

## Internet and digital TV integration

UK cable companies plan to offer consumers digital television services that will include embedded Internet services such as e-mail, e-shopping and movies-on-demand.

The technology is very much bleeding edge, so far unproven and qualitatively not yet up to scratch, and there are plenty of critics telling those involved to get out of this money trap. I disagree with them. Digital TV has far more to do with interactivity than with pretty pictures. However, we will have to find out what we can do with it. It will be different from PC-based Internet and new applications and new ideas will have to be tested.

What is needed is an open creative mind, with lots of people trying to find the key to success. In the end the rewards will be very great indeed.

Europe is ahead of the US, and the most liberal countries, such as the UK, are the most advanced. This is one of the key reasons for Microsoft's interest in the European cable TV industry.

In recent moves, Microsoft:

- has invested US\$500 million in NTL
- has agreed to acquire a 30% stake in Telewest Communications PLC
- is now negotiating to buy up to a 30% stake in Cable & Wireless's cable unit for some US\$4 billion.

Microsoft has been talking to many cable TV companies, especially those involved in interactive networks that include telephony. In Australia both Telstra and Optus are on the software company's list. However, with the current advancements in Optus's HFC network and the discussions with their parent in the UK it would seem that Optus would be the preferred choice for Microsoft Down Under. Furthermore the company is involved in talks with at least five other European companies, amongst them the largest of all, Deutsche Telekom.

Services are planned for launch in the UK from October onwards. Optus has indicated it will enter the cable TV Internet market around the same time. It will be interesting to see if there is synergy between these developments in these two countries.

UK cable company, Telewest, plans to offer an array of interactive services with video-on-demand becoming available by the end of next year. Its initial offerings, including a phone connection, a set-top box and basic television service, will cost about GBP10 a month.