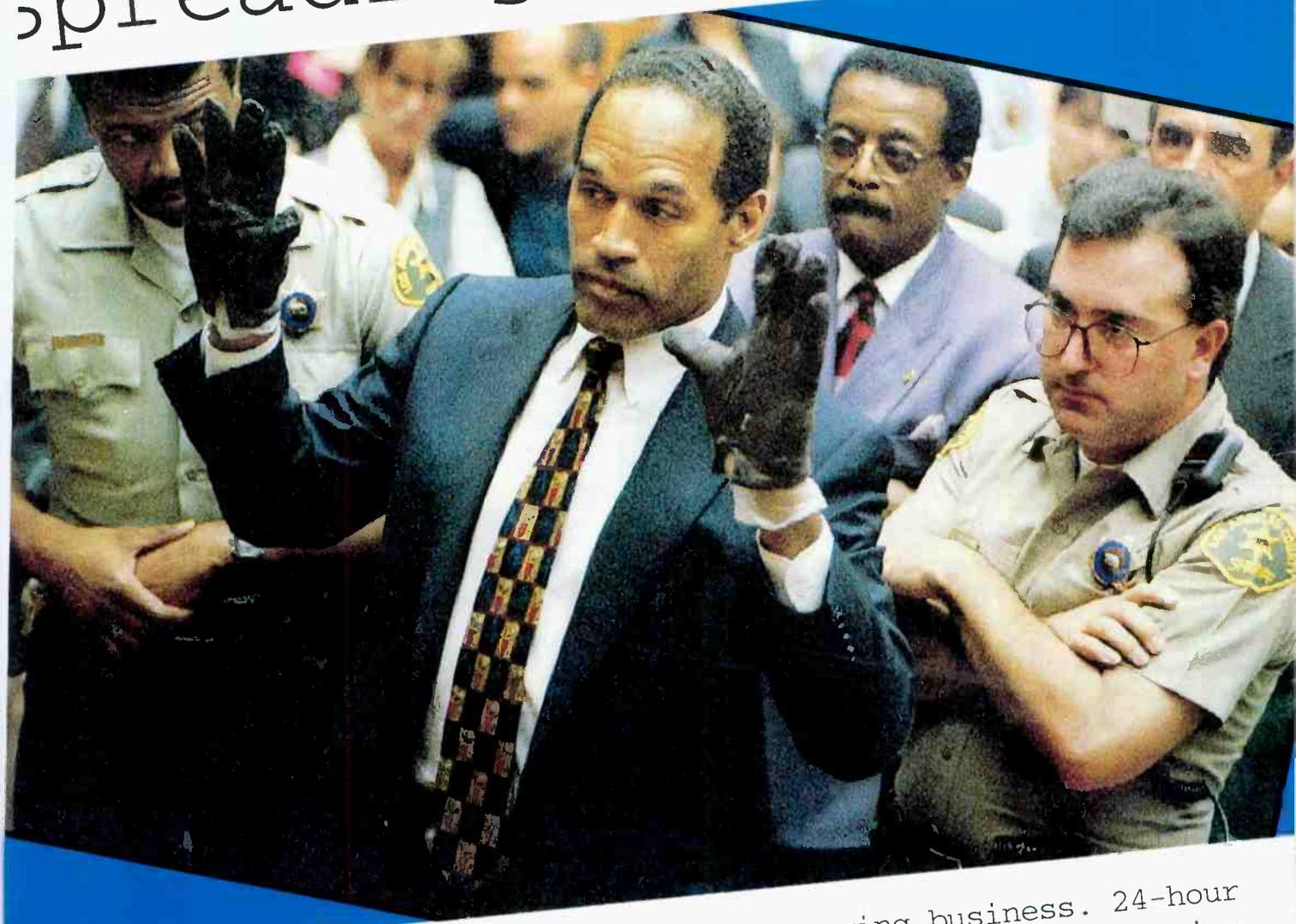


TBI TELEVISION BUSINESS INTERNATIONAL

November 1995

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52 Unbelievably
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WEIRD TV

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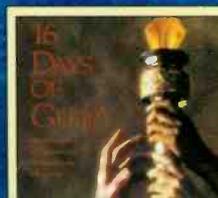
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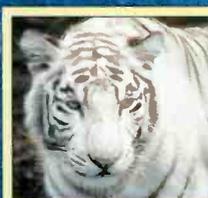
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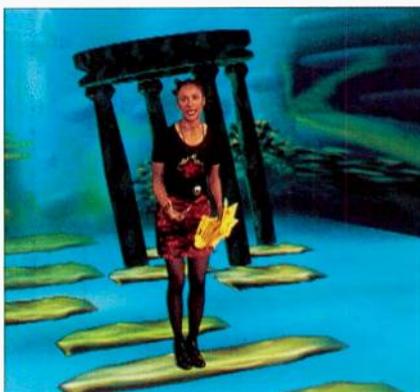
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TBI is published monthly except January and August, 10 issues (ISSN 0953-6841) by Television Business International, a 21st Century Publishing company. TBI is available by subscription only at an annual subscription price of £30 (United Kingdom), US\$102 (Europe and US\$89 USA US\$110 Outside Europe including air speed delivery. Send address changes to: TBI, 531-533 King's Road, London SW10 0TZ. © All contents copyright 21st Century Publishing
Printed in England by Headley Brothers Ltd Ashford Kent.
Reproduction by Graphic Ideas Studios, 1-11 Barches Street, London N3 6DL
U.S.A. POSTMASTERS: Send address changes to Television Business International, Publications Expediting, Inc., 200 Meacham Ave., Elmont, N.Y. 11003. Air freight and mailing in the U.S.A. by Publications Expediting, Inc., 200 Meacham Ave., Elmont, N.Y. 11003. Second class postage paid at Jamaica, N.Y. 11421.

News About The News

A few years ago, one of the British broadsheet newspapers, highly regarded for the quality of its photographs, hit on a new approach to pictures of news stories. Every time it showed a picture of some news event – like a press conference, someone coming out of a court building, or some public figure caught in the street – the newspaper's picture would usually feature a crowd of cameras and reporters in its picture, surrounding the subject.

I suppose the idea was to take an ironic step back and show the news behind the news. It was a good idea – the first time you saw it – but it did get a bit annoying once you'd cottoned on to the idea and the picture editor kept doing it. I don't think many people are unaware of the fact that the pictures they see in their newspapers – or on their television – are there because a jostling, elbowing crowd of people with cameras is standing in front of it.

Perhaps, because there is seldom anything very interesting about pictures of press conferences, it was to make the pictures more striking. Perhaps also to catch the subject off guard and show the reality behind the image being presented.

If there was a serious point to the paper's clever bit of picture editing, maybe it was this: there is something inherently untrustworthy about events which are staged for the benefit of cameras. For some, the value of PR is measured in column inches, and whether good or bad, any news is welcome.

The real stories are, of course, often the ones that aren't being told, or the ones that require off-the-record briefings, leaks, spadework and lateral thinking to uncover. These stories are the ones that, for people in the news business, represent a potential competitive edge, a chance to be ahead of the game and publish "news" – i.e. something people didn't already know about.

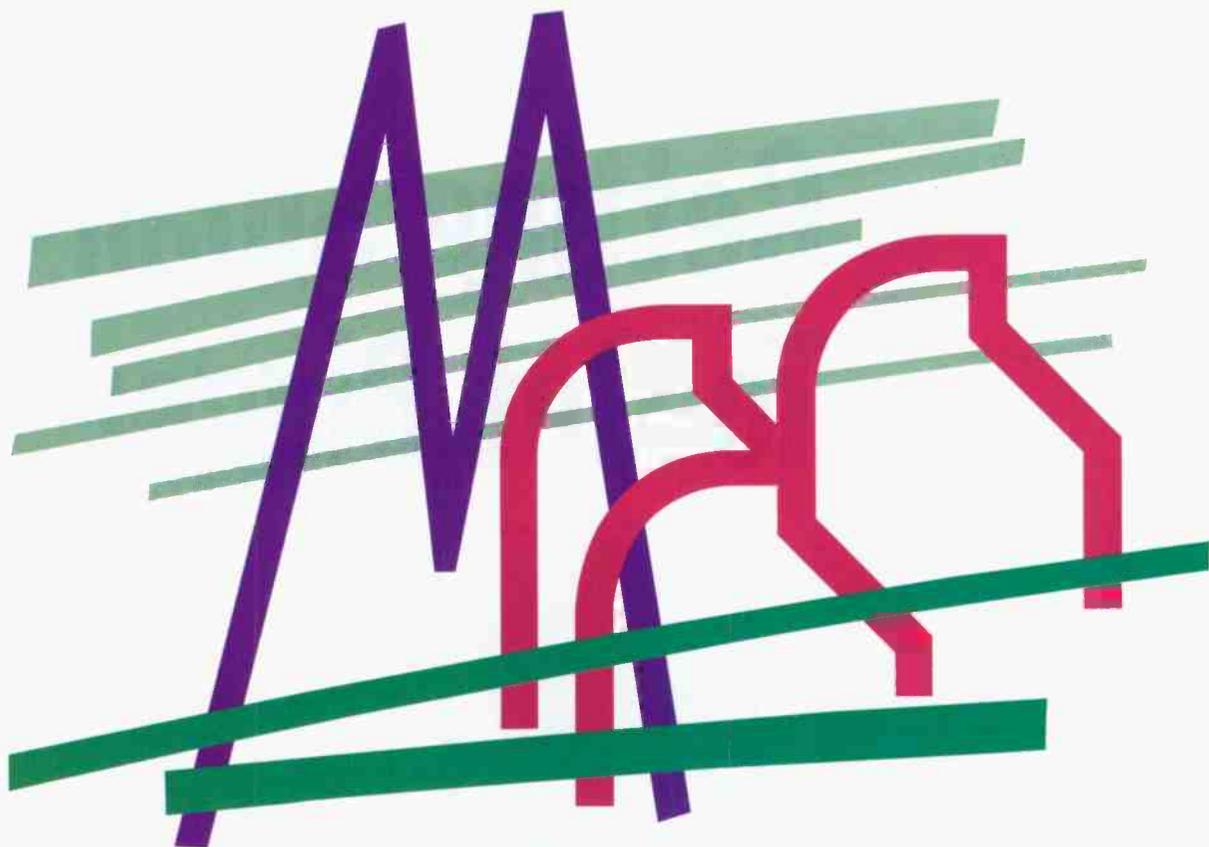
Because these stories are often invisible, they don't make obvious television, however. News agendas are often dictated by the pictures available – particularly foreign stories. Broadcasters wanting to illustrate, say, a political corruption scandal, might have to fall back on archive shots, talking heads and people getting in and out of cars making no comment. Hi-8 footage of a beached whale or a cyclone blowing a house over might not be the lead foreign story but might well be preferred to a more significant, pictureless story.

As the news – not a hugely lucrative part of the business – gets more competitive, with the major news agencies, the EBU and networks offering near-continuous picture feeds, it is hard to see the pressure for pictures to dictate the agenda diminish. Far better a few good, visible news stories than a story cobbled together from bits and pieces of footage.

Maybe broadcasters should take a leaf out of the quirky picture editor's book. Not by showing lots of camera crews and soundmen in every news bulletin, but simply by taking the ironic step back, and remembering that the real story might sometimes not be the one that's coming in on the feed.

Tim Westcott

The Editor



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A curious thing happened just after Time Warner acquired the Turner empire and reclaimed its distinction as the largest of the world's media conglomerates. AT&T, another communications giant, announced that it was slimming down by breaking up into three separate companies.

Something similar had happened a month or so earlier. Around the time Disney and Cap Cities/ABC agreed to merge (and for a brief while stood to become the biggest of the big), another venerable conglomerate, ITT, declared that it would split itself into three.

How amazing that just when "bigger is better" had become the mantra of the media world, two powerful corporations had decided there is more to be gained being smaller. This certainly confuses the common wisdom.

ITT's rationale is that it wants to focus more intensively on its hotel, gambling casinos, sports and tv ventures in this new era of opportunity. The company has recently bought itself a New York-based superstation on which to televise nationally the professional basketball and ice hockey teams it owns.

It is also priming itself for the arrival of interactive tv, one of whose staples is expected to be gambling. The manufacturing and insurance components being spun off, while lucrative, are extraneous to those bigtime media interests.

As for AT&T, it is not only scaling down but giving up the vertical integration and synergies it had enjoyed with its departing units. This must seem blasphemous to those outsized media conglomerates that are desperately trying to choreograph a holistic enterprise.

Company officials explained that AT&T needs to be more agile and free from the distractions of its equipment manufacturing and computer divisions. In essence they were saying it is not a good idea to be locked into a traditional operating mode in a rapidly-changing world.

Soon after announcing the break-up, AT&T applied to the FCC for permission to launch a vast satellite constellation in the Ku-band, one that would extend to Europe and Asia. The 12-satellite system would be built at a cost of more than \$2

Getting Small To Get Bigger



BY LES BROWN

company could rule the market if integrated with a major software supplier, they spent billions to acquire Columbia Pictures and MCA, respectively. At the time it seemed plausible but in retrospect absurd.

Conventional wisdom in the late 60s held that large media companies should diversify, so that they weren't dependent on the vagaries of a single industry. CBS acquired a baseball team and bought up companies that manufactured pianos, guitars and toys, while RCA, which owned NBC, got into frozen foods, carpets and car rentals. None of it made any sense at all, and a few years later when the common wisdom was to stick to your bush, they bailed out in a hurry.

The Time Warner/Turner and Disney/ABC mergers are essentially based on the wisdom of size.

Bigness has unquestionable advantages, the most obvious being clout in the marketplace and the ability to form alliances with other major players in mammoth new ventures.

Yet even before acquiring Turner, Time Warner had serious problems harmonizing its divisions and getting the heads of the many fiefdoms to co-operate with each other.

While the Turner assets are obviously a good fit, the joining of such diverse corporate cultures is bound to be problematic, if not traumatic, as they were when Warner and Time Inc. combined.

Moreover, TW took on such debt with the original 1990 merger that it had to bring in outside investors, whose demands on how the company should proceed continue to be a nuisance and distraction.

Given all the internal adjustments that will have to be made with such complex mergers, Time Warner/Turner and Disney/ABC could be struggling for years to become holistic and agile.

Maybe Murdoch was not the prophet but the exception. Maybe the true wisdom was with ITT and AT&T. **□**

billion and become operational around the year 2000.

Paradoxically, AT&T had to grow smaller to get into something bigger.

No longer obliged to support its own equipment-producing division, AT&T presumably would use less of the terrestrial hardware as it begins providing service from space.

Rupert Murdoch may be considered the author of current common wisdom. He has made bigness work on a global scale, causing rival companies to accelerate expansion and plunge into mergers just to keep pace.

But experience has taught that the common wisdom of the day is not to be trusted; too often it turns out to be common foolishness.

The Sony and Matsushita adventures in Hollywood are cases in point. Led by the wisdom that a flourishing hardware

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MONITOR

UNITED KINGDOM

"Quality" Wins The Channel Five Race

Pearson bid defeats big-spending UK TV, Virgin and New Century

It all ended happily for the British tv industry. The favorite won, and although it came down to an auction, quality television – or at the least the Independent Television Commission (ITC)'s idea of quality television – narrowed the field.

Channel 5 Broadcasting Ltd. was revealed on October 27 as the winner of the four-way battle for the license to operate Britain's fifth national terrestrial channel. If nothing else, Thames TV, now part of bid shareholder Pearson TV, has been rewarded for persistence. It was the only runner for Channel Five the first time around, and the interest of Pearson, MAI and Time Warner (which since dropped out) was instrumental in persuading the ITC to revive the channel. ITV chiefs and many others had branded a dead duck.

That experience, and the backing of Pearson, MAI and a couple of foreign shareholders in the shape of Luxembourg's CLT and U.S. investment company Warburg Pincus, enabled Channel 5 Broadcasting to edge in front of the three other bids – UK TV, Virgin Television, and New Century Television.

UKTV, headed up by Canada's CanWest Global, bid comfortably the largest sum: £36,261,158 (\$58 million) a year, while both Channel 5 Broadcasting and

Virgin – in a bizarre (apparent) coincidence – bid exactly the same amount – £22,002,000 (\$35 million). The fourth bidder, backed by Rupert Murdoch's News International, New Century Television, seems to have torpedoed its own chances by offering only £2 million (\$3 million).

Sir George Russell, chairman of the ITC, said UK TV failed on the grounds of the quality of the programs it was proposing and on the variety of tastes and interests catered for by its line-up. "(E)vidence was provided of only a limited range of suppliers of both original and acquired material, with a marked dependency on one supplier," said Russell. "Limited evidence was also provided of programs of a special one-off character or of marked creative originality."

The same limited range of suppliers of original and acquired material ruled out Virgin, with no director of programs mentioned in the application and fewer program staff than for any other bid. Drama, entertainment and children's programs accounted for a high proportion of the service, with short hourly news programs and no commitment to factual programs in peaktime until year six, and a "very high level" of repeats.

Channel 5 Broadcasting and New Century TV both passed the quality threshold. The former, offering the government eleven times more money, won.

Despite speculation that UK TV's bid might be thrown out on the grounds of its huge bid, on its control by a non-European company, and on reports that one of its main shareholders, SelecTV, is up for sale, ITC officials said none of these was a factor. But UK TV immediately issued a statement expressing its "bitter disappointment" at the decision. David Asper, director of special projects at CanWest Global, said: "Considering that we were the highest bid, and are confident that we exceeded every other threshold, our group will be meeting shortly to review the ITC's decision and to consider our position."

Pearson TV chief executive Greg Dyke, who will play a key role in managing the channel in its early years, said Channel 5 Broadcasting would launch its service probably on the ITC's deadline day of January 1, 1997. It will be available to 70% of the population – or about 16 million tv homes – from the outset. According to ITC engineers, around four million VCRs and satellite receivers will have to be retuned by the company



Dyke: Work to be done

because the frequencies used will conflict.

The channel will transmit 24 hours a day from a leased facility in Elstree, near London. Senior staff including a chief executive, director of programs, and a director of sales and marketing, have been appointed but hadn't been named at press time.

Channel 5's proposal is for a broad-based service which Dyke described as a "younger ITV." It is planning to spend \$175 million a year on its own programs. It will run a stripped soap opera set in a hospital and produced by Reg Grundy UK on five evenings a week. Its main evening news bulletin, produced by ITN, will be scheduled at 8pm. Dyke said it was also planning a five nights a week talk show in a late-night slot and a two hour live show in the afternoon. The channel will also draw on the archives of Thames, Anglia TV (owned by MAI) and the BBC. Dyke said Grundy's Australian soap *Neighbours* and Thames-produced *The Bill* would almost certainly stay in their current place on BBC1 and ITV.

Bid director John Hambley said Channel 5 was confident it would reach break even well before the end of its ten-year license. He said it would be aiming for a similar audience share to Channel 4 in its early days (i.e. 5% rising to 11% after 10 years), and said audience levels in its application were lower than most ad agency forecasts for the channel. Advertisers have been enthusiastic about a third commercial channel from the start.

Dyke cautioned that there was still a lot of work to be done. It now has little more than a year to start up the channel – which will probably be one of the last major terrestrial launches in Europe – and by the time it's on air it will be competing for viewers against hundreds of digital satellite channels as well as the four terrestrials. The cost of retuning, which the company will be obliged to bear, could also prove to be a costly headache.

And the ITC, warned Russell, would be "watching carefully" to see that it delivers on its promises.

by Tim Westcott – LONDON

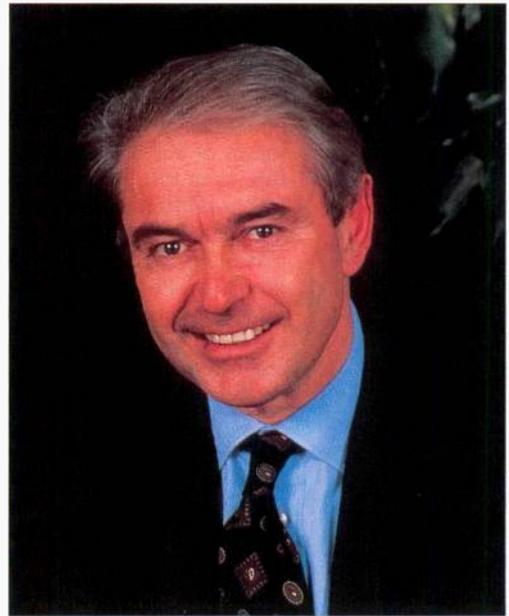
ITALY

Pay-TV Net Reveals Its Satellite Plans

First channels up this month; PPV soccer for 1996 in discussion

Italy's pay-tv network Tele più is believed to be negotiating for tv rights to Italian league soccer for its package of digital satellite-delivered services, announced last month.

Created by Silvio Berlusconi in 1990, Tele più is currently a three-channel terrestrial service with 740,000 subscribers, consisting of two pay channels of sports and films and a free channel of educational and children's programming. Vice president and CEO Mario Zanone Poma said in Rome last month that it plans to start digital transmissions from a transponder on Eutelsat Hot Bird I at the end of November will use a further four transponders on Hot Bird II, due to be launched at the end of next year.



Zanone: Kick-start for satellite

As well as the Tele più channels, Zanone said Italian viewers would be offered "the best international channels," joining Viacom music channel MTV Europe, with which it has already signed an agreement. Attempting to kick-start a satellite tv market in Italy, Telepiù aims to offer its subscribers a bouquet of 20 to 30 pay-tv digital channels by the end of 1996, and plans to launch pay-per-view and near-video-on demand services as soon as possible.

It's expected that Serie A soccer matches would be offered, from the beginning of the 1996/7 season, on a pay-per-match basis or as a full-season package either for the entire 18-team league or for a subscriber's favorite team. Fees are expected to range from IL15,000 (\$9) per match to IL300,000 (\$185) for a full season. The games would be operated in a joint venture between Tele più and the league, Telecalcio.

Tele più did not confirm details of the negotiations. But Nethold, which holds a 32.5% stake and controls the company along with Germany's Kirch group (33.6%), has made no secret of the fact that premium sports events will be a crucial part of its digital packages.

Chris Raats, Nethold vice-president and head of Telepiù marketing operations, said that the group "already owns pay-tv rights for 90% of movies and for many important sports events." He added that "negotiations are going on with the most important tv groups worldwide, which are currently studying specific offers in (the) Italian language."



WE ARE (SOLD AROUND) THE WORLD

Who said Americans don't care about the rest of the world? Certainly not Fox Broadcasting Corp. At the end of *The X-Files*, the U.S. network has been airing promos that feature clips from the show dubbed into French, Spanish and German. In the promos, viewers hear agents Mulder and Scully speaking in foreign tongues, then the voice-over announcer reports what a huge success the cops-and-goblins show is all around the world. This could be the first time international sales success has been used as hook with domestic viewers.



To finance the launch of digital transmission, Telepiù recently reached an agreement with a consortium of six Italian and foreign banks, which have underwritten a 180 billion lire (\$112 million) five-year loan. Last year, Telepiù reported losses of \$62.5 million and expects to post a loss this year too, even if sales are seen increasing 30% to \$250 million.

Financial problems, however, are not the only obstacles waiting in the way of Telepiù: the group is still involved in a judicial investigation into its complex ownership structure and into corruption allegations. Also, Italy's parliament recently ruled that Telepiù would have to abandon its terrestrial frequencies by August 1997. Executives said a longer period of simulcasting is necessary to allow a smooth transition to digital.

by Cecilia Zecchinelli - MILAN

AUSTRALIA

Merger Gives Moguls Lead In Space Race

**ABC squeezed out of pay-tv; could
Optus Vision be next?**

Media tycoons Rupert Murdoch and John Malone are planning to pool their distribution and program resources to secure a dominant position in Australia's fledgling pay-tv industry.

Australis Media, in which Malone's Tele-Communications Inc. (TCI) is the major single shareholder, and Foxtel, whose partners are News Corp. and the publicly-owned telco Telstra, have revealed a scheme to "clean up" their cross-ownership and channel-sharing agreements by merging their two operations.

Australis commenced an eight-channel MMDS service in January and has attracted about 50,000 subscribers. Foxtel in October launched a 20-channel cable service which carried channels programmed by News, Australis and XYZ, a joint venture between Foxtel and Century Communications/United International Holdings (UIH).

Subject to regulatory and shareholder approval, the Foxtel partners will each gain a 29% economic interest in Australis as well as six of the 10 directorships on the board. TCI and Lenfest (which is half-owned by TCI) will retain a diluted but major stake in the restructured company. With foreign ownership limited to 35%, the merger plan provides for non-voting convertible notes so that both News and TCI/Lenfest can participate.

The merger agreement was signed just days after Murdoch jetted into his native country to preside over News Corp.'s annual general meet-

ing last month. Malone and Murdoch are already partners in Request TV and were involved in an earlier Australian pay-tv proposal which never came to fruition.

Trading as Foxtel, the private sector partners in Australis will gain exclusive access for pay-tv to Telstra's broadband cable system which will soak up A\$3.5 billion (U.S.\$ 2.6 billion) of public funds. They will also have exclusive access to the MMDS network of Australis and its regional affiliates such as UIH, as well as the satellite capacity acquired in 1993 by Australis and Century Communications. When satellite delivery comes on stream, this will allow Foxtel to reach 90% of homes.

Aside from control over three separate distribution systems, the pooled program resources of Foxtel and Australis will create a formidable competitor for Optus Vision, a rival cable tv operator whose major owners are Optus Communications and Continental Cablevision of the U.S.

The merged company's line-up of movies will see Australis delivering its Showtime and Encore channels, which involve a partnership between Columbia Tristar, Universal, Paramount, Fox and TCI. In sports, Australis has Premier Sports, a joint venture with TCI's Liberty Sports/Prime International.

News Corp., which is also carving out a role for itself in international sports, plans to enhance this service with local events such as rugby union and the controversial SuperLeague, a rival competition set up to feed tv. Product from Star TV's Channel V, the Fox and fx channels in the U.S. and BSkyB in the UK also form part of the Foxtel program package.

To deliver local and international news, Murdoch has formed an unusual partnership with rival media tycoon, Kerry Packer, who has invested U.S.\$ 7.5 million for a 5% stake in Optus Vision. The Sky News channel, which will source product from BSkyB, Reuters and Packer's Network Nine, will be offered through both Foxtel and Optus Vision. Packer and Murdoch have also formed a joint venture to provide a racing channel for both cable systems.

The Packer/Murdoch news partnership, combined with Foxtel's success in luring Nickelodeon to its fold, has effectively wiped out the publicly-owned ABC from the pay business. In partnership with Cox Communications of the U.S. and Conrad Black's Fairfax group, the ABC has been forced to cancel its own news channel and a children's channel it was planning with Nickelodeon.

Having squeezed out the ABC venture, the partnership's attention is now focused on Optus Vision, which has a strong sports and movie line-up and is rolling out a cable network for both tv and telephony. Will Optus survive the combined might of Telstra, News and TCI in a market of only six million homes? Clearly Kerry Packer, who is well known for his gambling, is having a bet each way.

by Liz Fell - SYDNEY



A Talent for Content



In the past year Chrysalis television companies have produced over 7,000 hours of prime television entertainment, drama, chat shows, gameshows and sport for terrestrial broadcasters, satellite channels and cable operators in 80 countries around the world.



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GERMAN GIANT CUTS BACK

Squeezed by slowing ad revenues and soaring production costs, Germany's RTL is planning to cut back its percentage of locally-produced programs from 70% to 50%. Germany's and Europe's richest private network, RTL is likely to rely more on imported U.S. programming, sourced through output deals with Columbia Tristar, MCA, Disney and Warner Bros. In May this year, the channel announced it would be reining back acquisitions and spending \$700 million on commissioned and in-house programs this year. Chief executive Helmut Thoma said RTL hoped to ensure RTL's market lead by targeting the 14 to 49 age groups.

FRANCE

Ex-Canal Plus Exec Is New Culture Boss

Tessier's appointment as subsidy supremo signals new tack

Marc Tessier, who resigned from Canal Plus in May after being passed over in a management reshuffle, hasn't had to wait long to find another high-profile job. Tessier has been appointed general manager of the Centre National du Cinéma, the state agency that runs most of the subsidies for the nation's cinema and tv industries.

Tessier will be looking after a budget of around two billion French francs, which goes into production, distribution, facilities and new technology. He will also have wide regulatory powers over the movie business.

The ministry of culture deliberated over the choice for three months before deciding to replace the former general manager, Dominique Wallon, who had been appointed by the socialist minister Jack Lang but remained in office for two years under the right-wing Jacques Toubon.

The appointment comes at a time when France's highly protective system of subsidies and quotas, and its firm advocacy of EU measures to support the European audiovisual industry, is rapidly losing the sympathy of fellow EU states.

How long can France be an exception in the world market and how can it manage to save the core of its system? The answer is the appointment

of a man who will probably play an essential role in audiovisual policy in the coming years, whatever the government.

Tessier's impressive CV includes spells at both of France's top training grounds for civil servants, politicians and cultural leaders: the Ecole normale supérieure and the Polytechnique. He was also Inspecteur des Finances, the cream of the cream in France's administration, and has been a ministerial advisor.

As the first general manager of Canal

Plus, Tessier was instrumental in establishing the French group in Spain, Belgium and Germany and putting together its digital strategy.

As he was planning to start his own digital business, culture minister Philippe Douste-Blazy offered him the opportunity of returning to public service. And Tessier, surprising most of the industry, accepted.

In coming years France can be expected to have a more open and coherent policy in the cinema and tv fields. But it will also be tougher and tactically smarter than in the past. Tessier has never been a firm believer in quotas, but if he has accepted this appointment it is clearly because he believes France's audiovisual industry can achieve much more than it has up to now.

France will be less protectionist, but the French have not given up building a real European program industry.

by Serge Siritzky - PARIS

CONFERENCES

Council Is Going To The Summit

Heavy-hitters at conference set for the day of the International Emmys

The International Council of the National Academy of Television Arts and Sciences is going into summity. The council, best known for the International Emmy Awards, will convene its first Worldwide Television Summit Conference on November 20, with Sony president-COO Nobuyuki Idei making the keynote address and a host of other international executives speaking during four panel sessions at the New York Hilton.

The Council decided to go into the conference business because the Emmys on that same day and the Council's own annual meeting the following morning were already key fixtures on the international calendar. "And the final thing that was missing from that list of events was something that contributed a thoughtful forum on international communications issues," said Tom Rogers, executive vice president of NBC and newly re-elected president of the International Council.

Though there are a lot of seminars and conferences scheduled throughout the year, Rogers said that other meetings either give just a single session over to international issues or they are held at events like Mipcom, where people want to deal, not discuss. "The overall importance of international media issues," he added, "has increased dramatically over the last year or two. Any large corporation has international media



Tessier: Where will he take French policy?

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expansion and development at the overall top of the list."

In addition to Sony's Idei, who will be making his first major address in the U.S., the summit will feature Richard Bodman, senior vice president of strategic planning at ATT; John Cassaday, president-CEO of CTV Television Network; Frederick Landman, president-COO of PanAmSat, and Per Anders Tornberg, president of Modern Times Group. Issues to be covered will include international trade, regulatory policies and emergent technologies.

The Council is planning a second installment of the summit, as well as other conferences.

by Rich Zahradnik — NEW YORK

SPAIN

Cable Law To Be Rushed Through

Bid to stave off licensing anarchy by speeding up government plans

Spain's long-awaited and often-delayed cable law is finally set to be passed by the Spanish parliament after an agreement reached by the minority socialist government and enough opposition parties to ensure a majority.

Under this last deal in the political negotiations the law will be rushed through at the beginning of December to allow cable companies to bid for licenses in June next year.

The sudden hurry over the law has been prompted by the center right Partido Popular (PP). The party — which is likely to form the next government after general elections next March — rebelled against the government's plan and called on 100 towns where it holds power to start their own auctions for cable licenses.

The row is centered on the dominant role of state telephone company Telefónica and its deal with Canal Plus, which the PP claims is monopolistic.

Under the law Telefónica can set up as operator anywhere in the country and already has by far the most extensive trunk fiber network, due to reach 7.2 million of the 12 million homes in Spain by the end of the year.

"Telefónica already has a big cable network," said José Borrell, minister of public works, "and it has to be used."

According to the minister the only concessions in the new law are that Telefónica will have to make its network available at rates fixed by the government to other operators. It can be an operator itself, as well as renting out its fiber, but all other operators will be restricted by a ceiling of

1.5 million subscribers.

Foreign investors in Spanish cable — such as US West and United International Holdings — are likely to be allowed only minority stakes in cable companies, probably the 25% limit set out in the 1989 private television law, despite lobbying for this to be raised to 49%.

The first of the new generation of private cable companies went on air with its offer in August. Santander de Cable is now cabling the northern Spanish city and aims to have 73,500 homes passed by the end of next year, with subscribers receiving 26 channels, including a four-channel package (Canal Hollywood, the Discovery Channel in Spanish, a children's channel and a series channel, Teleuno).

But since Canal Plus España has thrown in its lot with Telefónica, with five satellite channels as well as its main pay-tv terrestrial film and sport channel, it is in a commanding position in a market desperately short of Spanish-language content.

The Catalan nationalist party which had blocked the law all this year because its regional government was excluded in the draft from granting licenses is now in favour. Licenses will be awarded by a committee formed by two members of the central government, one from the regional government and one from the municipal government. Each license will be for a zone with a population of 50,000.

by Justin Webster — BARCELONA

CANADA

Local TV Pioneers (Almost) Everywhere

Broadcasters get hip to Citytv's innovative (and cheap) style

Toronto's Citytv is beginning to reap the benefits of its unique approach to local broadcasting — an approach and philosophy that has made it a market leader in the highly competitive Toronto television market. "The phones are ringing off the hook," said Jay Switzer, vice-president of Citytv owner Chum Television. "For the last two to three years we have been aggressively exploiting our expertise and that has been paying off. We have more countries calling than we have the ability to deal with."

Citytv is known for its innovative, studioless approach to local programming. It introduced the use of the "videographer," one person with a video camera, to replace the standard team of reporter, cameraman and sound crew on an assignment. The result is an economical product

PEARSON CONFIRMS ACI TALKS

Pearson TV chief executive Greg Dyke confirmed last month that the UK group was in talks to acquire ACI, the LA-based distributor. ACI, set up in 1989, is jointly owned by nine Hollywood production companies and handles around 20% of tv movie production in Hollywood. The deal is reported to be worth a potential \$40-50 million. Pearson, publisher of the Financial Times, has built up its worldwide tv interests in the past year with a 10% stake in Hong Kong's TVB and the acquisition of Reg Grundy Productions.

WIC'S CELL POINT

Vancouver-based WIC Western International Communications Ltd is planning to build a 400 channel broadcast network across the whole of Canada using CellularVision technology. CellularVision is a broadcasting system, invented in the U.S., which transmits on extremely high frequencies in the 25.25-29.5 gigahertz microwave band. WIC holds the Canadian rights. WIC is now waiting for licenses but plans to start building the network in 26 major urban centres during 1996 before rolling out to rural areas. Its present plan calls for other service providers to offer content.

which delivers live, local programming. City's recipe of locally-flavored music, performing arts and news has now made it a role model for emerging broadcasters around the world.

Combined with its music video channel, MuchMusic and its performing arts channel Bravo!, Citytv now exports product to over 100 countries, through sales arm City International.

The real interest is being generated by local broadcasters around the world with whom City is entering into a combination of franchising, joint venture or technical deals in which local stations modelled on Citytv are being set up.

According to Switzer, City's growth in this area is being fuelled by several factors. "This is part of a new wave of private television across the world. As private tv explodes you are seeing local broadcasting for the first time in many countries, the first opportunity for local reflection, local expression and local stories."

Citytv has now either licensed its format or is helping to organize stations in Helsinki (private network MTV3 is making a daily show), Mexico City, Buenos Aires, Cape Town and Madrid. It is also talking with parties in Asia, Australia and New Zealand and is pondering a move in Denmark and Sweden.

Like other broadcasters it has a web site (address: citytv.com), but does not use it just for promoting the station.

A new division, Chum City Interactive, is creating new product for its site which runs more than 400 pages and is refreshed every few hours. In it there are video clips and out-takes, as well as an audience forum. The web site generates 20,000 file hits a day.

by Noel Meyer - MONTREAL



Breaking through: City tv is hip (and cheap)

CENTRAL EUROPE

Multichoice Rolls Out Multilingual Network

Region will be the pay-tv group's biggest single market worldwide

Nethold's distribution arm MultiChoice has begun to roll out the premium movie, sports and entertainment channel FilmNet Central Europe. Delivered principally by cable, it is being made available in six of the region's countries and may eventually reach several million television households.

The greatest number are likely to be in Poland, where MultiChoice Polska has already signed an agreement with the Polish Cable Television Association (OSTvK), granting the service - which is being offered to subscribers for ZL23 (\$9.40) a month - access to networks in seven major cities including Gdansk, Kraków and Szczecin. Others with the rival Polish Union of Television Networks and the leading Warsaw operators Aster City, Porion and Polska Telewizja Kablowa (PTK) are soon likely to follow, enabling the channel to reach at least 400,000 cabled households.

In the neighbouring Czech Republic, MultiChoice has struck deals with a number of operators including TS Litvinov (Prague and Litvinov), Keli (Liberec), Satka (Prague) and Sat Centrum (Leratovice) which will see FilmNet Central Europe become available in over 90,000 homes, while in Slovakia at least 30,000 households served by a handful of networks including M. Electronic and KID will soon be able to receive the service.

Access to a further 50,000 has been secured in the highly lucrative Hungarian market, and both Slovenia and Croatia - despite the latter's low cable penetration - are also being targeted.

Jonathan Shier, Nethold's ceo for central Europe, said the region's total market amounted to around 22 million television households, is bigger than Nethold's other operational areas in Africa, Benelux and Scandinavia. MultiChoice plans to introduce digital services within the next two years.

Shier said FilmNet would not be competing with commercial terrestrial broadcasters in the region since it will offer "a premium service catering for a sector of the market."

FilmNet Central Europe faces stiff competition in Poland from Canal Plus Polska, the Canal Plus-backed pay channel which was launched in March this year and currently has around 27,000 subscribers.

by Chris Dziadul - WARSAW

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**EASTERN
ADSPEND
BOOMING**

Poland and Hungary are the fastest-growing ad markets in central and eastern Europe, according to a survey by Paris-based IP Network. Forecast media adspend in Poland for 1995 is \$469 million, 31% up on 1994, while Hungary is set to grow 25.2% to \$334 million. TV accounts for 59% and 43% of the respective totals. Adspend in the Czech Republic is expected to rise 15% to \$285 million (with tv accounting for 34%). Hungary (\$14) and Slovenia (\$11) claim the highest adspend per capita, according to the survey, Central & Eastern Europe: The TV Scene.

BROADCASTING**HMG Grabs 60% Of Dutch Ad Market**

The three channels of Holland Media Group (HMG) – RTL4, RTL5 and Veronica – captured 40% of the Dutch viewing audience and 62% of advertising budgets during September. RTL4 accounted for 23% of viewing with Veronica, in its first month on air, managing 11%. The share of the three public channels fell to 39% compared to 49% in September 1994, with its 50% share of adspend falling to around one third. Newcomer SBS6 registered an audience share of just 3% and a 4% advertising share. HMG is planning to sell RTL5 – possibly to SBS6 – after a warning from the European Commission that its dominance of the market is anti-competitive.

MTG Launches PPV Service And Sport Net

Kinnevik's Modern Times Group (MTG) said it is launching a DTH pay-per-view service available to 900,000 Nordic homes in the new year. The service will show between eight and ten new film titles each month, some six to nine months after their cinematic release, as well as featuring special live events. MTG's Per Friedrich said the service would be available to 670,000 Nordic homes at start-up. In addition MTG hopes to add another 200,000 cable subscribers immediately, with the figure rising to two million within three years. Also early next year, MTG is launching a sports channel, Sportkanalen, in partnership with producer/distributor Trans World International.

SABC Plans Digital Launches

South Africa's SABC has announced plans to launch up to 16 new channels via satellite in a bid to compete with private operator Multi-Choice's DSTV package. The SABC has access to four analog channels on PanAmSat 4, which are already used to distribute its three terrestrial channels, NNTV, CCV and TV1. The pubcaster hopes to combine the latter two channels on one frequency and launch a bouquet of 14 digital channels on the remaining frequencies. The first channels could be available as soon as July 1996 and would most likely include a sports channel, a movie channel, a music video channel, a children's channel and possibly an Afrikaans channel. First, however, the SABC must gain approval for its plans from the Independent Broadcasting Authority, which will hold hearings on the regulation of satellite broadcasts in late November.

PEOPLE**Cecchi Gori Group Plots Relaunch**

Italy's Cecchi Gori group has appointed Francesco Nespega as chief operating officer. He will oversee the group's broadcasting division, comprising the Telemontecarlo and Videomusic

networks Cecchi Gori acquired this summer. Nespega said he would be appointing programming directors for both channels by the end of the year. Cecchi Gori, Italy's largest independent film distributor, is planning to relaunch the channels next Fall in a bid to crack the long-standing "duopoly" of Rai and Fininvest. Nespega said the group aims to raise the channels' combined share of 4% to at least 10% by the 1996/7 season. The group has also appointed Marc Zachary as director of acquisitions.

SATELLITE**CLT Bouquets For April/May 1996**

CLT will launch its bouquets of digital satellite channels for France and Germany in April or May next year, according to Ferd Kayser, director of television at the Luxembourg broadcaster. The bouquets will transmit from the Astra system, using 10 transponders leased by CLT. Kayser said CLT had already hired 100 people to work on the launch of the packages, which will be branded as RTL Direkt in Germany and Club RTL in France. Canal Plus is planning to test market its rival package to CLT in France later this month, with a full-scale launch in January. Astra operator SES successfully launched its fifth satellite, Astra 1E, in early October.

Hughes And JSS Plan Rival Japanese DBS

The launch of digital satellite services in Japan drew one step nearer in October, as Hughes Communications, operators of DirecTV in the U.S., announced plans for a 100-channel service, due for launch in 1997. Hughes has joined forces with the Mitsubishi group's satellite operator, Space Communications Corporation, Culture Convenience Club (a video rental company) and Dai Nippon Printing Company. Meanwhile Japan Satellite Services plans to launch a rival 50 channel network in September 1996. DMC, a joint venture with trading houses Itochu, Mitsui, Sumitomo and Nissho Iwai, will be delivered via JCSat 3, which was successfully launched in August of this year.

REGULATION**You Can Have It All, Say Länder**

Germany's media regulators have agreed to ease ownership restrictions on private television stations, allowing a single company or individual to own 100% of a channel. Stakes of up to 50% in a second channel and 25% of a third will be allowed, providing total market share does not exceed 30%. Current regulations, in the view of the authorities of Germany's 16 Länder, have caused a complicated pattern of cross-shareholdings to become established and weakened the ability of German media companies to compete with international groups.

New Media Schemes Are Still On Track

The picture of digital affairs is beginning to clear up. In both the television and the online fields the future has begun to take real shape.

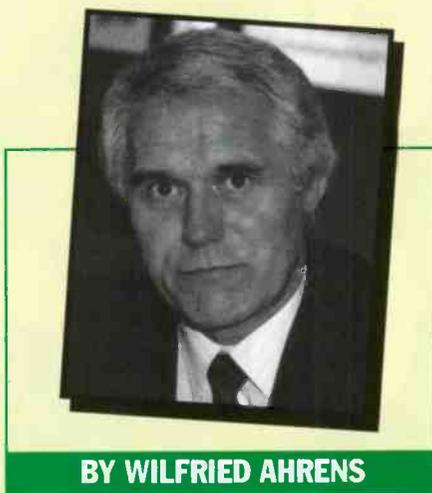
Consider the 2.1 million digital decoders ordered in August by the Kirch Group and Nethold. While built by different manufacturers, the set-top boxes not only have a common conditional access standard (Irdeto) but the competitive advantage of being here and ready. In contrast, the competing Seca device (Canal Plus/Bertelsmann/CLT) is more a matter of hype.

Thus chances are that the Kirch/Nethold formation will have conquered a big chunk of the European digital pay-tv market before the competition has come to terms. And that may take some time.

The multicultural pact called Multimedia Betriebsgesellschaft (MMBG) is unlikely to be effective very soon. The MMBG partners are only united in their resolve to shut Kirch and his allies out of the central and potentially most lucrative German-language pay-tv marketplace.

MMBG encompasses too many and too diverse interests and sets of mind to get quick results. Canal Plus, which controls French pay-tv as it is, has no natural interest in pushing its own digital competition at home. Bertelsmann, after losing hundreds of millions of marks in the business, is hoping finally to reap some fruits from tv. CLT, aiming at its own digital pay-tv business, has its dominant role at RTL under challenge from Bertelsmann. Deutsche Telekom, jealously defending its cable monopoly and its imagined technological superiority, has its own set-top notions and even dreams about programming. Public ARD and ZDF are eager to enter the digital promised land but have no money to pay the entrance fee.

Accordingly, the reaction to the stunning moves by Kirch/Nethold was a mixture of helplessness and innuendo. Kirch had not really ordered one million of his "d-box" decoders, said Bertelsmann spokesman Manfred Harnichsfeger, the news was faked in order to strengthen Kirch's hand vis-à-vis Canal Plus and Bertelsmann. Bertelsmann board member Thomas Middelhoff reacted with



BY WILFRIED AHRENS

what may be called pre-emptive maliciousness. If Kirch, he said, had really ordered that many set-top devices, "he will need a lot of additional space in his stockrooms."

A Telekom spokesman, in typical monopolist manner, said it was not worried about the Kirch "d-box" competition, because any pay-tv signal would have to pass Telekom's cable nodes and that would not be possible without Telekom's consent. He implied that would never happen.

How the antitrust watchdogs of the European Commission, who still have to decide on the permissibility of the MMBG, will receive such anti-competitive utterances remains to be seen.

Everybody agrees that two different conditional access standards will hinder quick market development. The infrastructure is there. Pay-tv channel Pre-

miere, owned by Canal Plus, Bertelsmann and Kirch, has 930,000 subscribers whose analog decoders could easily be exchanged for digital set-top boxes. As Kirch cannot be forced out of the venture by the other two, a compromise will somehow have to be found.

Meanwhile, the online territory is getting crowded and will be, as far as Bertelsmann is concerned, at least as profitable as digital pay-tv. Bertelsmann has joined forces with America Online and is about to start its AOL/Bertelsmann Online venture on a European level. Middelhoff, aiming at a 25% market share in Germany and Europe as a whole, expects high turnover and profit rates. "AOL will be in the 1990s what CNN and MTV were in the 1980s," he said.

Hubertus Hoffmann, multimedia manager of Burda, hopes eventually to have one-third of the market for its venture with Matra-Hachette, Europe Online.

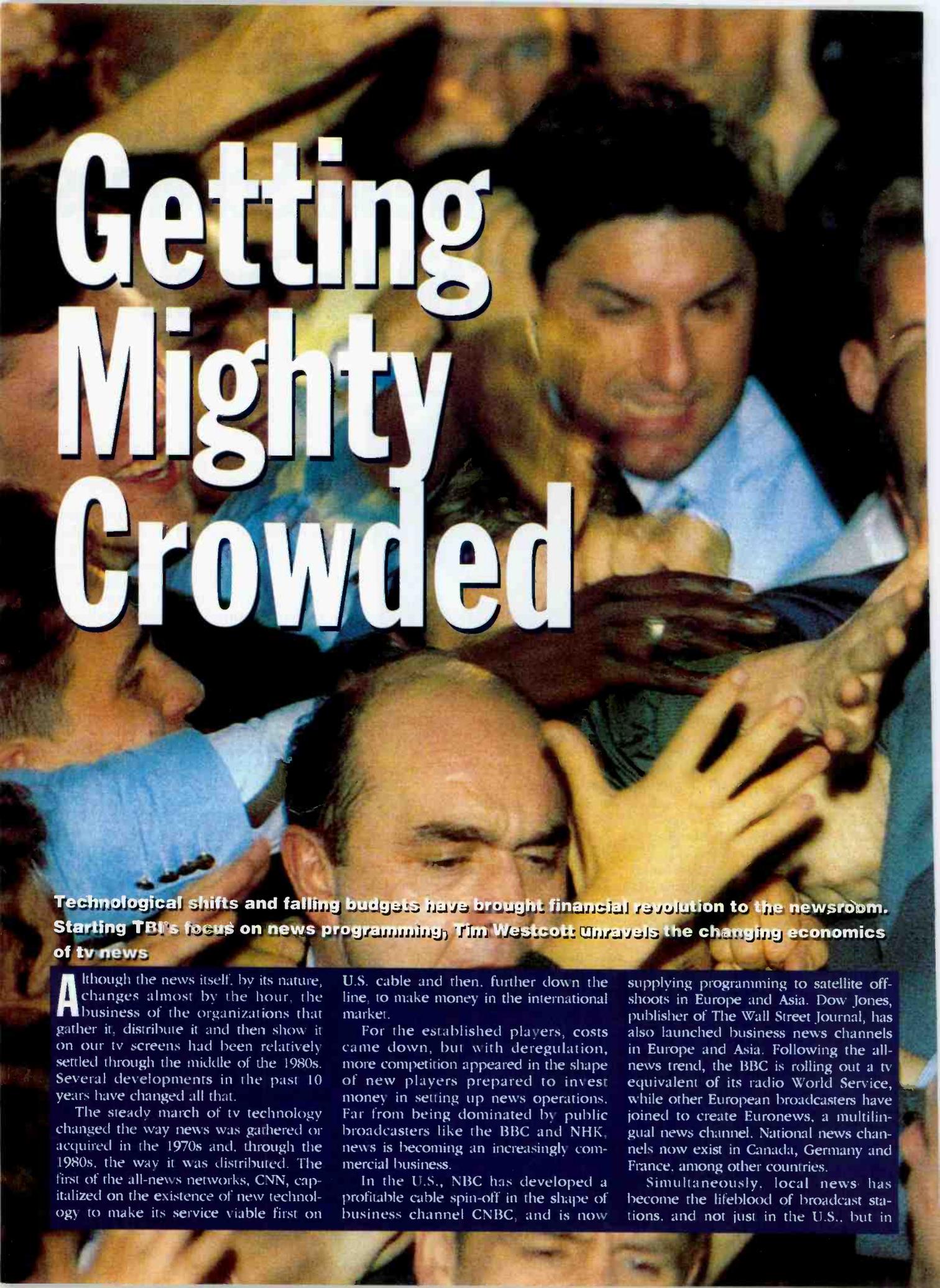
Telekom general director Ron Sommer is equally enthusiastic: "The global online community is growing by 10,000 users per day," including those, of course, who browse in the non-commercial jungle of the Internet.

The German online market, currently shared by CompuServe and Telekom, will total \$145 million this year, Middelhoff estimates, adding that by the year 2000 it will reach \$1.5 billion and 1 million consumers. High hopes.

Though the Kirch group has not – yet – announced any online ambition of its own, its "d-box" is made for this spectrum of the digital future too. Kirch spokesman Gottfried Zmeck calls the device a "multimedia terminal" which has been prepared for interactive uses like home banking, distance learning and online communication.

Anyway, in both the digital television and the online business the die is cast. If only some of the commercial expectations are met, that is, the rules of the market are adhered to, the customers will be the ultimate winners. ■

Everyone agrees that two different conditional access standards will hinder quick market development

A photograph of a crowded newsroom. In the foreground, a man with a balding head is looking down. Behind him, a man in a light blue shirt is looking towards the camera with a slight smile. The background is filled with other people, some looking at a screen that is not fully visible. The overall atmosphere is busy and professional.

Getting Mighty Crowded

Technological shifts and falling budgets have brought financial revolution to the newsroom. Starting TBI's focus on news programming, Tim Westcott unravels the changing economics of tv news

Although the news itself, by its nature, changes almost by the hour, the business of the organizations that gather it, distribute it and then show it on our tv screens had been relatively settled through the middle of the 1980s. Several developments in the past 10 years have changed all that.

The steady march of tv technology changed the way news was gathered or acquired in the 1970s and, through the 1980s, the way it was distributed. The first of the all-news networks, CNN, capitalized on the existence of new technology to make its service viable first on

U.S. cable and then, further down the line, to make money in the international market.

For the established players, costs came down, but with deregulation, more competition appeared in the shape of new players prepared to invest money in setting up news operations. Far from being dominated by public broadcasters like the BBC and NHK, news is becoming an increasingly commercial business.

In the U.S., NBC has developed a profitable cable spin-off in the shape of business channel CNBC, and is now

supplying programming to satellite offshoots in Europe and Asia. Dow Jones, publisher of *The Wall Street Journal*, has also launched business news channels in Europe and Asia. Following the all-news trend, the BBC is rolling out a tv equivalent of its radio World Service, while other European broadcasters have joined to create Euronews, a multilingual news channel. National news channels now exist in Canada, Germany and France, among other countries.

Simultaneously, local news has become the lifeblood of broadcast stations, and not just in the U.S., but in



President Chirac foules around (Pic Reuter)

countries like Canada, in the shape of City-tv, and in Germany, where city-based terrestrial stations are fighting to get established.

One of the world's biggest print and radio wire services, the Associated Press, added video to its repertoire with the launch in November 1994 of AP TV. One year on, it's doing business with 100 broadcasters, most recently signing five-year contracts with CBS, NBC and CNN. Competitors WTN and Reuters TV, far from standing still, are developing new streams of revenue outside the core agency business.

Apart from exploiting their production facilities and archives to create programming, agencies and networks are also well-placed to capitalize on the development of new media formats such as online services and CD-Rom.

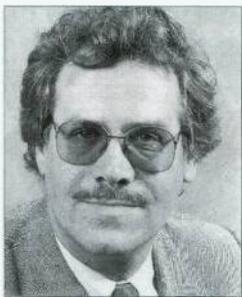
The economics of tv news are now fundamentally different. ITN, whose main business is supplying a news service to the ITV network and Channel 4, has not seen a major increase in its output, but costs have fallen dramatically. Stewart Purvis, ITN chief executive, said the annual cost of its ITV contract in 1990 was £68 million (\$109 million); by 1992, the cost had fallen to \$96 million. This year, ITV will pay more like \$88 million.

"The price of news has been coming down for some time, partly through technology, partly because we now run them as proper businesses rather than as cost centers, so we're more focused on cost in general," said Purvis. "We pioneered the use of single camera work... (and) we've managed to keep our bureau structure in place by having it more streamlined in terms of staffing and working practices, and we've made quite a dent in our in-house costs."

A lower cost base than the established networks was one factor in CNN's inexorable rise. Other players like the BBC are spreading costs across more output by moving into 24-hour channels for international audiences.

"We are producing much more coverage now and we're doing it at less cost," said Chris Cramer, head of newsgathering at the BBC. "We're not perfect, but we're more efficient than we were."

The launch of BBC World means that the Corporation is now "placing much



Cramer: More for less

larger demands" on its staff in the field. "Now our correspondents have an international canvas for their work which they are largely providing for the licence-payer at home. Not only are they busier – they've also got to be sensitive to the international marketplace as well."

The licence-payer supports BBC News but none of that money is meant to be ploughed directly into the ad-supported BBC World. The service pays BBC News a "proper" commercial rate to use its output, said Cramer. A profitable, self-supporting BBC World seems a long way off, and Cramer noted only CNN International is making any money out of the all-news business. "But it would be crazy if the BBC was not maximizing its assets, and one of those assets is our international journalism."

Japan's NHK has also expanded its international news broadcasts, with the eventual aim of launching its own worldwide network, and added a weekly high-definition news program to its domestic output. Daily broadcasts of around 11 hours a day to Europe and 19.5 hours a day to the U.S. consist mainly of NHK's news programs, partly in English.

In April this year, NHK increased its daily delivery of programs to broadcasters and cable nets in the Asia-Pacific region from an hour to 12 hours. NHK already has full-time correspondents in ten Asian cities, from New Delhi to Hanoi, and it plans to open offices in Malaysia and Burma, according to spokesman Yasuo Onuki.

Though private competition is something NHK and the BBC had years to get used to, their counterparts in other countries face it as a new phenomenon. In Europe, newcomers like RTL-TVi in Belgium and Nova TV in the Czech Republic successfully challenged the main news bulletins of the established pubcasters and won hands down.

In Germany, the main evening news programs of public networks ARD and ZDF kept their ratings lead intact, but the explosion of private tv networks – including the all-news n-tv – also meant a boom in news programming. Commercial channel RTL (now Germany's and Europe's wealthiest network)

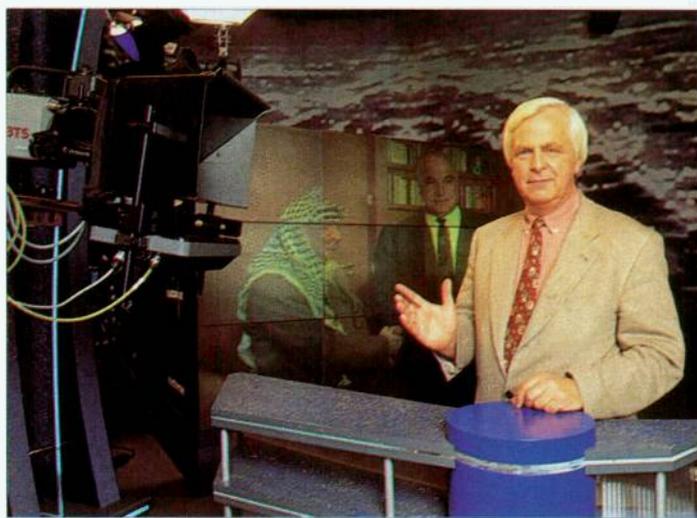
runs four newscasts daily, with an early morning round-up and 30-minute bulletins at noon, and in the early and late evening. Tabloid news magazine *Explosiv*, running Monday to Friday at 7.10 pm, has an average 23% viewing share in the 14-49 age group. Number two private network Sat1 has introduced regular additional newscasts branded as *Top News*. And Sat1 is to start using n-tv's facilities in Berlin to produce its news programs in December.

"People are used to high standards in the public networks, so we have to have high standards in order to compete," said Hans Mahr, head of news at RTL. Though RTL has full-time correspondents in Washington, New York, Paris, Brussels and London, RTL's newscasts cost about one-third the amount of the public broadcasters, claimed Mahr.

In the U.S., the broadcast networks have stepped up their affiliate news feeds supplying stations with fresh news footage and segments for their local news programs. Abroad, the networks have linked up with international news providers and sold the rights to news segments to broadcasters around the world.

To that end, ABC has been working with broadcasters to take ABC News-produced information and package it with local hosts to create news programs. The network has forged a successful arrangement for such a project with ORT in Russia, with a Russian host providing wrap-around portions to segments culled from ABC's news magazines *20/20* and *PrimeTime Live*.

Celeste Panepinto, vice president of news marketing for ABC News, said there is a trend toward creating current affairs programs and that's where ABC's



RTL challenged the German pubcasters

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news packages come into play.

"We do long-term agreements. We don't sell ad hoc segments," said Panepinto. "We provide a constant feed, almost six segments a week." Celebrity interviews are the hottest sellers. ABC also licenses *World News Tonight with Peter Jennings* to over 100 broadcasters.

Outside of its networks abroad, NBC has created an international version of *Dateline NBC* which combines pieces created for the U.S. version and those created by international bureaux into a program for the European marketplace. "There is going to be more and more international programming," said Bill Wheatley, vice president of news at NBC. "I think the challenge is to make the programming relevant to where it's being seen. That means working with local and national broadcasters."

Wheatley said NBC is looking into program concepts similar to ABC's Russian magazine project, but he declined to be specific.

"I wouldn't be surprised to see some combination of NBC and a local broadcaster," Wheatley said.

According to Rainer Siek, president of CBS Enterprises, news accounts for a third of the unit's turnover from domestic cable and international. Its best-selling news program is the current affairs show *60 Minutes*. CBS also sells the format, and local versions are produced in Australia, New Zealand, Thailand and Russia.

The launch of more and more new networks worldwide means that the value of domestic news bulletins like *CBS Evening News* is limited, Siek acknowledged. But the daily show has provided an outlet for the network's news agency sideline. This consists of Newspath, a satellite feed to local stations in the U.S. and the U.S. bureaux of international broadcasters, and a dedicated transponder on the PanAmSat satellite which carries two news feeds a day to Europe. Greater competition "gives us more opportunities in selling news - there are more outlets where segments and news feeds are used," he added.

The same increased number of outlets for news has brought on the transformation of the agency sector. Stephen Claypole, managing director of the London-based AP TV, expects the agency business, currently worth something in the region of \$250 million a year, to expand by 50% in the next five to 10 years.

The introduction of AP TV's service, which draws on a network of 60 bureaux co-sited with the AP wire service, marks the latest step in the evolution of the agency business from one dominated by



Claypole: Expanding

the syndication of broadcasters' pictures to one where the agencies now do much more of their own newsgathering and production. Many broadcasters are taking AP TV on a free trial basis, but Claypole said in October he had 65 firm contracts with broadcasters. In developed markets like Europe, the agency is up against long-term relationships and contracts, but with a ten-year business plan - Claypole expects break-even about half-way through - it is able to wait. Asia, said Claypole, is a "level playing-field for us."

The oldest of the three agencies, WTN (80% owned by Cap Cities/ABC, with Australia's Network Nine and ITN owning 10% each), supplies over 1,000 broadcasters worldwide, a figure that includes the 200-odd ABC affiliate stations. There is still room for "an awful lot of development" in WTN's core business, said WTN chairman Kenneth Coyte, pointing to over 25 clients in the former Soviet Union that take daily feeds from the agency. The core business accounts for over 50% of WTN's annual \$100 million turnover.

AP TV is self-limited to the core news agency business of wholesaling news pictures, but its bigger and longer established rivals are rapidly diversifying. Reuters TV (formerly Visnews), the biggest of the three, has perhaps gone furthest. Based in London, Reuters' most radical move has been to extend the service it offers to include programming as well as a total newsgathering package. It produces an early morning, hour-long segment of news for ITV station GMTV, and since last April it has been handling newsgathering for the 24-hour satellite channel Sky News.

David Kogan, managing director of Reuters TV, said the globalization of its clients was partly a factor in changing the old, "cosy" set-up of the business. Now the agency's objective is to be "the biggest and best around the world" and to give its client base more services. "Anything that is fashionable, we do."

Reuters now supplies news to all of the major UK broadcasters and was nominated news supplier to three of the four bidders for the new Channel Five license. It produces a daily half-hour business news service for MTV of Hun-

gary, and has branched further out into programming, drawing on its London production center and 70 Reuters TV bureaux worldwide.

Kogan points to the example of a series about the history of Russia it's making for NBC Super Channel as an example of the "marriage of interests" between agency and broadcaster.

For its part, WTN has added entertainment and environment feeds to its hard news service, and at Mipcom launched *Lifestyles*, a five-day-a-week, ten-minute feed of human interest stories from around the world. Programs produced by WTN include two series aimed at children, *The Adventures of Dodo* and *Earth Works*.

Development of programming is handled by the corporate sales division of WTN, headquartered with the agency in The Interchange, a former gin warehouse in north London. "We have an enormous amount of material in this

building," said Coyte. "The idea is to see how much can be cycled and recycled into product."



Coyte: Core values

In addition, WTN can draw on a substantial news archive in New York that has been merged with that of ABC

News, as well as other archives and news bureaux around the world.

The dash to diversify is on, but the harsh reality is that the news business remains a comparatively small one. Claypole believes there may be a "shake-out" in the agency sector despite AP TV's encouraging growth forecasts. New players, such as Agence France Presse and Japan's Kyodo News Agency, may come in, while the "videojournalist" concept pioneered by VNI could gnaw further at the margins. A shake-out in the broadcasting field, with more and more players contesting the meagre ad revenue to be had from all-news networks, looks even more likely.

However, as the interminable coverage of the O.J. Simpson trial demonstrated, the appetite for tv's coverage of a real-life drama remains undiminished. However compelling the fictions tv churns out, real life is often better. [E]

With contributions from Rich Huff in New York, Jack Kindred in Munich and Mark Schilling in Tokyo.

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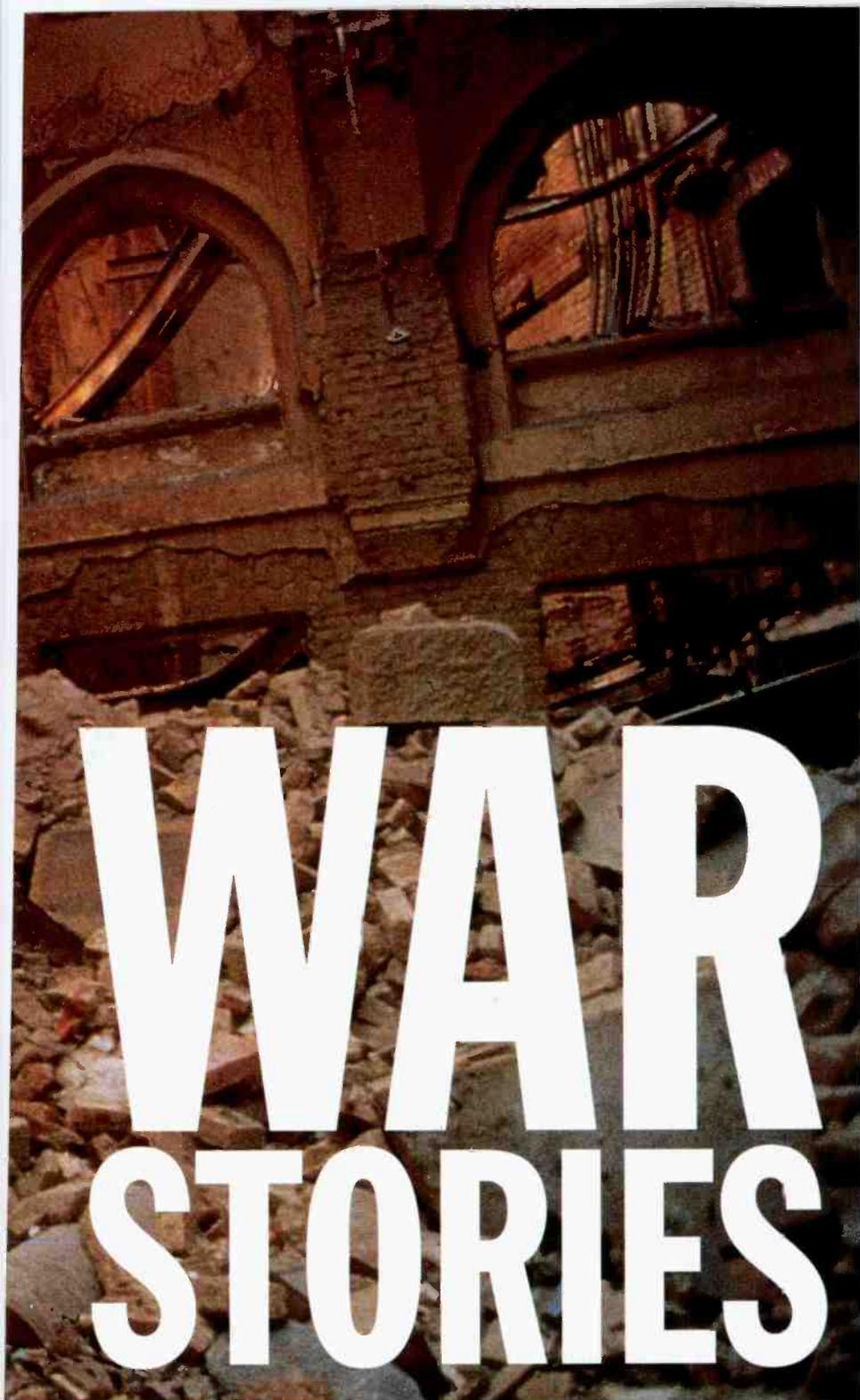
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CNN's correspondent Christiane Amanpour: A fixture in former Yugoslavia since fighting broke out

GLOBAL REPORT: News organizations were keeping an eye on the turmoil in former Yugoslavia when Saddam Hussein's tanks rolled into Kuwait in August 1990. They didn't have to wait long before the turmoil developed into a bloody conflict, which only now shows signs of coming to an end. The cost has not only been financial: the BBC, Rai, ABC and WTN are among those who have had people killed, and many more have been injured. TBI correspondents examine how a cross-section of the world's broadcasters and news agencies are covering probably the longest-running foreign story of recent times



WAR STORIES

CNN

*Despite its reputation for reporting live from the world's trouble-spots, all-news network CNN didn't acquire its own armored car until former Yugoslavia, reports **Richard Huff**.*

By virtue of its global reach and its unwavering international view on most stories, Ted Turner's Cable News Network (CNN) and its sibling CNN International have been out in front among U.S.

networks in covering the crisis.

In 1992, while the big three networks were scrambling for ways to put the civil war into perspective and fit into the 22-minute-long evening newscasts, CNN was filing regular reports on the subject.

Indeed, Paris-based correspondent Christiane Amanpour has been a fixture in Zagreb and Sarajevo and points in between since fighting first broke out.

"We've been committed to the story since the very beginning," said Stephen Cassidy, CNN's senior international editor

responsible for long-range planning and logistics. "We've been there not because it's a sexy story playing out in the heart of Europe, but because of what it continues to say about post-cold war Europe."

Exactly how many minutes of airtime the network has devoted to the story hasn't been calculated. However, Cassidy said that "any time a significant development has happened we've filed a report."

At any given time CNN has at least one correspondent and crew in the region. When the action heats up, the network floods the area with talent. Recently, when it appeared there was movement toward a settlement, the network had 35 people in the region.

"Bosnia has been characterized by the individual commitment on the part of the people who want to work there," Cassidy said, citing the high number of journalists who have been killed or wounded covering the story.

So far CNN has been lucky. Several staffers have been seriously wounded, most notably camerawoman Margaret Moth, but none killed. A few years ago Moth was hit in the face by sniper fire. She has since returned to work. Recently, a sound technician lost the use of an arm after being near an explosion.

"Personally, it's hard to watch people risk their lives," Cassidy said. It's hard in my situation to be the guy that sends them in there."

Cassidy couldn't say exactly how much CNN has spent covering the story, although the network has had to incur some unusual expenses. For example, CNN is now the proud owner of a couple of armored vehicles. And expensive satellite telephones have now become the normal means of communication between the network and its field crews.

Moreover, as the region's infrastructure has crumbled, the challenges of covering the story have become greater.

"The challenges have been to overcome things like no electricity, no water, no heat," explained Cassidy. "You're asking people to go spend time in an area where it is possible to be killed in any second, but it's impossible to get a shower."

What impact the coverage is having on viewers is hard to gauge, although the network has gotten calls from people on all sides of the issue.

"Generally speaking, if everybody's mad than maybe it's a good sign," Cassidy said. "Never before in the history of man has anybody tried to report a conflict from all sides."

That is, until CNN came along.

THE AGENCIES

The arrival of AP TV to cover the kind of story agencies are traditionally expected to specialize in has added a new, competitive edge to reporting the war in former Yugoslavia, reports Tim Westcott.

In December 1991, WTN cameraman Zizco Krsticvic was killed by a mortar shell – one of only two to land in the Croat town he was in all day. Four years on, Krsticvic remains the only tv agency staffer to lose his life in the former Yugoslavia out of a death toll estimated by the journalists' group Reporters sans Frontières at 43 (13 of them working in television).

Those numbers may be small in comparison with the tens of thousands who have died in the conflict, but the risks – journalists have frequently been killed not in the cross fire but in cold blood – have put the sometimes mundane work of newsgathering in a dangerous, different light.

For the three tv news agencies – WTN, Reuters TV and AP TV – exposure to those risks has been greatest, because



A bomb hit it: Bosnian TV this summer (pic: WTN)

they are obliged to cover the conflict continuously. With the exception of some broadcasters like the BBC and CNN, which have had large numbers of people in the former Yugoslavia throughout, most tv stations have tended to send staff and correspondents in and out of the region, relying on the agencies to give access to any breaking stories.

"(This) sort of story..., basically a political story but with a tremendously violent foreground to it, is the kind agencies are traditionally expected to cover," said Nigel Hancock, editorial director of upstart AP TV, "with broadcasters coming in when they decide they want to."

That may be when a major story breaks or – more likely – one with a local angle, such as the deployment of peacekeepers from the broadcaster's nation. "It's almost impossible to do, but we try to be all things to all people," said Ralph Nicholson, managing editor of Reuters TV. "If a Swedish peacekeeper is wounded in the arm, we count Swedish TV as one of our clients, (so) we should endeavour to make that at least part of any story that we do, because our job is to be in the places that they can't be."

Nicholson acknowledges that most broadcasters' concerns are, understandably, parochial, and the place of the bloody conflict on news agendas has not always been high as attention on the region has waxed and waned.

That doesn't remove the requirement on the agencies to be closer to the story – on the front line – and to allocate a big chunk of their coverage budgets to it. Although none of the three agencies would reveal figures, the BBC is spending \$1.5 million a year on its coverage of former Yugoslavia, with 50 staff in the region in October.

Poring over a map of former Yugoslavia on his office wall, Nicholson counted 21 staff in full-time bureaux in Belgrade, Zagreb, Sarajevo and the Bosnian Serb capital, Pale (all three agencies have people in each of these cities). Reuters TV also has 8 stringers in Split, Croatia and three Bosnian towns.

WTN also has a permanent office in Split and had a total complement of 75, including freelancers, in the region in early October, according to vice president and managing editor Lowndes Lipscombe. AP TV has nine camera operators "dotted about," according to Hancock, as well as producers in Sarajevo and international and local people who are brought in for major stories.

Distribution of the pictures out of the area is either via satellite uplink from Sarajevo, where the EBU and the BBC have facilities, or from Zagreb and Belgrade. Nicholson noted that the communications infrastructure in the former federation was good, the country crisscrossed by microwave links and landlines. Until Nato air raids in September, it was still possible to send pictures via microwave from the Serb-held Bosnian city Banja Luka to Belgrade.

The costs do not end there. "It has been, in terms of personal safety, the costliest conflict we have ever covered," said Lipscombe. Many news people have been injured – most recently when a shell landed outside the Sarajevo press

center. All of the agencies have invested in protective equipment ranging from bullet proof jackets and helmets to armoured cars, which alone cost up to \$90,000. Staff also receive special training in first aid and in battlefield awareness.

"Safety is our number one concern," said Lipscombe. "We have a standing instruction that an exclusive shot is not worth a human life. (Staff have) the right to refuse an assignment without consultation on grounds of personal safety."

Nicholson said Reuters has a similar policy. "We've tried to take the machoism out of being a war correspondent... The problem is that many people have made their careers on doing brave things. We've tried to make people understand that a decision to go to a difficult place is not a career making or breaking move."

Safety as well as operational considerations have dictated the deployment of staff, the majority of whom, like Krsticvic, are locals. Said Hancock: "If you're Croatian, you can't go into Serbia. If you're a Serbian, you can't go into Croatia. It's very important for us to get the right people in the right places."

In the early days of the conflict in Bosnia, Visnews (now Reuters) and WTN operated a pool system in Sarajevo. But when AP TV came onto the scene last year, it opted to go it alone and the pool – as a regular arrangement – broke up. AP TV's move was "unhelpful," said Lipscombe, since "it introduced an element of competition, which was precisely what we tried to nullify for reasons of safety."

But agencies still pool on some stories – particularly where conditions are dangerous – and it's up to producers on the ground to decide when to pool.

SPAIN

With soldiers and officials in the field, Spain is one of the countries with a strong reason for following the story.

Justin Webster looks at the different approach taken by TVE and leading private broadcaster Antena 3 TV.

Antena 3, (which was the audience leader in Spain in September) does not have a permanent correspondent covering the war in former Yugoslavia. Instead, it has sent special correspondents to cover crucial moments, for trips of around 10 days. The crews include a cameraman and producer, as well as the journalist.

The continuous coverage has been



A REUTERS TELEVISION uplink in Tahiti meant coverage of the nuclear tests in the South Pacific was fed within minutes, followed by powerful pictures of the riots.

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crews covered the release of Aung San Suu Kyi in Burma - a full day before any other agency arrived.

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dictated primarily by footage available from agencies. The editorial content is provided by news agency copy edited in Madrid, and by telephone contacts with sources in Unprofor, the Spanish UN contingents and Spain's European Union observers.

The main restriction Antena 3 faces in its coverage is financial: the high cost of feeds for a non-EBU member. The other expenses, such as travel and on-site editing, are small in comparison.

The way in which Antena 3 tried to differentiate its coverage has been to focus when possible on the human drama behind the conflict, rather than the political and diplomatic aspects, and by paying special attention to the country's involvement: the Spanish UN contingent in Mostar, for example, and the kidnap of EU observers this summer.

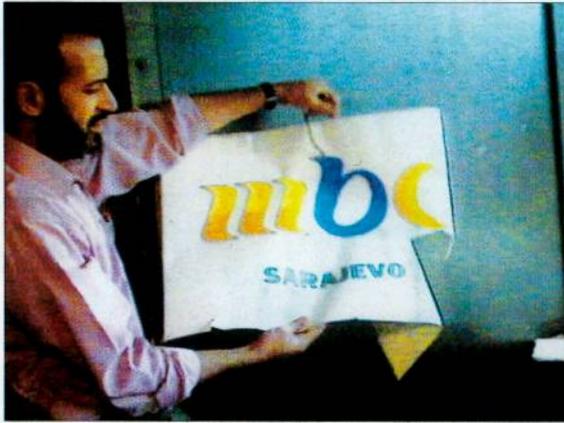
Coverage is otherwise dominated by the pictures available. "Especially in a conflict that lasts a long time, it is the images which have the most impact," said Emilio Sanz, head of international news. "People have become tired of news concerning the war, and this is overcome only in certain moments with the support of strong images."

Sanz pointed out that national news in Spain has dominated the agenda since the end of last year because of a series of high-profile corruption scandals, and international news has consequently been pushed into the background, occupying around 15% of the main news broadcasts.

Jordi Jaria, head of international news at Television Española (TVE), the publicly-owned network and the audience leader in news coverage, said as a public broadcaster its obligation is to cover all aspects of the conflict and seek an equilibrium between the diplomatic, military and human interest coverage.

TVE's correspondent in Budapest is responsible for the bulk of the coverage and spends periods of two to three months in different parts of the war zone. For these trips she either works with a local cameraman and assistant, or with a team, sometimes including a producer, sent from Spain. She supplies news items for the daily news programs and features of 12 to 14 minutes for the weekly documentary program, *Informe Semanal*.

Stories are chosen solely for their importance, since TVE has access to EBU footage. "There are always images," said Jaria. Simulations and graphics are also used, as in the coverage of the Gulf War for reports. "Nowadays this is an enormous resource," said Jaria.



MBC's Assad Taha takes up 10% of its incoming feeds

MBC

Broadcasting a news-based service to a mainly Arab audience, Middle East Broadcasting Centre (MBC) has, like any other news organization, "covered the facts," finds Dominic Schreiber.

MBC, which transmits in Arabic throughout Europe, the Middle East and North Africa, ran its first program looking at the situation in Bosnia-Herzegovina in autumn 1991, several months before hostilities began.

"We were the first to realize that something was going on," said Pierre Ghanem, executive editor at the London-based channel.

Ghanem was in the country in February 1992, producing a program on the referendum on independence that was to lead a few weeks later to the beginning of the conflict. Since then, Bosnia has been one of MBC's biggest news stories and for the last 18 months the channel has had a permanent correspondent, Assad Taha, covering the conflict, along with a cameraman and translator.

Taha's reports are edited either at Bosnia-Herzegovina TV in Sarajevo or the EBU's facilities and transmitted via the EBU's uplink. According to Ghanem MBC receives a minimum of 15 feeds a month from Taha, making up more than 10% of all incoming feeds, with each costing around \$4,500. In addition the station also uses pictures from both WTN (which it signed up with in September) and Reuters.

In his time in Bosnia, Taha has often reported from the frontline, covering such stories as the shelling of Sarajevo, during which both his cameraman and translator were injured. Ghanem is only too aware of the high degree of risk involved in such reporting. "We don't ask him to kill himself. We try to provide

some structure for his reports but we have to leave him to do the best job he can."

In addition the channel also provides in-depth reports on developments in Geneva and Washington relating to the conflict and Ghanem believes MBC's coverage is more extensive than many other channels in this respect. This he said has been driven largely by the channel's international audience.

"MBC is pan-Arabic and pan-European," he explained, "and the common point for all our viewers has been Bosnia."

Indeed over the last three years Bosnia had been one of MBC's top stories at least three days a week and has even received as much coverage as the *Intifada* in Israel. "From 1991 to 1992 MBC concentrated on the *Intifada*," said Ghanem, "but since 1992, we have been concentrating on Bosnia."

Despite its Arabic audience Ghanem believes that MBC has approached the conflict from the same editorial stance as anyone else. "Like any other news organization we are trying to cover the facts," he said. However, he felt that the facts have left MBC with little choice than to portray one side in a negative light.

"No one has been perfect," he said, "but what the Serbians have done is similar to what the Nazis did in Europe."

BRAZIL

Far away from the conflict, Brazil's networks have relied mainly on pictures from CNN and intermittent pieces by its European correspondent. But that changed when a Brazilian soldier was taken hostage, writes Michael Kepp.

Brazilian tv's most extensive coverage of the war in ex-Yugoslavia occurred several months ago, though it wasn't because of a mortar attack or an unexpected cease fire.

Brazilian networks gave more than their normally scant coverage to the war because a Brazilian member of the UN peacekeeping forces, a prisoner of war, had just been released. When Harvey Alves received a hero's welcome back home – shaking hands with the president and taking part in parades – the networks slightly beefed up their coverage of the war to put the hooplah surrounding Alves' return in context.

TV Globo, Brazil's largest network, provides perhaps the best coverage of the war, though that may only amount to a few minutes per week on *Jornal Nacional*, its 30-minute, nightly news program.

TV Manchete is the only one of six other networks that provides just as much coverage of the war (in terms of time) mainly because it has a one-hour nightly news show to fill up. But TV Manchete – like all the other networks – buys all of its footage of events in ex-Yugoslavia from CNN.

TV Globo, which also buys some of its images of the war from CNN, also occasionally sends its London correspondent and a London-based cameraman to Sarajevo or right into a combat zone, especially if a particularly bloody skirmish has occurred. One broadcast this year featured the correspondent speaking to camera with a smouldering village in the background. A TV Globo producer normally sets up such on-the-spot coverage by phone from London.

Even so, TV Globo's on-the-spot coverage of the war is rare. More often, its London correspondent will do a stand-up piece of commentary about the war

from London, with Big Ben in the background – as though being in Europe has put him closer to the news in ex-Yugoslavia.

TV Globo's weekly one-hour news-magazine *Globo Reporter*, did, in September of 1994, do a piece on the war in ex-Yugoslavia, the hook being that Brazilians – as part of the UN forces, the UN diplomatic corps, and a Unesco cultural team – were involved there. TV Globo, which weighs security issues before sending a correspondent/cameraman team to ex-Yugoslavia, took advantage of a temporary ceasefire to tape the *Globo Reporter* program there.

TV Globo knew the program wouldn't capture high ratings because the conflict is so far away, has been going on for so long and because the issues surrounding it are hard to make understandable for the typical audience.

But TV Globo thought the "Brazilians in ex-Yugoslavia" hook would boost ratings. Whereas most *Globo Reporter* programs capture a 50% audience share, the program registered the lowest rating of all *Globo Reporter* programs last year – 23% of the viewing audience. A 32% rating is considered a flop.



Agencies have been closest to the war (pic: AP TV)

This is one reason TV Globo isn't planning to beef up coverage of the war. The high cost of flying in a correspondent and cameraman is another.

"Budgetary concerns and the lack of interest by the Brazilian public has affected our coverage, even though it is the best by far of all the networks," said Jorge Pontual, the executive producer of *Globo Reporter*. "Basically, the conflict has been going on so long and Brazilians have become so saturated with news about it, that even when it's important, they don't seem to care much." ■

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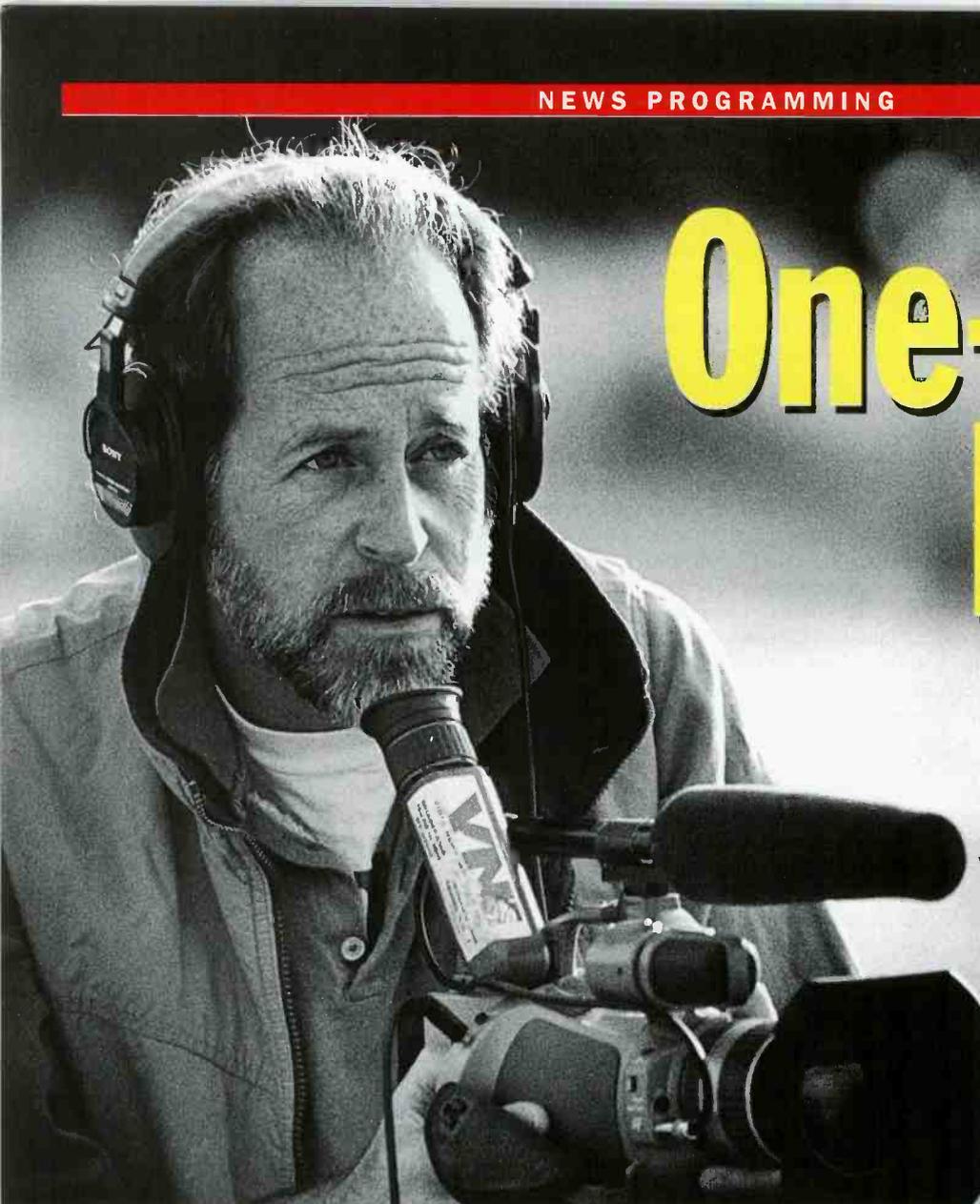
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One-Man Band

Video News International, a pioneer in the use of solo journalists to produce tv news stories, is expanding into documentaries and series. Rich Zahradnik reports VNI wants its one-man bands to play as an orchestra

Drawing on a worldwide network of "videojournalists," VNI has sold its stories to networks from ABC to NHK

The eighth floor hallways of The Public Ledger Building in downtown Philadelphia are nondescript. Signless doors face each other down the long spare corridors.

This could be a government building. Or, joked Michael Rosenblum on a tour, the offices of *The Daily Planet* in the old 1950s *Superman* series. In rooms that look like they should house insurance salesmen, a wire-service-reporter-turned-tv-newsman writes copy on a laptop, while two staffers cut a piece in a makeshift edit suite next door, with gear set up on two tables. Other rooms along the corridor contain a tape library, the news desk, marketing and executive staff and still more editing gear.

Behind the drab walls, Video News International, the company Rosenblum set up to revolutionize the tv news business, is in the midst of its own revolution. Two-year-old VNI's original mission was to be the news agency that the big

news agencies couldn't be. The company armed reporters — it calls them videojournalists — with camcorders and sent them out to cover the world.

The intimate portraits and behind-the-scenes stories these videojournalists delivered were then sold to a host of major network news clients, including ABC's *Nightline*, *The MacNeil/Lehrer Newshour* on PBS, and programs on NHK and the BBC.

VNI is now moving aggressively into the production of long-form documentaries and series. It will still use the low-cost, camcorder-based production techniques it helped pioneer, but to create \$100,000 documentaries that can run on The Discovery Channel and PBS, rather than five-minute packages for sale to ABC or PBS. "High-quality, multi-part series that don't cost much more than \$100,000 an hour are, for us, very doable," said Rosenblum, who is VNI's president.

Production of two-to-five-minute news packages, now an \$800,000 business, represents 80% of what VNI does. Rosenblum said that while the size of that part of the business won't change, it will shrink to 20% of VNI's total revenues as the long-form effort kicks in.

VNI is making the change because cable channels and international networks, with their voracious appetites for programming, are where the action is. "Should we go into competition with WTN and Reuters TV?" Rosenblum asked rhetorically. "We can't. Let's be logical."

VNI, founded in 1993 by Rosenblum and ex-investment banker Paul Gruenberg, gained the wherewithal for expansion in April, when The New York Times Co. bought 80% of the company. In the months since the Times acquisition, Rosenblum has trained 40 new videojournalists, increasing the VJs on VNI's worldwide roster to 73. "That's high," explained Rosenblum, "because we're

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Stations Of The Future?

The consulting arm of VNI shows stations how to put one-person crews on the street

Even before Michael Rosenblum started Video News International, he was helping to set up cable and broadcast stations staffed by solo journalists armed with Hi-8 video cameras. Rosenblum's first project was teaching the eight print reporters who would staff TV Bergen in Norway – a station owned by Kinnevik. TeleZüri in Zurich, New York 1 News and Channel One in London followed. But Rosenblum got so busy building the newsgathering and production side of VNI, the station consulting business dropped off during the past 18 months. That's about to change.

VNI will relaunch the consulting business at Newsworld this month. The company's aggressive plan is to seek equity in the stations that seek its help. It also wants guaranteed access to the news the stations produce. "Today, we're the New York Times Company," Randy Bradley, executive-in-charge of marketing, said of the new approach. "We bring a lot more to the table than we did a few years ago."

VNI's pitch is straight at the bottom-line. "This looks like an

ordinary newsroom," says a sales tape. "It isn't. Take a closer look. No cameramen... No soundmen... No producers... And no on-air talent. These are videojournalists and this is a video-journalist-driven newsroom, the newsroom of the future... The result: a tv station that works the way a tv station should, like a newspaper. With the cost structure of a radio station."

A company looking to set up a camcorder news operation will, among other things, get from VNI a plan for building the news facility, equipment recommendations, programming design, off-sites reviews, footage re-marketing services, and journalist screening, hiring and training.

As a consultant, Rosenblum said he's learned that even companies looking to take part in the revolution find it hard to break from old practices. Channel One in London insisted on burdening its one-person crews with Betacam units because the ex-ITN man in charge didn't think his new station would be taken seriously by the rest of the business if it used Hi-8 gear.

building a business. And we're crafting a new kind of journalism."

Rosenblum began crafting this new kind of journalism back in 1988, when he quit CBS News, bought a camcorder and flew off to a Palestinian refugee camp in the Gaza strip. His success selling pieces to major American outlets convinced him that small-format video technology could change the way tv



Rosenblum: Camcorder guru

gathered news and told stories. During the next six years he shot pieces, taught videojournalism techniques to others and worked to set up tv stations that used those same techniques. One station was TV Bergen in Norway, where he turned eight print journalists into tv reporters.

His desire to train more reporters – most VNI VJs are from print and radio, not tv – brought him together with Gruenberg, who convinced Rosenblum he shouldn't apply for the foundation grant he was thinking about but should start a business based on his mantra: "If you put video cameras into the hands of the world's best journalists, you'll get the world's best journalism."

In VNI's new push to produce long-form programming, the company's first big project was *Killer Virus*, a documentary on Ebola and other viruses VNI made for The Learning Channel in the U.S. VNI produced *Killer Virus* in six weeks, using its network of videojournal-

ists to shoot in eight locations at a cost of \$130,000. One European network that bought *Killer Virus* had such success running it with a tv movie on the same subject that it's now negotiating for VNI to produce other documentaries that can be twinned with relevant movies.

Videojournal, a weekly magazine series featuring stories produced by VNI

videojournalists, has already been sold to Taiwan, Malaysia and Spain, and the company is working on plans to create *Science Times*, a series based on a weekly section published by The New York Times. Other projects based on Times sections or features, as well as a tv version of the International Herald Tribune, which the Times half-owns, are also planned. Executives wouldn't comment, but published reports say the company also has a deal to produce a tv version of *All Things Considered*, National Public Radio's flagship news program.

Randy Bradley, executive in charge of marketing, joined VNI in the summer to begin setting up the outfit's distribution activities. He's already got an executive

in London, another hired to cover the Pacific Rim and is interviewing for someone to head up sales of the company's product to local stations in the U.S. Said Bradley: "Right now, what we're doing is market awareness, building awareness."

Michael Rosenblum preaches two themes: camcorder news will produce better journalism and cheaper journalism. Meeting with the ebullient, engaging executive is to listen to jab after jab aimed at the major players in the news game: "We're not WTN, with Mohammed with his Betacam in a closet in Cairo... Television is the most powerful medium in the world, but it's the least democratic... We need to create a profession of

videojournalists, otherwise tv is going to be this morass of garbage."

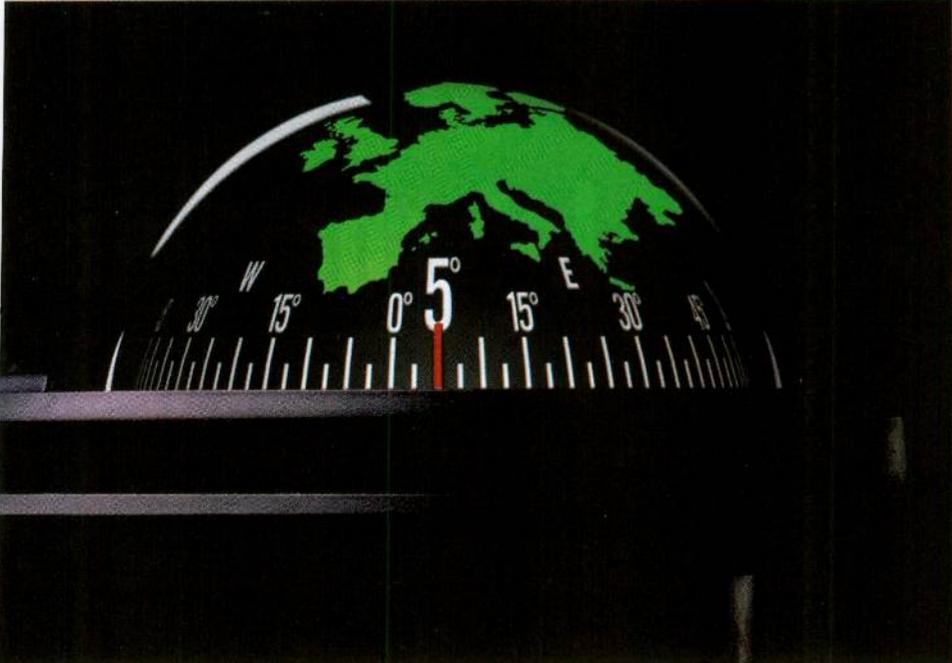
And it may well be true that videojournalists, based in countries they know and cover regularly, using the techniques of print reporters, can and will produce a better kind of journalism. But the one-man band appeals to corporate strategists because their companies will save money – lots of it.

It's unlikely Time Warner, Kinnevik and Britain's Associated Newspapers were worried about democratizing the medium, or getting closer to the story, when they hired Rosenblum to help them build news operations based on the videojournalist. [E]



Gruenberg: Business mantra

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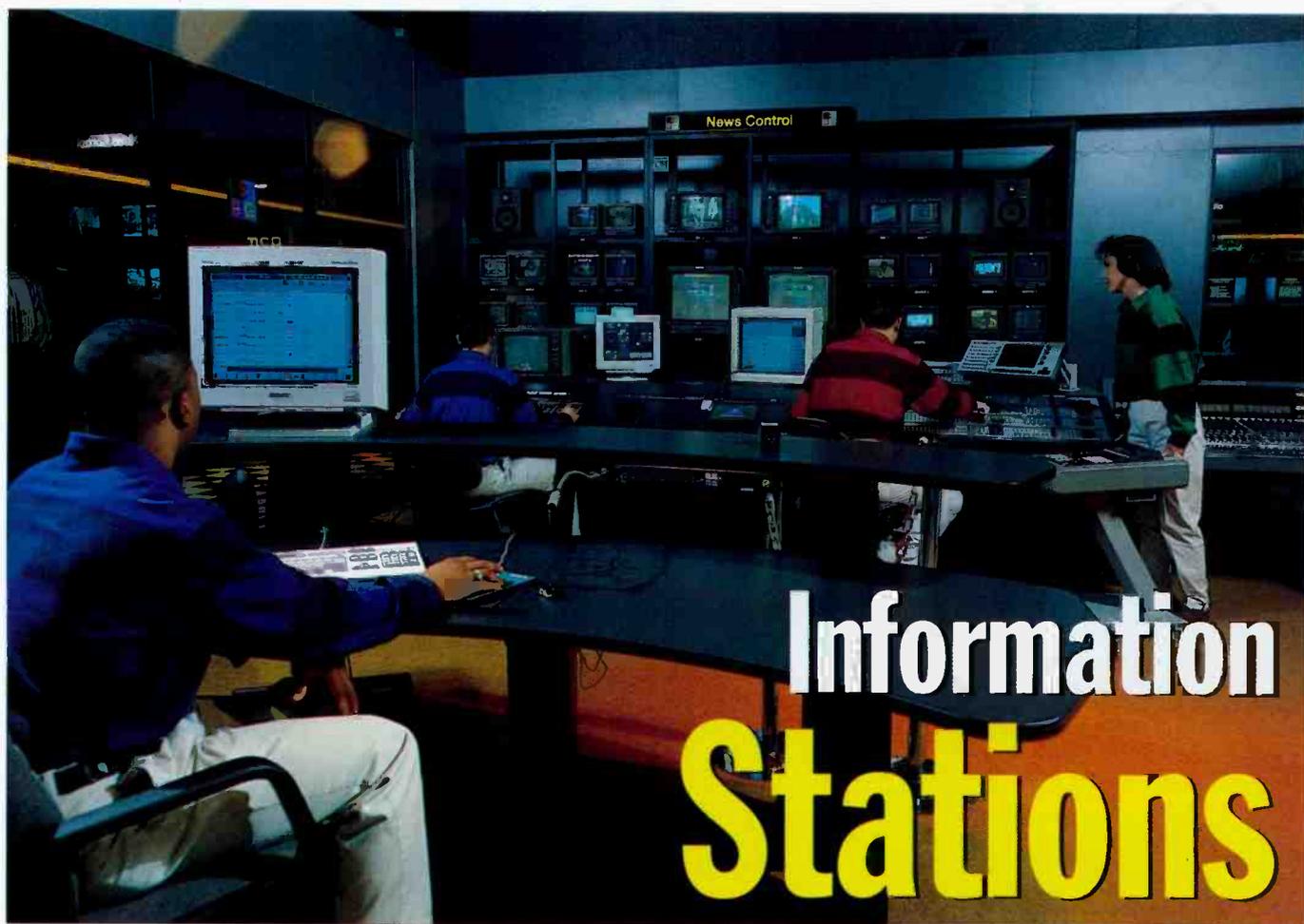
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Information Stations

Look, no paper: Sony's digital newsroom handles everything from acquisition to archiving

No-one wants to be left behind as the competition between both news channels and agencies heats up. And in the constant race to provide news in new and faster ways, digital technology is playing a key role. From the filming of material in the field, to editing and storage, and to distribution and transmission, every link in the newsgathering process looks set to become digitized.

Indeed, in some areas the move away from analog is already well under way. As digital television services begin to take off, news agencies are also making use of digital satellite networks to distribute footage to their clients around the clock. Not only are transmissions free of the signal distortions often associated with analog, but they also take up less bandwidth, which has allowed the agencies to move from providing a series of fixed-time feeds to offering continuous, round-the-clock delivery.

WTN, the oldest of the three agencies, began a 24-hour feed to its European clients in September and in 1996 will

With the advent of digital transmission, news companies are investing more money than ever before in delivery systems and in the newsroom. But some are waiting to see how the systems work in practice before committing their services to them. By Dominic Schreiber

expand its Latin American service to 24 hours, as well as adding Asia to its digital satellite network via Apstar 2. It is also building a teleport in Moscow to connect European and Asian beams.

APT, meanwhile is planning to launch its "global video wire" in November, providing 24-hour satellite delivery straight into newsrooms across the world. "APT are radically changing the way tv news agencies serve their customers," claimed Nigel Baker, editor of APT's global service. "Instead of a series of ad-hoc deliveries APT will provide a coherent service with a form and structure."

This service will take what Baker calls

a "multimedia approach" by providing text on screen that will inform clients of breaking stories, what the best pictures of the day are and when these pictures will become available. It's also designed to look equally at home on a PC as on a video monitor, as APT expects to see an increase in the use of desktop editing. "Before, news agencies have often given scant regard to output and invested mainly in newsgathering," said Baker.

At April's NAB, Sony unveiled what it claimed to be the world's first complete digital news system – encompassing acquisition, storage, editing, play-back to air and archiving – while rivals Avid Technology were showing off their

"completely integrated multimedia newsroom," AvidNews.

A key aim of both systems is to bring together the visual element of news production – the editing process – with the text-based side – the running orders and scripts that are created by journalists on their newsroom computers.

Incoming material, which can be acquired digitally, either with Avid's CamCutter, the first ever disc-based camcorder, or Sony's new digital Betacam SX range, is stored in the news room on a server, a large hard disc on which footage is filed in a database to make tracking and retrieval possible. This can then be accessed and edited on non-linear workstations, or made available to journalists' workstations, in a lower than broadcast quality.

Desktop systems should not only increase the speed of news production, but also give news organizations far more control over the material they have. Adrian Scott, European broadcast marketing manager at Avid Technology, explains "the power to use, reuse, repackage and reformat" is of increasing importance for news organizations as demand for more bulletins and channels increases, and new forms of multimedia delivery are developed.

Although both systems are still in development, Avid has already supplied a number of U.S. stations with servers to link editing and playout, and next year both Fuji TV in Japan and the UK's ITN, which has invested \$29 million in its London headquarters, will be trying out Sony's newsroom set-up.

Sony's involvement with ITN already goes back some years (during the 1970s both companies worked together to develop ENG equipment) and according to Ted Taylor, director of technology at ITN, the two had been talking for a number of years about video server-based systems before Sony offered the opportunity to become the European test-site for the new technology.

Taylor expected the use of digital technology to lead to benefits in a number of areas. "Picture quality should rise quite dramatically," he said, since multi-generational copies of material will no longer be needed, and stories will make it on air quicker, thanks to the system's greater speed and flexibility. In particular, the ability for several people to access the same material at the same time is a vital feature for ITN, which produces news programs for a number of different channels. "Multi-user access is very important," said Taylor, "particularly in ITN and other organizations that are

producing multiple services.

"We have to be honest and say one attraction is lower operating costs," added Taylor. These savings will come in a broad range of areas, from reduced tape usage – currently ITN gets through 16,000 cassettes a month – to lower shipping costs, thanks to the introduction of more portable editing equipment. Perhaps the biggest savings, though, will be those resulting from multiskilling. "It shouldn't be too difficult to train journalists to do simple edits, add captions and simple graphics," believes Taylor. And while he stills sees the need to train technical staff in specific areas, he admits there will be fewer people employed in certain positions, such as VTR operators, researchers and library staff.

To begin with, though, ITN will only use the Sony system for its NBC Super Channel news, and Taylor believes it won't be until mid-1997 that it begins a complete overhaul of its news production. How rapidly other organizations will adopt the new technology remains to be seen. Of the news agencies, Reuters appears to be the nearest to adopting server-based systems and is currently considering various different options as part of a major two-year investment it is currently planning.

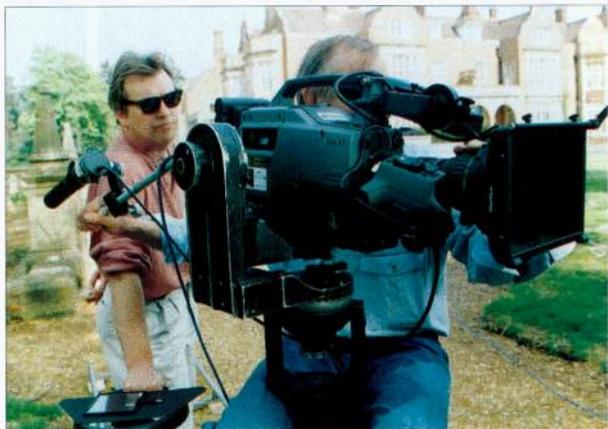
As Graham Wilson, project manager for Reuters Television, explained, the advantages of these new systems have been well documented on paper, but as yet no-one has seen them work in the newsroom. "No-one would risk putting their entire throughput into this new technology and the costs are too enormous for full implementation." Reuters is therefore planning to run a pilot newsroom system in 1996, but Graeme Thomson, technical manager for television, believes it will take two or three years before a full digital path will be practical.

WTN, meanwhile, will be investing heavily in digital SNG next year, but Bob Howes, technical facilities manager, believes that the change over to discs for editing and storage will be more long-term. "The technology is available," said Howes, "but it will be more suited to an organization such as WTN in a couple of years' time." And at APTV chief engineer, Richard Hradsky-Fisher, remains unconvinced that current digital acquisition and editing systems would offer his company any advantages over their current analog system.

Among television networks there are

also reservations about this new generation of equipment. "Like a lot of new technology it has to be reliable," said Peter Vesey, vice president of CNN International. "We can't put the weight of a network through a new black box." CNN has, however, invested in Sony digital Betacam for acquisition and Vesey accepts that the move towards digital is an inevitable one. "As CNN builds new services you will see the evolution from an analog to a digital network," he predicted.

Vesey's views are echoed by David Schmerler, vice president of news production operations at NBC, which is currently moving towards non-linear edit-



Digital, but not exactly portable

ing. "We are hoping that the time will come when journalists will be able to sit at a desk, call up video and edit it," he said. "At the moment though we haven't seen anything that is network standard." Schmerler is also reluctant to invest in technology which may well be obsolete in a year's time. As a result the company is leasing the bulk of its non-linear equipment.

As for digital acquisition both Sony and Avid's competing formats have their own drawbacks. While CamCutter offers a number of technical advantages, it is expensive to record on, because of the high cost of discs. ITN's Ted Taylor estimates that disc costs would have to fall to a tenth of the current price for CamCutter to stand a chance of survival in the market, and ITN has instead opted to try out Sony's Betacam SX camcorders. The disadvantage of digital tape is that it has to be converted to disc for editing, which takes up valuable time, but with both Sony and Panasonic working on faster than real-time transfer to disc, many in the industry see tape remaining dominant in this area until disc costs fall. ■

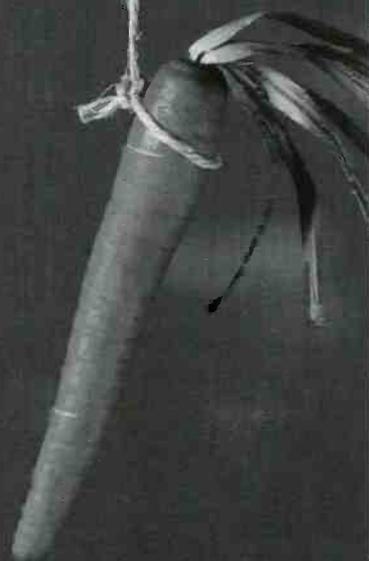
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A British Revolution

The UK tv business is changing, and this time it isn't all talk. New and merged companies are looking to take advantage of a domestic business where the buying points for programs are increasing and where the selling points are becoming more tightly defined. By Richard Cook

If big is beautiful has become the corporate theme for the U.S., the message isn't being lost in the UK. Since the last ITV franchise round five years ago, UK executives have complained that media ownership rules have prevented them achieving the critical mass they need to compete in international markets. In the end the rules have not stopped a concentration of tv production and distribution points.

The UK is undergoing a corporate restructuring within its media business that will likely continue even as the government reviews its cross-media ownership rules.

Most high profile recently have been the maneuverings of Pearson, one of the key companies redefining the way in which the UK system works. Already the parent of the UK's largest independent producer, Thames Television, Pearson moved into another league with the \$386 million purchase of the Grundy Organization in May. It will be playing with very select company indeed if its mooted takeover of U.S. giant ACI comes off.

"As the government recommendations stand, a company such as Pearson has the most scope to maneuver in the cross-media world," said County Nat West media analyst Neil Junor. "It could merge with any of the television majors to create a more powerful UK television operator capable of seizing development opportunities in the UK and international

markets alike. We would highlight a merger with Granada as being Pearson's most attractive option."

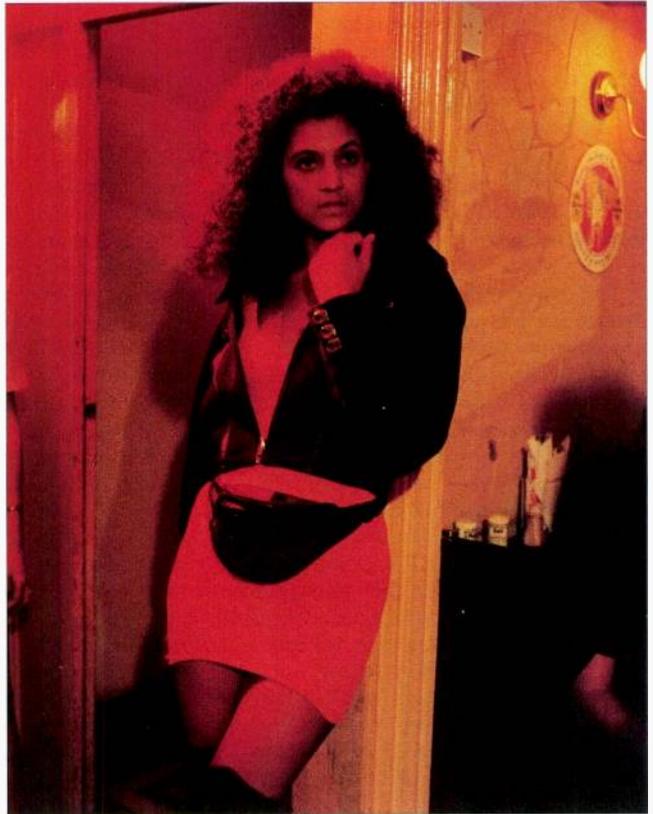
But Pearson's corporate adventures are just part of the story of consolidation and change. Another is the launch of British Independent Television Enterprises (Brite), the merged sales operation of Granada/LWT and Yorkshire Tyne-Tees TV. Brite comprises the libraries of four ITV network suppliers and a total of 8000 program hours. The next biggest comparable company, Carlton Communications subsidiary CTE, has 3500 hours.

"We wanted the opportunity to take advantage of the economies of scale which creating this merged sales house would offer," explained Brite's director of sales Nadine Nohr, "and we think being a bigger entity gives you a better position in the international marketplace."

The theory makes sense. The two partners can pool overheads and Brite will be able to package its most attractive programming with weaker product, as is already common practice among U.S. film distributors.

"The formation of Brite just follows on quite naturally from the changing ownership structure at ITV," explained one City analyst. "You saw it first in the mergers — companies like Carlton with a big licence obligation rushing to do a deal with Central and another high bidder, MAI, getting into bed with Anglia. Then their ad sales divisions were concentrated into three points, and now it's the turn of program distribution."

ITV quickly reorganized itself through mergers and alliances once the full horror of actually paying for the bids which



New game: Brite's catalog includes Granada drama *Band Of Gold*

the ITV franchise auction had encouraged in 1991 became apparent. The network was split into three main camps — Granada and LWT; Carlton and Central and MAI and Anglia, while the recent involvement of TCI, through its Flextech share holding, in both HTV and Scottish TV, is creating another sizeable player on the sidelines. In addition YTTV is linked to both Granada and MAI through equity links. No one knows exactly which alliances will be strengthened and which dissolved, but the logic behind the drive for critical mass is apparent.

"As the government's current recommendations stand, Pearson could merge with any of the leading commercial television players," explained Junor. "There are virtues to all these possible alliances. Take Pearson and Carlton: Pearson provides a significant programming library, Carlton provides the distribution clout for that library in the UK market. Both players benefit. Or Pearson and Granada, where the merged entity would have a

simply awesome programming library: Thames, Granada and Grundy. The power it would generate, with respect to ITV, would give it effective control of the



Nohr: Advantaged

network's scheduling. Then again the creation of specialist satellite and cable soap, drama or light entertainment channels would be a no-brainer, and the international sales opportunities are obvious."

The ownership changes that have already happened impact on production and distribution companies in different ways, as Huw Davies, the president of the production arm of one of the smaller ITV companies, HTV International explained. "I don't see co-production opportunities for us in Europe any more. I wish it were true but it's not. We were working with a subsidiary of Hallmark Entertainment and had hoped to continue with them, but then they tied up with Flextech and as a consequence are now working with STV. But then we are seeing a lot more decisions made because of ownership restrictions, not just here at HTV but at almost every production and distribution company, as the whole industry becomes concentrated into fewer and fewer hands."

Against this backdrop, however, are trends that suggest the drive toward size and economies of scale is not all-encompassing. Chief among these is the establishment of the \$24 million Global Rights Development Fund by City venture capitalists Guinness Mahon Development Capital. The purpose of the fund is to identify opportunities in licensing and distribution, and among its first investments has been a \$2.2 million deal with Link Licensing and a \$4.4 million equity link that will enable Pulse Entertainment to acquire new properties for distribution.

Both are, by the terms now applicable in the industry, small players. GMDC assistant director Martin Weigold led both investments and admits that the fund bucks the trend toward critical mass. "If you ask me are small independent distributors viable given recent market developments, I would say it comes purely down to content and who is selling the prime shows," said Weigold. "People will buy what they perceive is best and they will go to the people who

represent these properties. But of course Brite's library of 8,000 hours by itself will lure buyers, as they can fulfill many of their program requirements from one distributor, and from the producer's point of view they can package lesser shows with highly-rated shows such as *Coronation Street* or *Prime Suspect*.

"Most mid-sized firms can't compete with that. To compete you've either got to be of comparable size, which is tough obviously or you've got to position yourself as a niche player with enough financial clout to help with distribution guarantees, you've got to have a management team that is well connected, you've got to get in early and you've got to make a virtue of your independence – and sell for everyone equally."

Weigold is certainly practising the virtues of niche targeting, only investing in children's programming where the scope for licensing is much greater and where niche markets have already started to operate. "These niche channels like Nickelodeon and Children's Channel all have specialist buyers, so there's no real reason for them to wade through the programming at Brite," said Weigold, "and that's one of the reasons we like the kids market, and think it is a viable niche for smaller operators. And packaging doesn't hurt us so much. For example, it might be possible to package *Prime Suspect* with *Cracker*, but to sell *Postman Pat* with *Band of Gold* is another story."

Both Link and Pulse recognized the need for more funds to help them meet the challenges of the new marketplace. Link is using the money not just to upgrade systems but also so that it will be able to give guarantees to producers. Increasingly producers are using these to get the production



Davies: Restricted

finance in place. They go to specialist lenders to provide finance partly on the back of the distribution guarantee. If the guarantor is of no financial substance, then the lender is unlikely to provide any finance to the production company on the strength of the guarantee, and that guarantee is worthless.

"We are launching a new \$100 million venture capital fund in the U.S.," added Weigold, "that again will look to support niche players, and again we think that

will be heavily involved in the children's market. But there is definitely a threat for smaller companies that don't have a niche. At the moment, apart from kids programming I can't see any other area in UK distribution that we would be interested in backing."

Jane Lighting, managing director of Minotaur International, shares some of Weigold's concerns about the market's move toward bigger players, but believes better service is the key to beating the threat posed by companies with more programming and deeper pockets. She launched Minotaur earlier this year and recognizes that a library of around 1,000 hours of programming, which include the Aussie soap *Heartbreak High* and UK chat show *Kilroy*, makes hers a small company.

"But the huge difference between the business of a company such as Brite and my company is pro-activity. If you are the subsidiary of a broadcaster you are existing as a service company to exploit the rights of the parent companies. It makes perfect sense from the ITV companies' point of view to create a central servicing function and that will cut costs and help margins, but the distribution company's job is as a service company. It has to exploit the rights of the programs of the parent companies.



Lighting: Independent

"What I'm doing and companies like Link are doing is very different. We are making sure we explore all the potential revenue areas. In my catalog there is nothing that I haven't chosen to represent and the catalog is, after all, the most important thing about any distribution company."

Help is also at hand for the smaller companies from the emergence of new markets – cable, satellite and, eventually, Channel Five. Although drama sales are still blighted because of adispute with actor's union Equity is still not resolved, many smaller distributors are finding that satellite is at last becoming a viable secondary market.

"Satellite and cable are really starting to be a useful marketplace for us now," agreed Lighting, "and we are finally starting to sell programs that previously if they hadn't sold to a terrestrial channel wouldn't have sold at all. Of course it

The Rights Stuff

Independent producer/distributor Chrysalis is one model of how to make a profit from the UK sector, reports Paul Nicholson

Three years ago UK media company Chrysalis was considered a music-based group of operations that was unclear in its direction. Diversification into other areas had not been particularly successful. Its television activities had been widely recognized as ineffective internationally. Domestically, it had built its television business on the provision of facilities at sporting events in particular. Two years ago its annual report posted a £15 million (\$24 million) loss.

Times, and Chrysalis, have changed. This month the group is expected to report a profit. Turnover is up overall to £100 million (\$160 million) and television and film is a very healthy 25% of that. More particularly, Chrysalis Visual Entertainment, under chief executive Mick Pilsworth, has provided a model for others of how to harness the talent within the UK independent production sector.

At the same time, Chrysalis has put one foot firmly into the international television market with one of the cleverest alliances of any of Europe's broader-based media groups.

For Pilsworth, who joined Chrysalis chairman Chris Wright two years ago, the strategy for the television division was clear from the start. "My brief was to build up tv from about £4 million a year, which was mainly the contract for Italian football on Channel 4." This year the tv division will turn over \$72 million – only \$40 million is reported in the Chrysalis annual report as Chrysalis currently only owns up to 50% of the independents it works with. Next year Pilsworth said it is expected to grow to \$96 million. Half of that is already contracted.

The key has been, said Pilsworth, "to take our core skills of being a big, well-run, well-capitalized activity and use them in the creation of intellectual property rights."

In the UK, the model for Chrysalis has been to acquire up to 50% of a production company with the option (and the intention) of acquiring the whole company in the future. Pilsworth says that all companies are valued on a multiple of eight times pre-tax profits, and that when Chrysalis gets involved it provides a loan of between \$320,000 and \$800,000 to allow the producer to develop its ideas.

To date Chrysalis owns 50% of Assembly Productions, Bentley Productions, Cactus, Lucky Dog, Stand & Deliver and

Watchmaker in the UK. It owns 100% of Red Rooster and Chrysalis Sport.

At the hub of this wheel of independent production companies is Chrysalis's tv distribution run by Christina Willoughby. While production fees generally give relatively low margins, international television distribution is much more attractive as a business. But you need to have the creative talent producing the programming to feed the distribution business.

Pilsworth says that the distribution arm disciplines its producers to produce for the global market. "Distribution puts in the development money and funds the deficits, but usually only in the 5% range."

The key to Chrysalis's long-term strategy is to build up international revenues, and central to this is the 49% stake in Dutch producer IDTV, run by Harry de Winter. The IDTV purchase came after long and difficult negotiations with Endemol ran into the ground.

"We took a view that Brits can't work with Europeans (in co-productions). We just aren't good at it. So we started looking at acquisitions and in Holland in particular, which has a legal and accounting environment like our own and where our accountants KPMG have offices," said Pilsworth.

The end result was the IDTV deal, which sees IDTV distribute Chrysalis formats internationally, while Chrysalis producers get IDTV formats in the UK. Any finished programming produced by IDTV is also distributed by Chrysalis. Through IDTV, Chrysalis is currently exporting its independent sports production expertise into Europe – a market Pilsworth says is wide open. Already the top Dutch soccer producer has been signed to the venture.

"All our expansion outside the UK will be through IDTV," said Pilsworth. But it will be along the basic model of protecting and working with its own talent. After all, said Pilsworth, "we are an intellectual property rights company."



Pilsworth: Building

could be better if the drama issue was resolved but it is at long last making a difference. Channel Five on the other hand will make a big difference in lots of ways. For a start it will create a much healthier marketplace for selling in the UK with more competition, and will definitely mean producers cutting better deals with existing broadcasters."

There is little question that the recent consolidation in the industry presents a significant threat to smaller independent distributors of television programming. Critical mass gives competitive advantage in areas such as duplication, packaging, shipping and administration. Because of

that a virtuous circle is created whereby larger distributors make larger margins which they can reinvest in newer titles, and so on.

In addition, as the ownership picture among UK media companies continues to consolidate, so too will the distribution opportunities. The financiers are convinced that more consolidation is inevitable, given the benefits of economies of scale and the synergies that can be created. And the mega-mergers in the U.S. in their own way are increasing pressure on the UK government to relax regulatory control on cross media ownership.

For smaller companies the picture is not all bleak, though. Satellite and cable stations are finally emerging as a true secondary market, while the creation of a fifth terrestrial channel has the potential to transform the market. Certainly Guinness Mahon Development Capital agrees and is backing its judgement with \$24 million-worth of development funds.

"We are very encouraged by the quality of the investment opportunities which we have received since we launched the Fund," said GMDC managing director Gordon Power. "These are good examples of the type of investment opportunities which we continue to seek." ■

Space Travel



Now real-life presenters can appear in virtual worlds like that of Alliance's Reboot

Virtual studio technology enables broadcasters to let their imaginations run riot in creating sets and studio environments. But the cost benefits of the systems and software currently on the market are still not all there, reports Jean-Luc Renaud

With computers affecting all manifestations of life on earth, it was only a matter of time before they seized the attention of the cyber-world's favourite dinosaurs – television broadcasters. The result of this encounter? Virtual studios.

Virtual studios took center stage at the NAB convention in Las Vegas in April, and were being pushed at the Montreux International TV Symposium in June. And they dominated the IBC in Amsterdam in September – rather by default, as the big tv hardware guns were absent. Virtual studios will be the theme at

the conference organized in conjunction with the Audio-Visual Creative Fair in Brussels this month.

So what are virtual studios? Put simply, they are a way of simulating a studio environment through the combined use of 3-D graphics and supercomputer power; it is the ability to change the look of a studio set at the touch of a fingertip.

Virtual studios are real-time, computer-generated environments where presenters or actors (or other elements) are filmed against a blue screen. Studio cameras are controlled by robotic

devices that share camera movement data with the system software. The blue environment is then electronically replaced with visuals produced on the computer. When the presenter moves, the cameras follow, and their motion sensors tell the computer to adjust the perspective of the virtual set.

The same happens if the camera zooms or pans, or if the director chooses another camera. The result is a three-dimensional environment in which on-air personalities can move around the elements of the virtual set. The presenters can also interact with other 3-D elements in the scene, including "virtual actors."

While chromakey long ago transformed news and weather programming, its method of keying computer-generated logos and maps over a blue screen had the disadvantage of using a fixed camera, so presenters could not walk around the studio. Although

computer-generated sets have been around in one form or another since the mid-1980s, they have restricted directors to the use of a single, locked-off camera to film the subject, who is then keyed over a graphic.

The Developers

So far, Silicon Graphics Inc. (SGI) has cornered the market on the enabling hardware and software with its Onyx Reality Engine, a graphics supercomputer that can simulate 3-D environments.

At the latest IBC, no less than seven companies were exhibiting virtual studios, with mostly identical hardware components. Most suppliers used SGI workstations and Ultimatte and Hybrid Vision products.

It was announced at the show that Hybrid Vision was being acquired by Canada's Discreet Logic. The same company had previously taken over German company

IMP (Innovative Medientechnik und Planungs), which has created several virtual studios for German networks. Hybrid Vision's system was developed at the French audiovisual research centre INA. INA is also working in partnership with Microsoft Softimage, which has also developed its own products.

IMP has developed a system called Virtual Studio, based on the company's Platform software for the SGI Onyx. It uses Ultimate Memory Head motion control camera units and the Ultimate-7 digital compositing system. Virtual sets created with SGI-compatible graphics software are used as background inputs.

Since October 1994, IMP and Studio Hamburg have been offering a permanent blue-stage facility in Germany to make real-time Virtual Studio productions. The Platform software was used by broadcasters during the recent German elections and is now in regular use for real-time graphics for German soccer matches.

U.S. firm Accom presented Elset (short for electronic set), originated by VAP (Video Art Production) in Hamburg, Germany, and now its property. Designed with graphics packages from Alias/Wavefront, Softimage or AutoCad, the 3-D images are then imported into the Realistic Set Builder for Elset processing. It was the first production system to hit the United States.

Virtual Camera software, developed by Israeli company RT-SET (Realtime Synthesized Entertainment Technology), offers the possibility of traveling between two virtual sets, by taking the viewer, for example, out of the window, down the street and into another room, where the same people can be seen in another setting while actually

sitting in the same place. Another Israeli company active in this market is Orad.

Dutch company ElectroGIG has come up with its own virtual set system called Reality Tracking which U.S. network ABC has been using since mid-year on its *Common Sense* show. Italian public broadcaster Rai has experimented with Reality Tracking.

The challenge is now for this industry to provide graphics designers with a more creative experience through user-friendly digital tools as well as to decrease the time it takes to develop and deliver complex video graphics to directors. In short, it is to help

Graphics computers. Clients using tools or products designed by Alias/Wavefront include Sony, Sega, Nintendo, Industrial Light & Magic, Disney, Angel Studios, CAPCOM, AT&T, Ford, Kodak and Timex.

The Users

The set of the BBC's flagship evening news program is a virtual studio. Norway's TV2 uses the technology for creating graphics, as does Antena 3 TV in Spain.

Germany's Sende-Zentrum Munich (SZM) is one of the world's largest tv production and post-production

which like Pro7 is based in the city. The other is used for experiments and training.

The second biggest commercial network, Sat 1, is reported to be shedding some 180 studio jobs, made redundant with the utilization of a virtual studio system which it acquired for its Berlin studios.

The Virtual Studio Hamburg project is being run in conjunction with IMP. Studio Hamburg Atelier, a wholly-owned subsidiary of Norddeutscher Rundfunk (NDR), is also involved in a pilot project for interactive television.

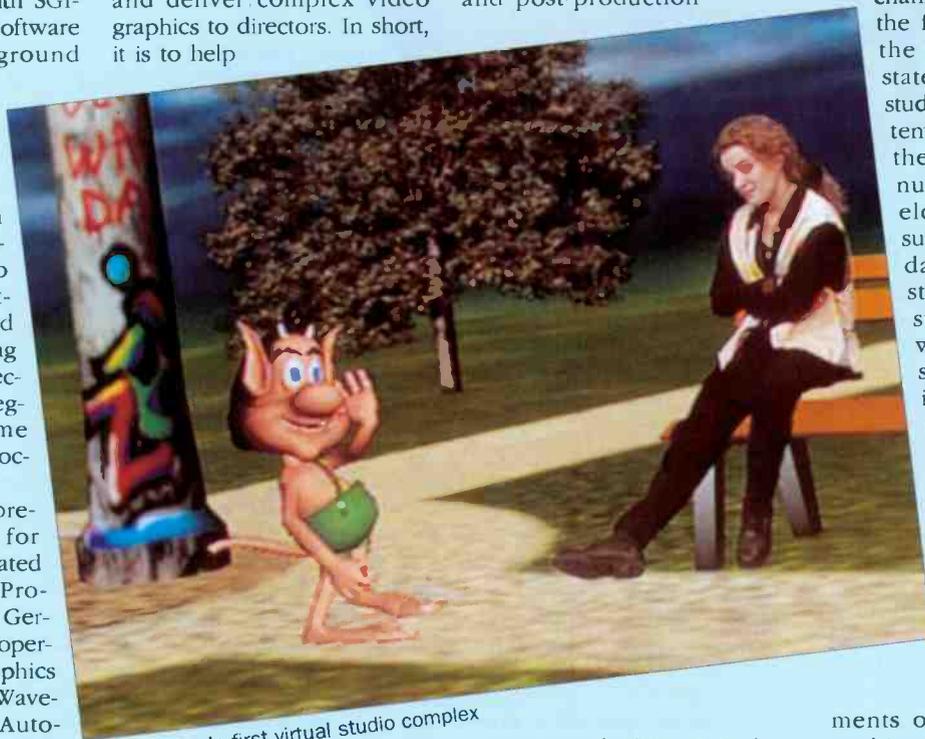
UK cable and satellite channel Nickelodeon is the first broadcaster in the country to use a state-of-the-art virtual studio systems. Its system will be used for the production of a number of Nickelodeon programs, such as *NickAlive*, its daily community strand. The virtual studio is created with 3-D graphics software from leading French company MediaLab, which runs on a Silicon Graphics Onyx Reality Engine. It combines a 3-D studio with shots of presenters — placed in a blue set — who can interact with elements

of the "studio" by watching themselves on a monitor.

In the U.S., Silicon Graphics has signed an accord with start-up film studio DreamWorks to set up DreamWorks Digital Studio. SGI will provide the workstations, the server, Challenge, as well as Indigo2 and Onyx wares.

It is perhaps no surprise that the telephone companies are planning to make extensive use of virtual studio technology in their own tv experiments.

GTE Main Street, the interactive television network



SZM: Europe's first virtual studio complex

designers and directors to create and interact flexibly with a complete virtual studio environment. This is what Project Maya is all about.

Unveiled by Alias/Wavefront, a developer of 2-D and 3-D professional graphics for video, Project Maya is designed to "lead the computer video graphics industry to a new level of everyday use of virtual actors, creatures, and environments." Its series of high-end design tools are developed for use on Silicon

facilities. It is also Europe's first virtual studio complex, now fully operational for commercial use. The overall system was constructed by IMP.

SZM provides facilities for commercial station Pro7, which is building a new CNN-style open studio and control room to incorporate a variety of virtual environments.

Studio Hamburg has equipped two studios for virtual shooting, using the system developed by IMP. One virtual studio is dedicated to pay-tv channel Premiere,



Nickelodeon UK's state-of-the-art fish

being tested by GTE Corp, opened a virtual television studio at MGM Plaza in Santa Monica. The studio uses Silicon Graphics' Onyx workstations to create virtual environments for several of GTE's interactive shows. The supercomputer uses a modeling and animation software package called Platform, developed by IMP to create images.

GTE claimed it to be the first studio of its kind, although other production companies can already create virtual sets and backgrounds using Silicon Graphics workstations. Led by the rising band of interactive hosts, known as "Interactive Video Personalities," several shows on the GTE network are planning to use these virtual sets in the interactive trial.

One, *Insomniac Cafe*, features a diner set against a range of backdrops relating to a given day's news stories. Another is a game show with a female star, who is placed in different environments according to the game played. The Main Street interactive television trials are taking place in Carlsbad, Cerritos, Boston and Long Island, New York.

As part of its Media Park – a broadband communications network linking entertain-

ment, marketing and multimedia companies – Pacific Bell has set up an experimental "virtual production studio." Filmmakers can scout locations, actors and production talent from a personal computer. Animation, video and audio can be created and delivered on-line. Backdrops, sound effects and video footage can be easily located, reviewed and licensed. Producers, directors and technicians can edit footage remotely from several locations simultaneously.

The facility proved so popular that the California Public Utilities Commission granted it an extension through the end of October. Media Park has shut down temporarily until Pacific Bell is ready to offer it as a commercial service, which it plans to do from January, 1996.

Declaring its intention to support the local development of content for the information superhighway, Silicon Graphics turned its sights to the Australian production and broadcast market in May. SGI announced a plan to set up a virtual studio on three sites –

Melbourne, Sydney and Brisbane.

The venture, known as Silicon Studio Australia, is an offshoot of Silicon Studio Inc., a new Silicon Graphics company, and is the first such enterprise established by the parent company outside the U.S. The aim is cultivating a creative community for digital content in Australia and support development of software and interactive titles.

Virtual studio is an application of the generic technology of virtual reality – VR, for the cognoscenti. The technology is also being used in the non-tv world, for example by real estate developers. Entire cities can be built in the cyberspace of computer memory.

Specialist VR programs from companies such as Bristol-based Division or Superescape of Hook, Hampshire, create an interactive environment where the potential customer can "walk through" the development. These scenes can be viewed on a normal computer screen, but for added realism the user can wear stereographic glasses or don a head-mounted display that creates the illusion of being inside the virtual model. Users can open virtual windows and see what is behind virtual doors.

One of the most advanced applications saw the creation of an entire virtual house at the Osaka laboratory of Japanese appliance and construction conglomerate Matsushita, using Division's immersive VR tools on a Silicon Graphics Onyx Reality Engine 2. This \$150,000 supercomputer can compute photorealistic surface textures and colours, and the software

allows for lighting, airflow and acoustic models that create a lifelike ambience for the user.

Real Costs

Virtual studio technology is currently expensive because it requires a powerful graphic supercomputer to generate the sets quickly enough for them to be used live on-air. Using virtual studio technology can, however, replace conventional sets which have to be installed before a shoot and taken down afterwards. It eliminates the construction, handling, refurbishing or storage of sets altogether – but raises new challenges in working practices for producers and designers, floor managers and lighting directors plus actors and presenters.

Such flexibility does not come cheap, however. A basic virtual studio system with a single camera is likely to cost upwards of \$400,000. Multi-camera capability is likely to cost up to \$1.2 million. And here lies the problem. A state-of-the-art virtual studio is too expensive a proposition to be used only occasionally. Though large broadcasters/producers may be able to afford the system – leaving it unused between news programs, for example – smaller studios cannot.

The point several virtual studio producers are making is that it does not make much sense to use this sophisticated technology to create traditional studio sets, such as the traditional newsroom set.

A set for news bulletins or even for many of the current tv game shows are cheap enough to build, so why take the probably longer, and definitely more expensive, route of building it electronically?

"The best results are produced when creative people use our tool in a creative way, and we want to create sets which are not possible to build, which are too expensive to build, which are unusual," said Richard Kuniciki, from VAP. [E]

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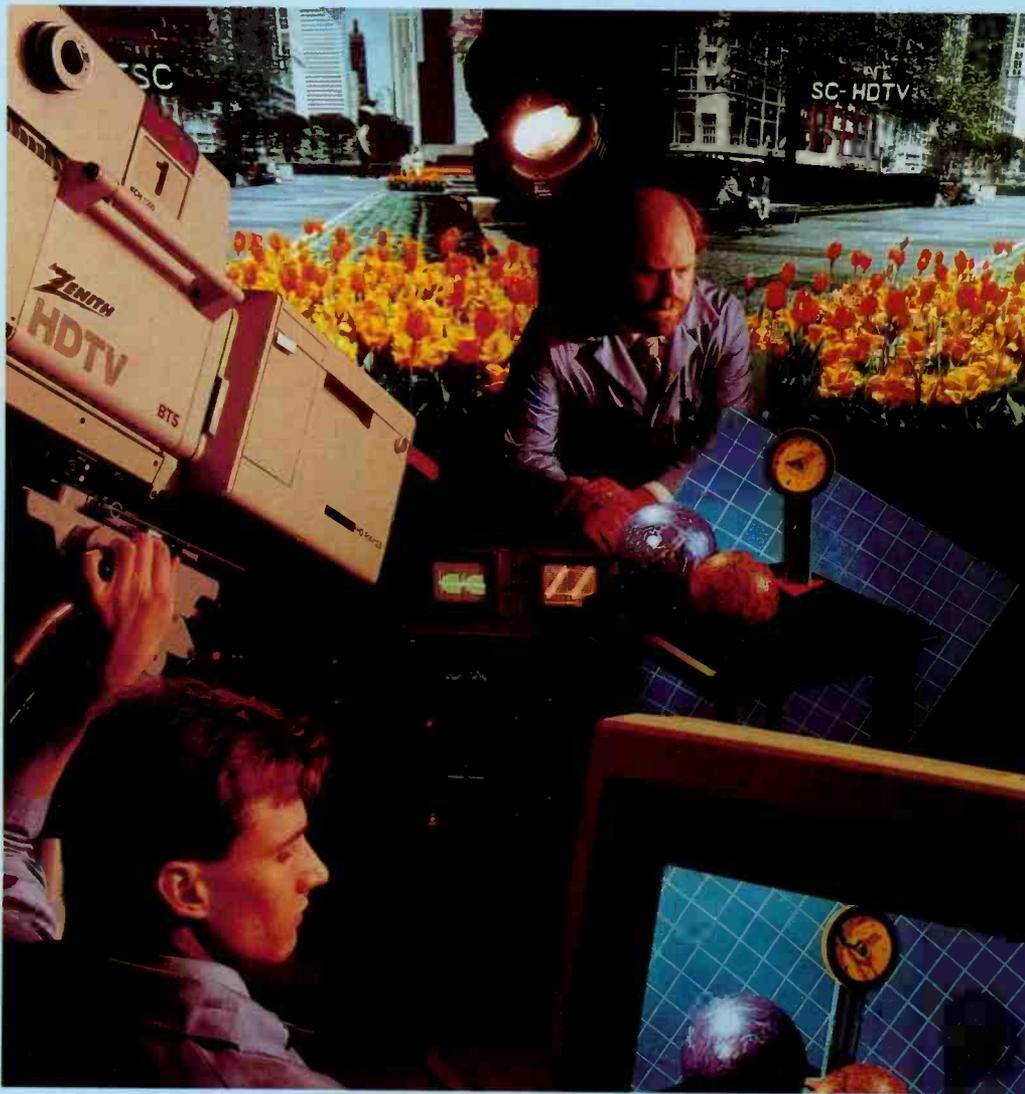
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Advancing To A New Era



ATV developers have cleared most of the technical hurdles, but still have questions to answer

Richard Wiley, chairman of the committee which is overseeing the development of a new tv standard for the U.S., has scheduled its "next, and hopefully final" meeting for Tuesday, November 28. At that time, members of the Advisory Committee on Advanced Television Service (ACATS) "will be asked to recommend to the Federal Communications Commission (FCC) a new broadcast transmission standard."

The meeting – if Wiley's hopes are realized – will bring to fruition a plan to introduce an advanced television (ATV) standard to the U.S. which has been in the works for eight years.

Eventually, ATV will supplant NTSC as the standard for terrestrial tv broadcasts in the U.S., heralding a new era in broadcasting possibly more revolutionary than the introduction of color. However, a number of issues – both tech-

nical and regulatory – have still to be resolved: It could be a while before the end of the long and bumpy road to ATV is reached.

Following laboratory and field tests of the digital ATV system developed by the "Grand Alliance" this summer, Wiley's group was scheduled to conclude a final review of the tests in late October.

At the same time, Congress, as part of a general overhaul of U.S. communica-

Plans for the next generation tv broadcast standard in the U.S. are due to be presented to regulators later this month. Mitch Shapiro reports they have been a long time in the making and it's still not clear the end is in sight

tions policy, is considering its options regarding the spectrum broadcasters hope to use for ATV. The FCC's original plan had called for broadcasters to receive the spectrum – albeit for a limited time period – at no charge. In recent months, however, this plan has come under attack, as Congress – now controlled by Republicans and under pressure to reduce the deficit – has embraced the concept of spectrum auctions.

Wiley highlighted some of the hurdles still to be overcome. "As our finish line is in sight," he said, "some individual efforts are being made to alter the extremely broad-based consensus we have achieved."

Specifically, Wiley noted that "some broadcasters, once the Grand Alliance system's flexibility became evident, began to focus exclusively on SDTV (standard definition tv, which takes up less bandwidth) and its multi-program capability, to the exclusion of HDTV." Wiley also noted "cable industry objections to the FCC's plan to allow broadcasters flexible use of

digital television."

The Hollywood production community has also recently complained that the Alliance system's 16:9 format should be replaced by a 2:1 aspect ratio, while computer companies disagreed with the Alliance's recommendations on scanning formats.

Cable companies have meanwhile attacked the modulation system adopted by the Alliance, vestigial sideband (VSB) modulation. The cable business has focused the development of digital set-tops on an alternative, QAM (quadrature amplitude modulation), and international bodies are also recommending QAM for end-to-end delivery of digital video services via both wired and wireless transmission systems. Should U.S. broadcasters pursue a VSB system while the rest of the global industry employs QAM technology, the result, say industry experts, could be higher costs for all parties.

Even broadcasters themselves are unconvinced that the Grand Alliance has made the right choice in VSB. For the past year, broadcaster-backed groups have lobbied for ACATS to test the European-developed COFDM (coded orthogonal frequency division multiplexing).

As the ACATS endeavors to resolve the technical details of the ATV standard, a broader range of issues is being taken up by the FCC and Congress.

In August the FCC released a Notice of Proposed Rule-making (NPRM) and a Notice of Inquiry (NOI) - the fourth and third respectively it's issued during the eight-year ATV proceeding.

The notices came a full three years after the commission's last order. A lot has happened in those three years. When the 1992 order was released, relatively little was understood about the capabilities of digital ATV technology and spectrum auctions had yet to prove themselves as potent, politically

attractive revenue-generators.

It was therefore not surprising that the NPRM reopened questions about flexible (i.e. non-broadcast) use of ATV spectrum, broadcaster payments for such flexibility and requirements for tv stations to return their analog channel for future auctions. "At least some level of flexibility would increase the ability of broadcasters to compete in an increasingly competitive marketplace," said the commission. But, it added, "any flexibility... must not undermine our American system of universal, free, over-the-air television."

Aiming to balance these two goals, the commission asked for comments on questions such as: whether it should require broadcasters to provide a minimum amount of HDTV; the extent to which broadcasters should be allowed to use their ATV spectrum for uses other than free, over-the-air broadcasting, including subscription services; whether the Commission, if authorized by Congress, should impose spectrum fees for the portion of the spectrum used to provide subscription services; how to redefine broadcasters' public interest and must-carry obligations and ATV/NTSC simulcast requirements in a multichannel digital world; how to expedite the transition to digital and the return of analog spectrum without

the NPRM, originally set for mid-October, was later extended to mid-November, with a further set of reply comments due in January.

In separate statements, several commissioners suggested they would favor some minimum requirements for HDTV broadcasts, with Commissioner James Quello expressing support for a minimum of two to four hours per day.

Chairman Reed Hundt, however, has expressed concern that such requirements might be attacked on constitutional grounds and are best handled by Congress, not the FCC. Hundt, meanwhile, has suggested that broadcasters might provide children's educational programming in exchange for flexible-use, an approach opposed by Quello.

The NOI sought comments on whether and how the amount of spectrum allocated to tv broadcasting bands could be reduced and restructured to allow for auctions of contiguous blocks of spectrum once broadcasters return their analog NTSC channels.

Among those eager to get their hands on this "reclaimed" broadcast spectrum is the mobile telecoms industry. The commission's actions in the ATV arena take place against a backdrop of legislative action in which broadcasters' access to and use of ATV spectrum is one of numerous issues still sub-

The bill requires the commission to complete the study within six months.

Eager to avoid fully-fledged auctions of ATV spectrum, broadcasters are showing an increased willingness to compromise. For example, the Association for Maximum Service Television, a broad-based industry group, has accepted in principle a regulatory regime that would require broadcasters to pay fees for use of ATV spectrum of non-broadcast services, and a minimum time requirement for HDTV broadcasts.

Assuming regulatory and standards issues are resolved next year, digital HDTV and SDTV broadcasting and sale of digital receivers could begin in the U.S. well before the end of the decade.

At the NAB convention earlier this year, Michael Sherlock, NBC's top engineering official, said his network "plans to do some prime-time programming in HDTV within a very short period after the (ATV) standard is set," perhaps "as early as fall of 1997."

Following this, NBC will expand its HDTV programming into sports and other dayparts, said Sherlock, and will "experiment with standard definition (digital) television and other services."

At the same convention Fox chairman Rupert Murdoch indicated that, while Fox would likely air occasional full-HDTV special events, the network and its stations would use most of their ATV channel airtime to deliver multiple programs with less-than-HDTV quality.

Among the reasons for quick action by broadcasters on the digital front, said Sherlock, are the unprecedented market success of digital DBS, the impending market launch of digital videocassettes and digital video disks, the billions being spent by Baby Bells and cable operators to deliver new services and the fact that computers are fast becoming able to support full-motion video. [E]

...digital HDTV and SDTV broadcasting and the sale of digital receivers could begin in the U.S. well before the end of the decade

stranding consumers that own only analog tv sets; whether, as earlier proposed, all broadcasters should be required to construct ATV transmission facilities within six years; and the extent to which the commission should regulate ATV receivers.

The period for submission of comments in response to

ject to negotiation.

Though a spectrum auction now appears unlikely, a bill passed in late September by the Senate Commerce Committee barred the FCC from giving broadcasters a second channel for free until the commission studies a number of issues, including the feasibility of an auction.

PRODUCT NEWS

GDR Tale Highlights German Screenings

- Cap Cities/ABC and Jim Henson Productions have signed an exclusive five-year partnership to create "high-quality family entertainment" for the ABC network and other outlets. The companies will have equal ownership of the programs while ABC will have first-look broadcast rights and control of off-network syndication. Henson will control international tv and licensing. The first project will be *Muppets Live!*, scheduled for ABC's mid-season.

- Sharing Stories 95, the latest Scottish International Co-production Conference, will be held at the Moat House Hotel in Glasgow, Scotland, on November 17-19. The conference, presented in collaboration with Channel 4 and Sept/Arte, will include a pitching session in which delegates will be given 24 hours to develop and then pitch a documentary to the two channels.

- Barcelona's D'Ocon Films Productions and Germany's Ravensburger Film & TV have agreed to co-produce a 26-part series called *The Herlufs*. The series is due for delivery next Fall.



WDR's St Nikolai's Church will be on display to international buyers

ST Nikolai's Church, a drama about the demonstrations that led to the downfall of the GDR, will be one of the highlights of the German Screenings at the Cologne Renaissance Hotel from November 27-30.

The series, produced by public broadcaster WDR, is also available in CD-Rom format. Other shows at the Screenings, which this year celebrate their 20th Anniversary, include *The Partners*, a 26-part series from Bavaria Film

about the "new crime generation," documentaries *Born to be Wild* and *Quo Vadis Cinema* from NDR, Enid Blyton series *The Famous Five* and documentary series *Hitler* (a co-pro with A&E) from ZDF and new episodes of *Police Call 110* and *Tatort* from Telepool.

Around 2,000 hours of programs will be on show in the event's 60 screening rooms. The venue for next year's Screenings will be Dresden, December 1-5 1996.

WBIT Reveals Co-Pro Slate

WARNER Bros. International Television (WBIT) unveiled its first slate of co-productions and acquisitions at Mipcom last month.

In addition to the already-announced animated *Sinbad the Sailor*, from Fred Wolf Productions, the distributor will co-produce *Tele-GanticMega Vision* with The Media Merchants in the UK for the ITV network - its first local production; *The New Adventures of Robin Hood*, a live action 26 x one-hour series filmed in the Baltics and produced by Weintaub/Kahn; *Betty Boop's Misguided Tours*;

The New Adventures of Zorro, and *Deepwater Black*.

WBIT will also be adapting U.S. magazine series *Extra* and music series *In Concert International* for the international market, and it has acquired *The Best of Will Vinton and Fashion Week*.

This summer, Warner Bros. appointed Catherine Malatesta to head up international co-production. "These projects represent the first of many more to come," said Jeffrey Schlesinger, president of WBIT.



- Saban International Paris (SIP) and Scottish Television are co-producing *Walter Melon* (above), a 26-episode animated series, for the ITV network's children's strand. Based on a character created by French children's author Michel Greg, *Walter Melon* will be produced in France by SIP. Wholly owned by U.S. company Saban International, SIP has 150 half-hours in development for 1996.

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● Grundy Worldwide has inked a deal with Rai 2 to produce a daily serial drama provisionally titled *Un Posto Al Sole* (A Place In The Sun). The series is set to go into production in April with studio recording starting in August. Rai 2 has committed to an initial order of 230 half-hours.

● New York's Sunbow Entertainment is teaming up with BMG Video to produce *boats-A-float*, "a preschool series with a very different look." Mixing stop-motion and computer animation, live action and music video, *boats-A-float* will put a strong emphasis on storytelling, rhymes and music.

● Australia's Southern Star and Canada's Alliance Communications have signed a deal through which they will distribute each others' programming in selected territories. Initially, Southern Star will represent the Alliance catalog in Korea, Taiwan, India and Vietnam. It is negotiating for Australia and New Zealand. Alliance will represent Southern Star's entire catalog in all media in Canada.

● DIC Entertainment is teaming up with France's Hamster Television to launch a new Paris-based animation company. DIC France, which will be headed by Hamster's Gaspard de Chavagnac, will produce *Tex Avery Theater*, a 195 x seven minute series featuring original cartoons featuring the Avery "squash and stretch" style and a character based on the legendary animator himself.

● Endemol Entertainment has promoted Monica Galer to director of sales and business development and Hedy van Bochove to director of acquisitions at its International division. The company also announced that Peter Brouwer and Sylvia Steiner, are leaving in April next year.

● All American Communications and ad agency group Interpublic have formed a 50/50 joint venture to acquire the assets and liabilities of the Mark Goodson group in a \$50 million deal. The deal includes earnout payments on U.S. earnings. Mark Goodson productions has the world's largest portfolio of gameshows.

Investment Venture Looks For Distrib Deal

BARCLAYS Bank Soho Square, a branch of one of the UK's major clearing banks, does 90% of its business with the media industry.

Peter Hitchen, who headed the bank's dealings with this sector, has left to set up his own finance venture called Media Affiliates. Drawing on the funds of a group of private investors, Hitchen is looking to deficit finance film and tv productions to a level of between 10-40%.

Hitchen said he expected to have half a dozen productions, ranging from one-off documentaries to full-scale drama series, off the

ground next year. Media Ventures will be looking to recoup its investments from international distribution, and Hitchen said he would be looking to set up or buy into a suitable distributor.

Given the venture's location in the UK, Hitchen said it would be likely to deal mainly with small to medium-sized UK producers, but he said he had also discussed ideas with Australian, U.S., French and German producers.

Terry Hancock has succeeded Hitchen as business center manager at Barclay's Soho Square.

Chinese Go Behind The Scenes With E!

CHINA TV Enterprises is making a Mandarin-language version of E! Entertainment's Hollywood news show *Behind the Scenes* for distribution to the 100-plus stations in the People's Republic.

Production started this month in Los Angeles. China TV Enterprises, a joint venture between Warner Music Group and Fujian Advertising, a Shanghai company, will fly in a Chinese host to shoot segments for the show. It will then be post-produced in China.

The initial order is for 52 episodes of the weekly show. John Helmrich, vice president, international development at E! Entertainment, said the first episodes would be delivered in January and could be on the air by April.

The series will represent E!'s first format deal in Asia, although the region accounts for over half its international turnover, said Helmrich. The basic cable net has also tied up new distribution deals with Cable Soft Network in



Helmrich: China-bound

Japan, UTV in Thailand and TVB in Hong Kong.

Mercier's Home Run

CANADIAN independent producer Mercier Films has secured more than \$8 million of commitments to enable it to begin production on its family series *My Home Town*. The half-hour series follows the wholesome misadventures of a 13-year-old boy and his family.

The show is a joint venture between YTV Canada and TVA Network, based in Montreal, and will be written, produced and directed by Jean Mercier.

A half-hour pilot for the show was produced in the summer by the three partners and was widely acclaimed by buyers at Mipcom - enough of whom committed to the show to enable the project to be greenlighted.

TVA is handling international distribution.

"We are very pleased with Jean Mercier's work," said Dale Taylor, vice president of programming for kid's cable network YTV. "His commitment to positive programming fits YTV's goals and objectives perfectly. The show is a natural for us."

It is believed that TVA and Mercier are already talking about extending their relationship to the production of a family feature film.

Mercier's first series to succeed internationally, *A Heartbeat Away*, has provided the impetus for Mercier to come back to the international market with a show that he believes has significant international appeal.

Murder One, in the minds of American media folk, has put a new style of television story-telling on trial. Will the American viewing public, they ask, watch a series that begins with a lurid murder and ends with the verdict *22 episodes later?*

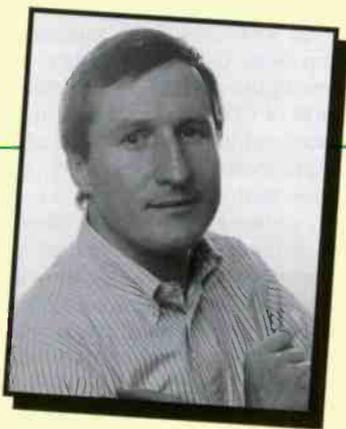
However the audience renders its ratings verdict on *Murder One*, the question the media has put to the jury is flawed. *Murder One's* methods do not represent revolution. Rather, they mark another step in the decade's long evolution of the American hour-long series, an evolution that sees American producers — whether on purpose or by accident — adopting methods that are common practice in Europe.

One quote from a full-page feature in the New York Times illustrates the current media take of the show: "As even people who haven't tuned in to it yet know, it is a series with several very big twists. The biggest is that instead of concerning itself with a new case each week — or, a la *L.A. Law*, with several cases through interwoven story lines — it will, during its entire 22-episode season, depart from a landscape of regular tidy endings and concern itself with only one murder investigation and the resulting trial."

Clearly, the hype machine engages when super-producer Steven Bochco (little hits like *Hill Street Blues*, *N.Y.P.D. Blue* and *L.A. Law*) puts a show on the air. And it shifts into overdrive when that show is about a single sensational murder trial in L.A. just as a real-life sensational murder trial is concluding in L.A. What's frustrating is the hype obscures what *Murder One* really says about how American tv production is changing.

American drama series used to be simple things, with a beginning, a middle and, most definitely, an end. Kojak caught the mobster, Starsky and Hutch nailed the drug dealer and *Murder She Wrote's* Jessica picked out the dinner guest with the motive for murder, all by the end of each weekly episode. But — and this is partly down to Bochco — you can't just end an episode with an arrest these days. Most shows now have "B" stories or story arcs or just plain soapy bits of plot that trail from episode to

Leave Me Hanging



BY RICH ZAHRADNIK

episode. Few hour-long series end an installment these days without leaving viewers wondering about the career prospects of one character or the faltering romance of two others. Bochco's earlier series, and programs as diverse as *Dallas*, *Wiseguy*, *Babylon 5*, *E.R.* and *The X-Files* all are guilty of this. A show like *E.R.*, for example, resolves story arcs over a five or six-episode cycle, while each episode usually offers an ending to one or two story threads.

What *Murder One* has done is flip the whole thing on its head. The "B" story — the story that runs from episode to episode — is now the main "A" story, but an "A" story that will take a whole season, not an episode, to resolve. Completing the switch, the show will present lesser plot-lines, really episode-long "B" stories, that will conclude at the end of an hour; early episodes that I have seen

have already offered conclusions to such sub-plots. So, contrary to the media's view, fans will not get their only sense of closure in the 55th minute of episode 22.

Is this new? It shouldn't be to Europeans, or, for that matter, to Americans who have sampled PBS's two Brit-drama showcases: *Masterpiece Theater* and *Mystery: Game, Set, Match* ran for 12 hours; soapy *Upstairs Downstairs* for 13 episodes at a clip — for four series total — and, a favorite of mine, *Jewel in the Crown*, took 14 hours to tell its story. All these serials, and many others produced and aired in Europe, take a whole season or a good chunk of one to get to the end of the tale.

American producers moved close to this European story-telling approach back in the late seventies. The mini-series *Roots* was 12 hours long, sweeping through generations to tell the story of one family of black slaves in America. U.S. network executives, addicted to the massive boost provided by a hit like *Roots*, always insisted on running mini-series as week-long events; schedulers never tried airing this new form, this novel for television, across an entire season. Then, when big event mini-series stumbled in the ratings, executives decided the form was flawed.

"(W)hat we're trying to do is create a long-term impact," Bochco told the New York Times. "One which requires its viewership to defer gratification for a while, to control that impulse in anticipation of a more complex and more fully satisfying closure down the road. It's the same commitment you make when you open up to the first page of a novel."

I will go out on a limb here and make a prediction: Even if *Murder One* has trouble in the U.S. — trouble only because it's going head-to-head on Thursday nights with run-away hit *E.R.* — it will be an unqualified success in the European markets it airs. Audiences there can't wait to make the commitment. ☐

You can't just end an episode with an arrest these days. Most shows now have "B" stories or soapy bits of plot that trail from episode to episode

Hanging On The Line

Forget VOD, at least for the time being. Telephony is the business cable operators in Europe should be concentrating their minds on, according to the latest report on the business by CIT Research. They add that cable networks may have less to fear from digital DTH than they feared. By Jean-Luc Renaud

At the start of 1995, 35 million Western European tv households and a further 6.4 million in Eastern Europe were subscribing to cable tv. Western European consumers spent close to \$3.4 billion on services delivered over cable networks, and the cable tv operators spent almost \$3 billion on network development, program provision and operating costs.

By 2004, the number of cable tv subscribers in Western Europe will have risen to 55 million (almost a third of all tv homes), and there should be a further 14.4 million subscribers in Eastern Europe and the former Soviet Union (about 10% of all tv households). In the same year, cable operator revenues are expected to reach \$6.7 billion in the

West and well over \$400 million in the East (up from over \$120 million today). All these figures are from the 13th annual edition of CIT Research's report on the European cable tv business, Cable TV Communications in Europe 1995.

At the start of 1995 there were 14.6 million cable tv homes in Germany, making it Europe's largest market by far, and subscriber numbers are growing by around one million per year. Although 62% of German homes are passed by cable, there is plenty of potential for expansion in the former East German states, where only 28% of homes are passed. The London-based consultants believe Germany will have some 20 million cable tv households by 2004. The Netherlands should still be the second-

largest market in terms of subscriber numbers by then, edging up to 6.3 million. Already, 92% of homes in the Netherlands are connected to cable tv networks.

In ten years, third-placed Belgium should have been overtaken by France and the UK (both with 4.2 million subscribers).

In the UK, cable telephony is already almost as big a business as cable tv. Combined, they generated revenues of nearly \$350 million in 1994, and the number of cable tv subscribers at the start of 1995 was just under one million. The number of homes passed by cable operators increased from three million to 4.5 million between April 1994 and April 1995. CIT expects telephony revenues to reach almost \$1.1 billion in 2004 from 3.2 million residential lines and half a million business connections. The Nordic countries counted 1.9 million cable tv subscribers at the start of 1994.

The Eastern European region's four largest markets (in terms of subscribers) are Poland (with two million homes connected), Romania (1.3 million), Hungary (992,000) and the Czech Republic (450,000).

Demand for multichannel tv in Poland is high, and is met via DTH transmissions and cable tv. The communications environment in the country is still unstable, despite legislation designed to regulate and stabilize the area. A communications law, passed in 1995, made it a legal requirement to have a cable tv license.

Romanian cable networks are enjoying spectacular growth – subscriber numbers jumped by over 60% during 1994. There are over 230 operators running 520 networks, most of which have a fairly small bandwidth – usually only about 300MHz. Hungary's cable tv market has remained relatively unregulated so far, but 1994 legislation on copyright imposed a payment system which has irritated both program providers and cable operators alike.

CATV Growth Projections: Total Western Europe

| | 1994 | 1996 | 1998 | 2000 | 2002 | 2004 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| INSTALLED BASE (m) | | | | | | |
| Total TV Households | 156 | 160 | 164 | 169 | 173 | 177 |
| TOTAL Cable Subs (HC) | 35 | 41 | 45 | 49 | 52 | 55 |
| Cable Pen (HC TV Homes) | 23% | 25% | 28% | 29% | 30% | 31% |
| Pay-TV Pen (Pay/HC) | 10% | 12% | 13% | 15% | 16% | 17% |
| CABLE SUBSCRIBER REVENUE (ECUm) | | | | | | |
| Connection | 268 | 216 | 172 | 146 | 113 | 113 |
| Relay/(Basic) | 166 | 175 | 175 | 169 | 160 | 147 |
| Basic/(Ext. Basic) | 3090 | 4162 | 5114 | 6015 | 6833 | 7673 |
| Pay TV (all cable) | 745 | 1178 | 1622 | 2075 | 2492 | 2790 |
| Total Subscriber Revenue | 4268 | 5731 | 7083 | 8405 | 9598 | 10722 |
| Total Operator Revenue | 3647 | 4757 | 5749 | 6701 | 7553 | 8444 |
| CABLE OPERATOR COSTS (ECUm) | | | | | | |
| Network Development | 1637 | 1430 | 1321 | 1077 | 970 | 917 |
| Access, carriage fees | 33 | 65 | 94 | 124 | 147 | 164 |
| Operating costs | 2098 | 2426 | 2708 | 2949 | 3139 | 3305 |
| Total Operator costs | 3770 | 3922 | 4123 | 4151 | 4256 | 4387 |

Source: CIT

While only 11% of the Czech Republic's four million homes are connected to cable, the main focus for cable operators appears to be getting into the telephony market. CODIS, the country's second largest cable tv operator, failed to get official approval for a proposed pilot telephony project in Prague. However, leading operator Kabel Plus was more fortunate – it has been granted a license to develop an experimental telecoms project.

Western European operator costs (from tv only) should rise slowly from \$3 billion to \$3.5 billion in 2004. However, say CIT, the make-up of these costs should alter markedly, with network development costs falling from \$1.2 billion to \$720 million, and operating costs rising from \$1.7 billion to \$2.6 billion. This change reflects the maturing of the market – less money will be spent on new build and more will be spent on simply running the networks. As yet, CIT admits having insufficient data on costs in Eastern Europe to make comparable projections.

When it comes to discussing strategic issues, CIT has relegated the information superhighway and video-on-demand (VOD) onto the back burner and given prominence to telephony. The reasons given by the consultants are: telephony is a big and proven market – worth nearly \$72 billion in Western Europe alone, whereas interactive services are unproven; the technology to provide telephony exists now, but much networked multimedia technology is still under development; telephony markets are opening up all over Europe, and cable operators are in pole position to exploit the local loop; many cable operators do not have the resources to undertake costly pilot projects to examine video-on-demand and other interactive services.

CIT noted a change of mood towards VOD services in both Europe and the U.S. over the past 12 months, as the initial euphoria, largely stimulated by technology-led hype, has given way to more careful examinations of the commercial proposition. Even more caution is due, says CIT, in view of the likelihood that satellite tv broadcasters will use digital compression to offer near-video-on-demand (NVOD) services (closely staged showings of movies). CIT reckons the industry has arrived at two conclusions: video-on-demand (VOD) will be offered as one of a range of interactive services – on its own, it would not generate sufficient revenues to fund the investment needed; service providers

should proceed with extreme caution, and trial the service, or range of services, on a small scale to test the commercial viability prior to confirming any major rollout plans.

According to CIT, VOD may well turn out to be like pay-per-view (PPV), which has not been a great success to date. It is not surprising, therefore, that there is so much more interest in telephony. Yet cable telephony services are only on offer in the UK. Generally speaking, operators do not offer telephony elsewhere for one or more of the following reasons: because regulations do not permit them to do so; because they are government-owned; because they do not have the network capability; or because they do not have the capital to invest in the necessary upgrades.

In most European Union countries, deregulation of telecoms services and infrastructure is slated for the start of 1998. However, for telephony providers, liberalization could be even sooner.

Many cable operators are worried about the threat posed by digital DTH tv. Many media groups – including BSkyB, Canal Plus, CLT, Kirch and Nethold – have announced plans for varying numbers of digital channels to be delivered by satellite to subscribers with the appropriate digital receivers. Transmission on cable networks is also possible, but most operators could not accommodate all the

extra channels without installing their own compression equipment and equipping subscribers with digital set-top boxes at considerable expense.

CIT's view is that cable operators probably have more time to act than they believe.

Several so-called digital multiplexes are due for launch between late 1995 and early 1997, but all will require subscribers to have new equipment. Even if there are no delays in these plans, take-up of the new services will not be instantaneous.

CIT reckons that cable operators will introduce digital transmission on their networks, but the timescale for its full availability may be as long as seven to eight years on certain networks. There is no shortage of pundits who (for various reasons, including naked self-interest) want to talk the market up, and hype the prospects and timescales for new services, says CIT. Believing them can be dangerous, as it can lead to the misallocation of investment funds.

Our message is clear – do not ignore the substantial revenues generated by the "bread and butter" services of today. The next big and proven opportunity is telephony. The widespread introduction of interactive services is less of a threat (and, of course, less of an opportunity) than many industry players believe, conclude CIT. [E]

CATV Growth Projections: Eastern Europe*

| | 1994 | 1996 | 1998 | 2000 | 2002 | 2004 |
|--|------------|------------|------------|------------|------------|------------|
| INSTALLED BASE (m) | | | | | | |
| Total TV Households | 32.54 | 32.97 | 33.41 | 33.88 | 34.33 | 34.72 |
| Total Cable Subs (HC) | 5.66 | 7.32 | 8.37 | 9.03 | 9.61 | 10.01 |
| CATV Pen (HC/TV Homes) | 17.4% | 22.2% | 25.0% | 26.6% | 28.0% | 28.8% |
| Pay-TV Pen (Pay/HC) ** | ***4.4% | 7.7% | 8.8% | 11.2% | 13.8% | 16.4% |
| CABLE SUBSCRIBER REVENUE (ECUm) | | | | | | |
| Connection | 49 | 28 | 18 | 11 | 9 | 8 |
| Basic/Extended | 127 | 207 | 281 | 335 | 391 | 436 |
| Pay TV (all cable)** | 13 | 32 | 54 | 77 | 102 | 132 |
| Total Subscriber Revenue | 189 | 267 | 353 | 423 | 502 | 576 |
| Total Operator Revenue | 175 | 241 | 302 | 361 | 419 | 467 |

Notes:

* Included in this table: The Baltic States, Bulgaria, the Czech Republic, Hungary, Poland, Romania, the former Yugoslavia, Slovakia.

** CIT projected pay-TV penetration/revenue only for the Czech Republic, Hungary, Poland, Slovakia and the former Yugoslavia.

*** Only accounted by the 190,000 pay-TV subscribers in Hungary, which represents 19% of total domestic subscribers.

Source: CIT, collated by Globalcom

Getting There With Software

ACTV individualizes tv... Global Access boosts inventory... Virtual advertising...

Interactive tv versus individualized tv. What's the difference?

William Samuels, president of ACTV, will tell you it's the difference between hardware and software. "We don't do hardware," said Samuel. "We're about content."

Most of what you've read about interactive tv involves discussions of computers, video-on-demand, set-top boxes, fiber optics and other high tech transmission systems. For years, ACTV has been working quite successfully in the area of what it calls individualized tv, helping content providers create programming that responds to the viewer.

"Sports viewers prefer to be able to move around the field as they choose; CNN viewers enjoy getting deeper background on the pieces they're interested in, and kids like it when their tv programs talk to them," said Samuels.

ACTV's background was in the field of distance learning; the company worked for years creating the tools and providing the expertise that allowed teachers to work with students in different cities via television. Five years ago, ACTV began putting that experience to work in the broadcast world and now has working "individualized" content on cable systems in Montreal, London and, most recently, InTV in Los Angeles. Viewers of Prime Sports on InTV can

select one of four viewing options: the "generic coverage," a "star cam" option that follows a specific player, a "stats" screen or a kind of "Instant Replay on Demand." The system is actually capable of providing many more choices to the viewer, but ACTV's experience has shown that four choices is the optimal number. ACTV and CNN are providing InTV viewers with Headline News stories that the viewer can get more background on via ACTV's system. InTV viewers can even select from different commercials InTV broadcasts.

Having proven its mettle in the analog world, ACTV recently signed an agreement with Sarnoff Labs to develop new products in the digital world. ACTV already works directly with clients to help them create and develop individualized programming. The Sarnoff connection will allow the company to work as a team with clients to meet whatever new tv technology requirements its customers may have.

Finding Capacity

Failed and delayed launches of communications satellites around the world have bitten into the available market for satellite transponders and satellite broadcast time for resale. In addition, the worldwide demand for live news has dramatically increased demand for satellite time.

All this adds up to a shortage of capacity, a supply

crunch that has especially pinched the supply of intermittent time purchased by syndicated programmers and infomercial producers. Not only is there less time to be purchased, the price for the limited available time has increased in this sellers' market.

Long term, of course, the answer is more launches. In the short term, one company has found a bit more supply by doing long-term leases. Global Access, a leader in reselling intermittent satellite time, has just signed two long-term agreements with communications providers to ensure continued service.

Global Access has acquired occasional Ku-band satellite time on board Hughes Communications International's SBS 6. It has also entered into an agreement with the Associated Press for an additional two transponders on board Hughes' Galaxy IV. Both agreements run till the scheduled end-of-life of the satellites in the year 2005.

"These agreements should allow us to offer a wider range of time to our clients at a more competitive price," said Deborah Pappas of Global Access.

Silicon Valley, Israel

Orad is one of a handful of Israeli high-tech companies which has made inroads into the international market by developing tv gizmos, writes *Barry Chamish*. Financially backed by German public

broadcasting organization ARD, Orad has just signed a contract with NBC to supply the U.S. network with its sports production system, Replay 2000.

Replay 2000 is a video editing system that eliminates peripheral images from the screen and can track the movements of individual players or the ball (or puck). By placing the highlighted images within the whole playing area, the announcer can analyze the performance of one player down to the finest details or determine whether a play was offside, a touchdown made, or the ball (or puck) crossed the line.

NBC intends to include the Replay 2000 as part of its sports broadcasting equipment by the end of the year. Orad expects sales of the system to top \$10 million by then.

Orad's latest product eliminates advertising from billboards around a playing area and inserts new ads within — enabling broadcasters to insert local ads in coverage of away matches, for example, in return for fees.

Orad president Avi Sharir said he did not envision any opposition to the system from clubs or stadia since they would not lose any revenue. "On the other hand, multinational corporations broadcasting games to different countries would obviously prefer billboards would reach all the viewing countries in their native languages." [E]



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