

## Information Society Trends

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### EUROPE

Trends: On the corporate front, Alcatel's Skybridge received the backing of Toshiba while Ameritech and UUNet pushed further into Europe's market. At regulatory level, the Commission cleared Unisource, Uniworld and SWIFT. Meanwhile, new schools private and public-led initiatives were launched in the UK, while KPN launched a free nation-wide on-line service.

### INFRASTRUCTURE

The Japanese electronics group Toshiba has agreed to take a 10% stake in Skybridge, a 3 billion Ecu worth planned high-speed broadband multimedia satellite system led by the French space group Alcatel Espace.

The move would strengthen the project against US-led rivals M-Star, Celestri, Astrolink, Voicestar, Spaceway and Teledesic. Indeed, Skybridge would be the only "Internet in the sky" project that has a leg on three continents.

The US pole is constituted by Loral Space & Communications, which has agreed to link up with Skybridge its 400 million Ecu worth planned US system CyberStar.

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O.tel.o, a German telecoms joint venture of the industrial group Veba and the energy utility RWE has launched solaris.1, a project aimed at testing a fixed-wireless network based on a point-to-multipoint directional radio system.

The system would aim at bypassing the local network of the incumbent operator Deutsche Telekom. If successful, it would be used in 1998 to wire up corporate clients.

### MULTIMEDIA SERVICES AND PRODUCTS

The national Belgian telecoms operator Belgacom said it would launch next Summer a high-speed Internet access service, Turbo Line, based on ADSL, a technology that allows for the high-speed transmission of digitised data over regular phone lines

### LEGISLATION AND POLICIES

The European Commission has given its green light to two telecoms alliances, Unisource and Uniworld. The two

consortia have been granted a derogation from European Union competition rules until 2001 subject to certain conditions.

Unisource is a joint venture comprised of the Dutch, Swedish and Swiss operators KPN, Telia and Swiss Telecom. As for Uniworld, it is a pan-European joint venture between Unisource and the US telecoms giant AT&T.

The European Commission has adopted a Communication presenting a strategy aimed at creating a favourable environment for the development of third-generation mobile communications in Europe for wireless multimedia services, the Universal Mobile Telecoms System (UMTS), and setting it as a global standard.

(available on-line: <http://www.ispo.cec.be/infosoc/telecompolicy/en/comm-en.htm>).

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The European Commission has adopted a Recommendation on interconnection charges that aims to provide guidance to national regulatory authorities in implementing the Interconnection Directive's obligation (adopted earlier this year) for large established fixed-network operators to provide network interconnection at cost-oriented prices.

The document recommends the use of forward-looking long-run average incremental costs as the most appropriate basis for interconnection pricing in a liberalised environment. But recognising the difficulty for many European operators to quickly move to this new system, it sets "best current practice" prices based on the three European Union Member States' lowest interconnection prices to apply in the meantime.

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The European Commission has decided to suspend the procedure for breach of competition rules it opened in March 1997 against the Society for Worldwide International Financial Telecommunications (S.W.I.F.T.), following the Society's decision to change its membership rules regarding access to its services.

Originally, S.W.I.F.T. restricted full access to its services only to its shareholding members. It now intends to grant full access to any institution in the European Union which provides cross-border payment services to the public under certain conditions.

S.W.I.F.T., a cooperative owned by over 2,000 banks, operates a global network offering reliable and secure data communications and processing to financial institutions.

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The Finnish government has said it intends to privatise 15% to 20% of the national state-owned telecoms operator Telecom Finland.

MARKET AND COMPANIES

The US telecoms operator Ameritech said it would spend 2.75 billion Ecu for a 42% stake in the incumbent Danish telecoms operator, Tele Danmark.

The purchase, which would mark the full privatisation of Tele Danmark, would be completed in two steps: Ameritech would buy a 34% stake from the state and Tele Danmark the remaining stake owned by the state. It would then sell it back to Ameritech.

Ameritech and Tele Danmark are already partners in the consortium that owns 49.9% of the national Belgian operator Belgacom, with respectively 35% and 37%, alongside Singapore Telecom which owns a 37% stake. Ameritech's move seems aimed at gaining access to the Nordic telecoms markets. Tele Danmark is its third European strategic partner after Belgacom and the Hungarian operator Matav.

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The world's largest Internet service provider (ISP) UUNet, a subsidiary of the US long-distance operator WorldCom, said it has agreed to purchase 100% of Internet-Way, the third-largest French ISP, and 100% of NLnet, the Netherlands' leading ISP.

All three companies focus on Internet access for corporations. The moves would allow UUNet to get a strong foothold in France and in the Netherlands, thus strengthening its Europe-wide presence. Outside of the USA, UUNet has already operations in Canada, the UK, Germany, Belgium and Luxembourg.

The Anglo-Dutch publishing firms Reed Elsevier and Wolters Kluwer have agreed to merge in what would be the world's largest professional and scientific publishing and information group with 42,000 workers and a 24.5 billion Ecu market capitalisation.

The combined group would have a world-wide presence, with contributions to its turnover of 41% for North America and 50% for Europe. It would be owned 28.3% by Reed, 34.2% by Elsevier and 27.5% by Wolters Kluwer shareholders.

## SOCIAL, SOCIETAL AND CULTURAL

The Dutch incumbent telecoms operator KPN has launched a nation-wide on-line service, Het Net, which allows the country's 1.2 million owners of a modem-equipped PC to get on-line in their national language free of charge.

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Oftel, the UK telecoms watchdog, has approved plans by the leading UK telecoms operator BT to provide all of Britain's 32,000 schools with high-speed digital access to the Internet by the year 2000. At present, only 6,000 schools have access to the

Internet.

As for the UK government, it has pledged to invest 140 million Ecu in updating computers and software in UK schools as part of its plans to establish by 2002 the National Grid for Learning, a nation-wide network connecting all schools, universities and libraries, and providing teaching material and teacher aid.

#### NORTH AMERICA

Trends: Microsoft is in the spotlight again, but this time in this might spell trouble as the company is being threatened at legal level both by the Department of Justice and by Sun. As for the FCC, it got slammed a second time by the St. Louis Appeals Court. The Internet too remains in the spotlight with market initiatives from Novell, Lucent and IGC. As for US West's split-up, it is surprising considering the hype over convergence.

#### MULTIMEDIA SERVICES AND PRODUCTS

Novell, the world's leader in PC networking (LAN) software, said that by mid-November all of its products in development will comply with the Internet protocol (IP).

The move is aimed at building upon the company's strength in the LAN market to become a leading provider of IP-based products for Intranets.

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The Canadian telecoms operator Bell Canada has launched a high-speed Internet access service based on ADSL, a technology that allows for the high-speed transmission of digitised data over regular phone lines, in the Ottawa/Hull and Quebec City areas.

The service has been made available to corporations and Internet service providers, which can then offer ADSL-based services to residential users. The geographical coverage of the service is to be expanded in the course of 1998.

#### LEGISLATION AND POLICIES

The Eighth US Circuit Court of Appeals in St. Louis has ruled that the US Federal Communications Commission (FCC) could not force regional telecoms operators to lease pieces of their local networks to rivals and then recombine those unbundled elements at discounts of up to 70% to allow rivals to offer their own local services.

While FCC rules aimed to facilitate new entries in the local telecoms market, the court's ruling is likely to delay competition in

a market where Baby Bells remain largely unchallenged. It is the second time the St. Louis Appeals Court deals the FCC a serious blow on grounds that it overstepped its authority in an area that falls under state responsibility. In July 1997, it rejected FCC rules on network interconnection charges.

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The US computer group Sun Microsystems has filed a suit for alleged breach of contract against the US PC software giant Microsoft regarding its Java technology.

Sun claims that Microsoft has breached its licensing obligations by reducing the interoperability of the Java software embodied in its Explorer 4.0 browser and inserting secret programmes that slow down Java on computers that do not run Windows.

Microsoft replied by counter-suing Sun for breach of contract and unfair dealing.

Java is a programming language that allows any kinds of terminals to easily work together, thus substantially reducing the role of conventional operating systems such as Microsoft's Windows, which it could in fact replace in cyberspace.

While Microsoft would indeed have a clear interest in slowing down the development of Java, Sun itself may achieve this by getting entangled in a lengthy law suit which is likely to erode users' confidence.

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The US Department of Justice has issued a petition asking a US Federal Court to stop the US PC software giant Microsoft from using its de facto monopoly in the world's market for operating systems with Windows to impose its Internet browser Explorer.

The Justice Department would seek, inter alia, to impose Microsoft \$1 million in daily fine, to stop it from requiring PC manufacturers to accept Explorer as a condition for receiving Windows, and to allow users to remove Explorer from their PC.

## MARKET AND COMPANIES

The battle for purchasing MCI, the second-largest US long-distance operator, has heated up with a new \$28 billion worth surprise bid by the US regional operator GTE.

GTE's offer followed by two weeks the \$34.5 billion bid of WorldCom, the fourth-largest US long-distance operator. However, a major difference between the two bids is that GTE is proposing cash while WorldCom is proposing to swap stakes with MCI.

Originally, MCI was to merge with the leading UK operator BT, but WorldCom jumped into the loophole created by BT a few weeks ago, when it won a 25% reduction in its MCI purchasing price, down to \$21 billion.

Another important development is that BT is back into the picture as it is part of the new round of negotiations triggered by the bids. A three-way deal is not excluded.

The US regional telecoms operator US West has unveiled plans to establish its telecoms arm US West Communications Group and its cable TV arm US West Media Group, to be renamed MediaOne, as two separate companies.

US West, which provides local phone services in 14 US states, would be likely to become an easy target at a time of giant US telecoms ventures. As for MediaOne, it would keep US West's large minority stake in the US cable giant Time Warner.

The move reflects US West's failure to successfully pursue a simultaneous expansion in the two market segments. The question of which company would inherit US West's large debt resulting from its cable network expansion has not yet been clarified.

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The US telecoms equipment manufacturer Lucent Technologies said it has agreed to spend \$650 million on buying Livingston Enterprises, a leading US manufacturer of remote network access equipment, especially for Internet service providers.

## TECHNOLOGY

The US computer manufacturer Texas Instruments has unveiled a new fast microprocessor, the C67x, that would offer 10 times more processing power than the fastest chip currently on the market for the same price.

The new chip could be used in an array of advanced and new products ranging from tri-dimensional graphics to powerful telescopes, high-resolution medical imaging, fingerprint reading or intelligent airbags.

## ASIA AND PACIFIC

## MULTIMEDIA SERVICES AND PRODUCTS

America OnLine (AOL), the world's leading commercial on-line service, and its European partner, the German media giant Bertelsmann, have unveiled plans to jointly launch an Australian version of AOL in 1998.

## AFRICA AND MIDDLE-EAST

## LEGISLATION AND POLICIES

The Israeli government has decided to open up to full competition by January 1999 the country's domestic telecoms market, thus ending the monopoly of the national telecoms operator Bezeq.

The decision follows the liberalisation in late 1996 of the country's overseas telecoms market, with the award of telecoms licenses in competition with Bezeq to two consortia, the Golden Lines Group and the Barak Group.

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E-mail subscription: [Majordomo@www.ispo.cec.be](mailto:Majordomo@www.ispo.cec.be); enter SUBSCRIBE ISTRENDS + your e-mail address