visit them. Alternatively, connection to the telecoms network via a in-built modem would offer real interactivity.

The service is similar to that unveiled in 1996 by the UK pay-TV group BSkyB, a subsidiary of the US media giant News Corp.

LEGISLATION AND POLICIES

The European Commission has adopted its formal proposal for the Fifth Framework Programme which will cover European Union research activities from 1998 to 2002.

The proposal marks a major departure from previous framework programmes in that it concentrates on a limited number of topics and advocates stronger links between research and the needs of citizens and industry. It also calls for greater coordination both within the programme and with Member State research as well as greater managerial flexibility.

The framework programme would rest upon three thematic and three horizontal programmes. The thematic programmes would be devoted to the living world and the ecosystem, a user-friendly information society, and competitive and sustainable growth.

The horizontal programmes would focus on the international dimension of EU research, innovation and small and medium-sized enterprises, and the human potential.

The European Commission has adopted a Communication which identifies key areas where actions must be undertaken to boost the development of electronic commerce in the European Union, a new market that could be worth 200 billion Ecu by the year 2000.

(Available on-line: <http://www.ispo.cec.be/Ecommerce/>)

The Düsseldorf High Court, Germany, has ruled that Global One, the telecoms joint venture established by the German, French and US operators Deutsche Telekom, France Telecom and Sprint has breached European Union competition rules because it has started selling services before meeting conditions imposed by the European Commission and will be liable for as yet undetermined damages. The case had been brought up by Global One's arch-rival BT, the leading UK operator, and its German partner Viag.

Germany's Bavarian state authorities have charged M. Felix Somm, the managing Director of the German arm of the US on-line service CompuServe, with providing access to pornographic, racist and violent material on the Internet.

The Greek government said it would soon privatise a further 10.7% of the national telecoms operator OTE. This would follow the sell-off of a first 8% of OTE in 1996.

MARKET AND COMPANIES

The leading UK operator BT and its US partner MCI have agreed to join forces with the Spanish and Portuguese national operators Telefonica and Portugal Telecom (PT).

To seal the alliance, the four companies agreed to swap stakes: BT would buy 2% of Telefonica and 1% of PT, while MCI would buy 0.5% of PT. As for Telefonica, it would take a 1% stake in BT and a 3.5% stake in PT, which would in turn buy 1% of Telefonica.

The move would create a powerful alliance covering three major telecoms markets: North America, Latin America and Europe. Its core would be formed by Concert, a new telecoms company resulting from the planned merger between BT and MCI.

The alliance would allow Concert to draw upon Telefonica and PT's extensive Latin American operations, for instance Alliança Atlantica, PT's joint venture with Brazil's national operator Telebras. MCI would also create a pan-American joint venture with Tisa, the international arm of Telefonica, Telefonica Panamerica-MCI.

The alliance would be a major setback for the US telecoms giant AT&T and its European partner Unisource, a telecoms joint venture of the Dutch, Swedish and Swiss national telecoms operators (KPN, Telia and Swiss Telecom) as Telefonica would have to sell back its 25% stake in Unisource.

The Italian public broadcaster Rai and the Italian national telecoms operator STET said they have agreed to jointly launch a common platform for digital TV in Italy which would be opened to all multimedia content providers.

The French energy, water, waste management and communications group Lyonnaise des Eaux has agreed to buy the banking and utilities group Cie de Suez and merge into a new company, Suez Lyonnaise des Eaux. Lyonnaise is France's second largest cable operator while Suez has extensive cable operations in Belgium through the Belgian electricity utility

Tractabel. Both groups also have TV assets in France.

NORTH AMERICA

MULTIMEDIA SERVICES AND PRODUCTS

After America OnLine (AOL) and other on-line services which experienced similar problems, the Microsoft Network (MSN) was forced to shut down its electronic mail service as its network capacity was overwhelmed by the volume of messages sent.

MARKET AND COMPANIES

The US cellular operator AirTouch said it agreed to buy the wireless operations of the US regional telecoms operator US West in a transaction valued at \$4.5 billion.

The move is part of AirTouch's expansion strategy in the mobile market and of US West's strategy to concentrate on its cable TV operations. In 1996, US West agreed to spend 10.8 billion on buying the US third largest cable group, Continental Cablevision. It also owns a 25% stake in Time Warner, America's second largest cable operator.

The US telecoms giant AT&T has agreed to sell its undersea cable-laying and maintenance subsidiary Submarine Systems to the US industry conglomerate and communications cable manufacturer Tyco International for a proposed \$850 million.

The move would be part of AT&T's strategy to focus on its core telecoms services activity and would follow AT&T's 1996 decision to spin-off its telecoms and computer manufacturing arms, Lucent Technologies and NCR.

The spin-off of Lucent in April 1996 was a major success. The value of Lucent's shares has almost doubled to \$50 from \$27 in a year, while its annual revenue has increased by 11% to almost \$24 billion and its profit by 10% to over \$1 billion.

Yahoo!, the world's most popular Internet search site, has increased its turnover to \$9.5 million in 1996 from \$1.7 million in 1995, thus generating a profit for the first time.

Yahoo!'s net profit for 1996 is \$210,000 or \$0.01 per share.

ASIA AND PACIFIC

MULTIMEDIA SERVICES AND PRODUCTS

PictureTel, the world's leader in video-telephony systems, and Japan's domestic telecoms operator Nippon Telegraph & Telephone (NTT) have agreed to set up a joint venture, NTT Phoenix Communications, specialised in videoconference services in Japan and owned 44% by NTT, 20% by PictureTel and 36% by other Japanese investors.

LEGISLATION AND POLICIES

The Japanese Fair Trade Commission (FTC) has asked the domestic telecoms operator Nippon Telegraph & Telephone (NTT) to cut its stake in cellular subsidiary NTT Docomo to 10% from currently 95% to promote fairer competition in Japan's mobile phone sector. NTT said it would not reduce its stake below 50%.

MARKET AND COMPANIES

The leading UK telecoms operator BT and the Japanese trading house Marubeni have strengthened their Japanese telecoms partnership through the setting up of a joint venture, BT Network Information Service (BT-NIS), specialised in corporate services, including leased lines, Internet access, Intranets and videoconferencing.

It results from the merger of BT's Japanese subsidiary, BT Japan, and Network Information Service (NIS), a telecoms joint venture owned 41% by Marubeni and 36% by BT. BT-NIS will be owned 51% by BT, 31% by Marubeni and 18% by other investors.

Samsung Electronics, the leading South Korean electronics group, has agreed to spend 110 million Ecu on buying the remaining 51% of the financially-troubled US PC manufacturer AST Research it doesn't yet own.

WORLD-WIDE

TECHNOLOGY

The DVD Forum, a group of 10 leading electronics of Europe, Japan and the USA, has agreed on technical specifications for recordable digital video disks (DVDs). The specifications are the result of a compromise between rival technologies backed by Philips and Sony on one side, and Toshiba and Matsushita on the other. The other members are Hitachi, JVC, Mitsubishi, Pioneer, Thomson Multimedia and Time Warner.

There will be two types of recordable DVDs: the DVD-R will be recordable only once and have a capacity of 3.95 Gb while the DVD-RAM will be recordable many times and have a capacity of only 2.6 Gb. Non-recordable DVDs have a capacity of 4.7 Gb.

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