

# World Report

## HI-TECH EUROPE

THE NETHERLANDS • TURKEY  
IRELAND • ITALY • SWEDEN

### TELECOMS

Operators ring the changes with novel mobile services

### MEDIA

Convergence of technology brings interactive TV closer

### TECHNOLOGY

The global reach of the web provides new markets

## CONTENTS

### 4 INTERNET

Applications are constantly being created to enable firms to increase their margins



### 6 TELECOMS

Operators jostle for position in the market as competition heats up



### 8 MEDIA

Broadcasters and viewers reap the benefits as television enters the digital age



Photo: Denis Boissavy/Telegraph Colour Library

Printed by Quebecor, Northamptonshire  
Reproduction by F. E. Burman, London

This supplement was produced for The Independent by World Report Limited Inc, who are solely responsible for the content. World Report Limited Inc. is not connected or associated with any company registered in the United Kingdom bearing the same or similar name.

For more information contact:  
World Report Limited Inc, PO Box 2339,  
London, W1A 2NX. Fax: (020) 7495 3707

This report can also be read online:  
[www.worldreport-ind.com/tmteurope](http://www.worldreport-ind.com/tmteurope)

16 JUNE 2001

## INTRODUCTION

# Spreading the net

*The rapid uptake of new technology in Europe is opening up innovative ways of doing business*

Many Europeans of the older generation can remember how long it took for the telephone to make a substantial improvement to their lives. Today it has become indispensable. Mobile phones and the internet offer new ways of conducting business and personal relationships – and their uptake is spreading rapidly from Sweden to the Netherlands, from Ireland and Italy to Turkey.

The downturn in the financial markets may have dampened enthusiasm for hi-tech stocks, but there is no turning back the clock. While the young are eagerly exploring a cyberworld largely unknown to their parents and buying cellphones like fashion items, the use of the internet is spreading throughout the business world.

With its single standard for mobile telephony Europe is ahead of the US, but European manufacturers and network operators are maintaining a close watch on technological developments knowing that, within a year or two, next-generation communications will mark a major shift in consumer habits.

The level of penetration of mobile phones varies considerably across Europe, but is expanding rapidly everywhere. Norway and Sweden lead with rates of 80 per cent and 76 per cent respectively. In the Republic of Ireland the number of users has risen to 67 per cent of the population – 2.4 million people – while in Turkey 25 million users are expected this year.

The world's major mobile phone manufacturers are in Europe, their strength underpinned by the European GSM (global system for mobile communications) standard. Around 40 per cent of

the half-a-billion GSM users worldwide are connected over a network supplied by the Swedish firm, Ericsson.

There is keen awareness in the communications industry that the globalisation of information technology will require manufacturers, suppliers and service operators to consolidate their market niche or be overtaken by a multinational.

While even the biggest hi-tech companies have been cutting back jobs and reassessing their plans, analysts believe the sector is immune to a sustained downturn. Frank Cronin, chief executive of the Irish Internet Association, says: "There has been a slowdown and, as a consequence, some companies are going out of business. But overall, and judging by the number of people who have been employed to develop the internet, we are on pretty good ground."

A survey by PricewaterhouseCoopers confirms that even the dot.com downturn may not be as bad as it seems. The PWC study finds more internet companies becoming profitable, although the gap between the strongest and the weakest has started to widen as the European market enters a new stage of maturity.

"Investors should remember that internet companies are still growing 14 times faster than the European economy as a whole and, in an exceptionally short space of time, have created a market cap of 66 billion euros – equivalent to the entire capitalization of the Lisbon stock exchange," says PWC partner Kevin Ellis.

Use of the internet in Europe is "growing explosively", according to a study

commissioned by AOL Europe and Roper Starch Worldwide. The survey found that 36 per cent of users went online for the first time within the past year, and 20 per cent in the past six months. More than half of European users said they had made a purchase online and 43 per cent use email within Europe.

Another recent report, from the global market intelligence firm IDC, found that

**More than half of users have made a purchase online**

30 per cent of the entire population of Europe – some 117 million Europeans – were using the internet at the end of 2000. The figure is forecast to double by the end of 2004. Internet commerce is expected to exceed \$1 trillion in the next three years, with the deployment rate of business intelligence software rising from its current 15 per cent to 50 per cent.

The internet has become an integral part of financial services and consumers are showing increasing pragmatism when it comes to international banking. Patrick Desmares, director of the European banking association EFMA, says a profile is emerging of "a single European consumer". The association commissioned a recent study in conjunction with Cisco Systems, Arthur Andersen and NovaMetric. Around 1,400 consumers from seven EU countries participated, all regular users of

# Software that offers the personal touch

□ European software firms are a year ahead of the rest of the world in the use of technology that enables them to refine how they target new customers.

Many customer relationship management (CRM) software suppliers have integrated support for WAP (Wireless Application Protocol) into their products, some of which are specifically designed for use with mobile devices.

CRM software is used by companies to monitor behaviour and preferences, and suppliers can use it to implement new marketing approaches and offer clients better services. "Integrating wireless sales, marketing and support applications into customer centres is critical for organisations to optimise the client's experience," says analyst Sandra Rathod.

"The onus is on European call centres to support communications via any medium the customer chooses, including telephone, email and web-based transactions."

Technology suppliers are seizing the competitive advantage they have built up. Amsterdam-based Data Distilleries, a leading provider of analytical CRM solutions, has been chosen by ABN AMRO, one of the world's largest banks, to improve its multi-channel distribution strategy. The software will be used to manage millions of customer contacts. The bank plans to introduce it to branches, call centres, direct mail systems and the internet.

Data Distilleries chief executive Robert Baldock says: "ABN AMRO has millions of contacts every year in the Netherlands alone, so the global potential is huge. It is an enormous challenge to translate information into applicable customer profiles."

"Not only do we provide clients with the technology to extract information



BALDOCK

**'Partnership will give seamless access to advanced analysis'**

from large amounts of data, but we also help them apply it in real-time environments such as the internet and call centres. The highly competitive nature of the financial market makes this increasingly important."

The strength of the firm's software lies in its ability to build client profiles. These recommendations, through one or more channels, can be used to generate personalised banners on each customer's monitor. Call centre agents can view pop-up screens indicating which client might be interested in what product. Reactions to a banner or verbal offer can then be registered and



Photo: KPN

**Talk time: call centres generate customer profiles to improve their service**

used to refine the profile further.

Data Distilleries has also joined up with Nasdaq-listed Siebel Systems, the world's leading supplier of e-business software. They will work together to devise marketing and sales programmes.

"This strategic partnership will give seamless access to advanced analysis in the leading marketing automation application," says Mr Baldock. "The combination of Siebel's marketing and our software will ensure that users across the world can access a system that will at last deliver the promise of effective and profitable one-to-one marketing."

Dublin-based Norkom Technologies, a specialist in 'intelligent customer interaction', has expanded abroad swiftly since its foundation in 1998. With offices in Belgium, France, Holland, Sweden and the UK, revenues grew to \$18 million, largely due to demand for Alchemist, its web-enabled customer and marketing intelligence application.

Chief executive Paul Kerley says: "CRM is about helping organisations compete in the customer economy. We help organisations understand their customers and affect the way in which they behave with their customer asset pool so as to attract more clients and achieve greater profitability."

"The next generation of applications are all about analytical and collaborative CRM, and the ways in which such software is being used is changing the way organisations interact with their customers. I would not necessarily say that US organisations are more advanced than European ones in implementing a customer-centric infrastructure, but it is likely that US companies will spend more, and do so faster."

Irish company Fineos, which plans to launch an initial public offering later this year, has developed CRM and back office software systems for banking and

insurance sectors. Founded in 1993 and formerly known as Managed Solutions Corporation, it is a world leader in its type of software solutions.

Chief executive Michael Kelly believes much depends on how the US economy behaves. The American CRM players are "unashamedly in-your-face", he says. "In Europe, CRM is more a service-oriented market. Europeans are less likely to take the hard sell and are looking for longer relationships with their financial institutions."

Turkish software companies have yet to catch up with the rest of Europe, concedes Tugrul Tekbulut, chairman of

## Devices monitor behaviour and preferences

Logo Business Solutions. Set up in 1983, the company addresses the e-business needs of medium-sized businesses and plans to offer a complete consulting service.

"In Europe, IT spending is very high, but in Turkey it is just one per cent of gross national product. We are backward compared with the rest of the continent. The pace needs to increase faster here than in other countries and we must conform to EU standards."

Likom Software, based in the capital, Ankara, was founded in 1984 and now has more than 25,000 customers. "Turkey is a young country and has the potential to be a competitive force in all areas of business," says chairman and chief executive Nejat Sagtekin.

Likom's expertise in CRM and back office management made it the first Turkish firm to receive a World Bank tender, and also gained it a Nato contract. It now plans to expand abroad.

online financial services. The survey says penetration rates confirm that the internet is "gradually taking the place of the classic banking relationship".

Analysts speak of a 'realignment' or 'reassessment' of where hi-tech is now heading. Many believe the future lies with wireless technology and are eagerly awaiting the arrival of a highly sophisticated communications tool known as the 3G (third generation) mobile phone. It may, however, take a little longer than forecast to roll out the networks and convince potential customers of its benefits.

There are currently about 3.5 million users of high-speed, or broadband, internet in Europe, but rollout has been hampered by lack of competition among operators. Some analysts predict that the adoption of the broadband technology will be slower than most current projections, reaching the 10 million mark by 2003.

Countries that are already advanced in broadband use are likely to increase penetration rates faster. These nations, which happen to be among the wealthiest in Europe, include Sweden, Norway and Finland, where 30 per cent of households will be using broadband by 2005.

Erkki Liikanen, EU Commissioner for IT, believes it will be at least four years before Europe becomes a global competitor in all forms of internet access. "As far as broadband is concerned, the US has a clear lead, but there is a difference of about a year and a half in terms of internet access," he says. "America's penetration rate is about 40 per cent while ours is around 28 per cent." ■

People who do not use the internet in the belief that it is not going to improve their life underestimate just how powerful and pervasive it has become across Europe.

Many IT companies have seen their profits dip during the last quarter, others have yet to make a profit, and some small firms are likely to disappear off the map.

Meanwhile, new internet applications are constantly being introduced to both industrial and commercial users anxious to increase their margins by the smallest fraction. The global reach of the web means that businesses can set up one office and operate services out of another.

# Business tunes into oppo

*The global reach of the web provides new markets as firms respond to the hi-tech slowdown*

Dutch company Interxion, for example, has just opened a 140,000 sq ft internet exchange centre at Parkwest, Dublin. The enterprise, headquartered in Amsterdam, is Europe's leading network of internet exchange centres (IEC). These buildings store all of the servers and necessary support, and manage customers' web sites.

They are all connected to major national and international carrier networks.

Interxion was founded in 1998 by Bart van den Dries and three employees. The company's shareholders include five international investment banks, and today it employs about 500 people in IECs in 15 cities in 13 European countries.

Although it has a strong customer base of about 150 clients, including KPNQuest and Versatel, the firm has yet to make a profit, although Mr Van den Dries expects it to break even in the first quarter of 2002. He forecasts sales for 2001 will be three or five times more than last year's \$13.18 million. The increasing demand for web-hosting and related services as the need for data transmission expands will help to boost sales, he says.

Last year, Interxion set up a joint venture with the Dutch Broadcasting Services Corporation, a supplier of television, film and video facilities, to provide data centre services in Hilversum, Holland. The move enabled the corporation to process and distribute both audio and video content over the internet. Mr Van den Dries hopes to form similar agreements with other European companies that will combine TV and web technologies.

He reveals that a flotation is not on the cards at the present time, although he would not rule it out in the next two years.

## Future mergers are expected between web-hosters and the big carriers

Interxion is in the fortunate position of having secured about 270 million euros in capital funding.

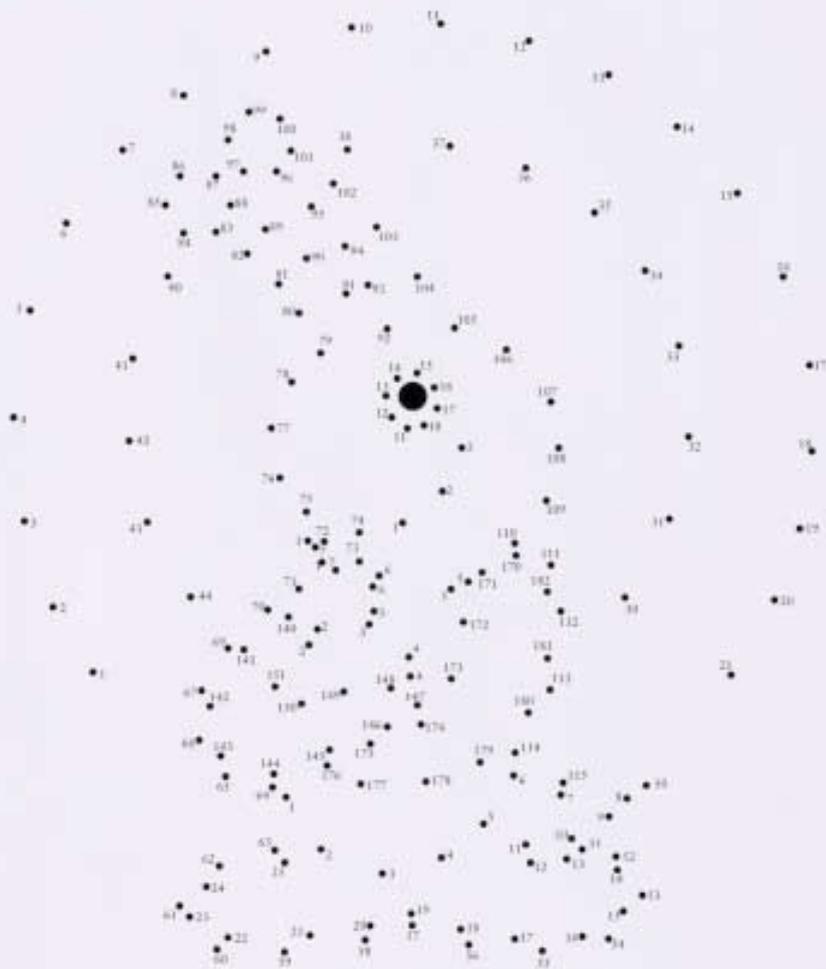
Mr Van den Dries expects to see mergers and acquisitions between web-hosting companies and big carriers, which aim to fill their networks with data, while other businesses will be seeking cash to expand. But he does not underestimate the hurdles that still need to be overcome when building network centres.

"The adoption of e-commerce in France, for instance, is much slower than it has been in Germany. Many of the American companies that chose to expand into Europe quickly learnt that ours is not a single homogeneous market," he says.

"Setting up operations in 13 countries is no easy task. We offer businesses the opportunity to focus their efforts solely on their sales and marketing strategy. They don't need to find technicians to support their systems in every one of the EU countries they enter. Instead, they can ship their equipment to a single destination and we will install, maintain, run and store their data, effectively taking over their day-to-day operations," he says.

In May, former IBM vice-president Michel Broussard succeeded Mr Van den Dries as chief executive, while the latter became chairman. "Michel's arrival at

Let's get connected...



Turkcell, Turkey's leading GSM operator, connects people around Turkey to each other and to the entire world through mobile communications. Recognized as one of the largest entrepreneurial ventures in Turkey's private sector, Turkcell continues to invest in people and technology. The Company's goal is not just to be a mobile voice service provider, but to be a true leader in innovative wireless data services, offering added value across all forms of communication. With its high penetration levels and the strength in technology, Turkcell competes on the basis of service quality and leads the Turkish market in providing mobile data. Turkcell is also the first and the only Turkish company listed on the New York Stock Exchange and measures up against Europe's leading operators. Did you ever believe that one day you could be a part of the future? Believe it.

**TURKCELL**  
Communication Changes It All



www.turkcell.com.tr

# rtunities online

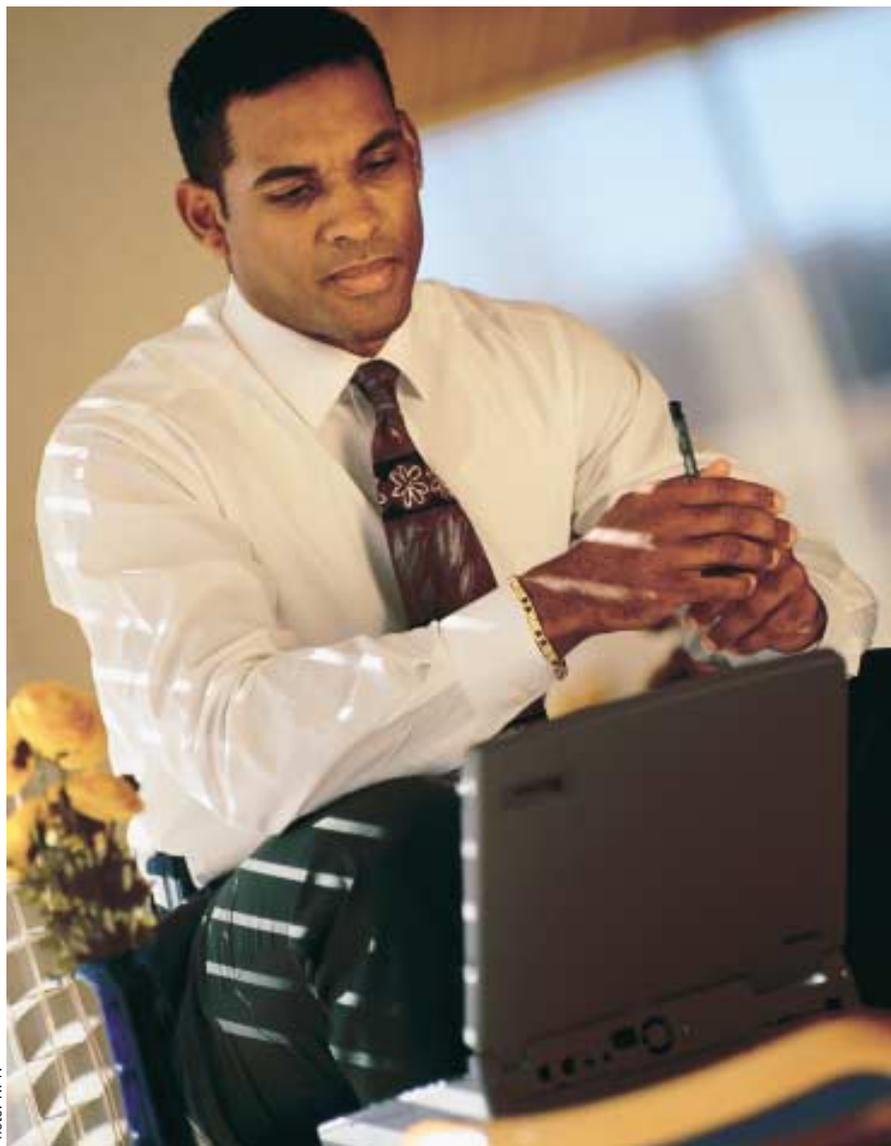


Photo: KPN

**Light work: fresh applications are constantly being rolled out to make e-commerce easier**

Interxion accelerates the rapid deployment of our full services portfolio in the European market," says Mr Van den Dries.



VAN DEN DRIES

**'We will install, maintain, run and store their data'**

Turkish firms are less developed when it comes to internet connectivity than their Western European counterparts, but they are slowly catching up. The nation's IT players are pinning their long-term hopes on traffic and commerce-driven revenue. Last year saw a 609 per cent rise in internet subscribers, although Turkey's penetration rate is still only 5.5 per cent.

Some analysts point to redundancies made by several IT companies and they are not convinced that e-commerce will be a big money-spinner – less than five per cent of surfers have even shopped online.

Ixir, one of the top three Turkish ISPs (internet service providers), hopes to grab a 50 per cent share of the market by 2005,

when the number of users is expected to reach more than 20 million.

Banu Gulsever, senior vice-president, capital markets and investor relations, at Ixir, says: "Our strategy is to increase internet traffic in Turkey, and convert this into advertising and e-commerce revenue. The ISP business is saturated in Turkey. We would like to become a major player with regard to both e-commerce and new media businesses. As yet, there are no big operators in these fields."

Ixir, a wholly-owned subsidiary of Dogus Holdings and Garanti Bank, has two main competitors: mobile operator Turkcell's Superonline and E-Kolay.

"Internet use is going to grow exponentially," says Mrs Gulsever. "Turkey is the second most-populated country in Europe, with around 65 million people.

"About half of the population is aged under 30 and a third is under 15. Our young people love going online. Another peculiarity is the fact that in Turkey there are, on average, five people living in each household, sharing a single PC. That is the reason for the high usage rates of around 25 hours a week per subscriber – three times the European average." ■

## Info-tech houses seek safer investments

□ Hi-tech companies across Europe are facing the same problem: how to sustain business in a wavering market.

ICT (information, communications and technology) firms, whether they are specialist or offer a broad range of services, are being forced to adjust quickly as the new economy slows.

The main reason is that European telecoms companies are delaying investment as they are saddled with huge debts as a result of bidding for 3G (third generation) mobile licences and facing the cost of building networks.

Tom Rusting, chief executive of Anglo-Dutch firm CMG, which provides business information services and wireless data solutions, says:

"Telecoms companies will increase investments in short message services (SMS) because they would be crazy not to. The service is one of their best money-making options, and you can see the impact of lost revenues very quickly when operators fail to upgrade."

In April, the firm entered a global alliance with Openet Telecom. This

positions the latter's convergent mediation software, FusionWorks, as one of the key components of CMG's next-generation billing solutions.

FusionWorks is the preferred component for providers of 3G mobile and broadband because it enables the billing of voice, data, entertainment and other content-based services.

CMG has already integrated FusionWorks with its Wireless Service Broker system and demonstrated real-time mediation and billing based on the volume of downloaded data and content for mobile users.

Mr Rusting is optimistic that the European ICT market will expand. "Mobile penetration is high and SMS is widely used. The real revolution has not begun yet," he says.

"The sim card in a cellphone could be used as a credit card, effectively replacing traditional ways of payment, and the mobile internet is likely to explode with the introduction of next-generation technology."

*continues on page 6*

**New economy in a new market.**

With its widest exclusive Ujalar network in Turkey, K.V.K. is the right address for your products. For further information simply send an e-mail to: [info@kvk.com](mailto:info@kvk.com)

**K.V.K.**  
www.kvk.com

continues from page 5

Sweden is generally regarded as the birthplace of mobile internet technology and players in the market can rely on world-leading companies such as Ericsson.

The firm recently signed a contract with Swedish-based Aspiro, which offers a wide range of solutions from pre-packaged portal services to industry-specific solutions. Ericsson will distribute Aspiro's services as part of its mobile portal, WISE.

Over the past year, Aspiro has increased its customers from five in three countries to 40 in 10 countries, and has expanded its portfolio of products from 25 to 180.

Chief executive Lena Wittbjer says Aspiro's June flotation on the Stockholm bourse brings with it "an assurance of quality and thereby greater trustworthiness among customers, suppliers, retailers and the financial market".

And Halebop, launched in May 2000 as an independent wireless web portal, began a collaboration earlier this year with Swedbank, Sweden's leading internet bank.

Halebop chief executive Roland Svensson says: "Sweden has become a mature market when it comes to the internet and the adoption of new technologies."

After last year's huge growth in telecommunications, Turkey has been forced to adjust to changing times. The domestic economy is expected to shrink by three per cent in the coming months while the Turkish lira has lost 40 per cent of its value since it had to be floated in February.

Turkcell, the country's leading GSM operator, which boasts around 10 million customers in a total market of around 16 million users, is adopting new strategies to adapt to new circumstances.

Chief executive Cuneyt Turktan says the company is no longer concentrating on expanding its customer base but on providing a new range of services to existing customers.

"We are confident that the superiority of our infrastructure, the quality of our services, the effectiveness of our customer retention programme and the power of our brand will help to move us forward despite the volatile economic environment," says Mr Turktan.

Turkcell has already spent a total of \$3.5 billion in investments. "We have been preparing the base for the new technologies to be applied. We have formed a Turkcell group in addition to the Turkcell company, and we have established an internet company within that group, Superonline, which is one of the major ISPs within Turkey.

"We have already invested in WAP [wireless application protocol] technology and we are now moving into GPRS

# Message of caution for mobile phone operators

**As competition heats up, providers are improving the services they offer existing customers to ensure loyalty**

[general radio packet service]. We are constantly keeping up to date."

The success of future offerings such as GPRS and mobile internet access depends on the manufacture of affordable phones capable of offering these technologies, Mr Turktan adds.

Turkcell is also investing in digital TV through Digiturk, the major digital television company in Turkey. "The reason we are investing in these companies and these technologies is related to TMT convergence," says Mr Turktan.

"At the end of the day, cellular handsets will be used for mobile internet, video applications and for everything else. The convergence is occurring, but at the same time there is a transformation going on with regard to current technologies, mindsets and business plans."

One area where further growth can be achieved is abroad, particularly in the central Asian states, once part of the Soviet Union, such as Georgia and Kazakhstan. "We are strengthening our position as a regional player," says Mr Turktan.

The European Bank for Reconstruction and Development plans to arrange a \$50 million loan for Azericell Telecom, the largest cellular telecoms company in Azerbaijan. Founded in 1996 as a joint venture between the Azerbaijan ministry of communications and Turkcell, Azericell has 380,000 subscribers. The EBRD loan will be used to help finance a \$144 million, three-year, network development programme.

About \$2 billion was spent on handsets in Turkey last year. The country's largest dedicated retailer, KVK (Mobil Telefon Sistemleri), sold around three million cellular phones. In total, more than eight million new GSM subscribers signed up in 2000.

Although sales of mobiles have slowed, KVK has set itself two separate sales targets of 3.5 million or 4.5 million phones this year, depending on future developments in the sector and the overall economy.

The company forecasts that the market will continue to expand, predicting a total of 13 million phone sales in 2001, with some of this growth being achieved in lower income groups. KVK reckons that as many as three million sales will be of replacement, second or upgraded models.



Founded in 1993, KVK has grown to 150 franchised shops and now employs 280 people. The company sells several international brand names, as well as having an exclusive partnership and distribution agreement with Turkcell. In the past four years, KVK has opened up new subsidiaries in Moldova, Kazakhstan and Georgia.

KVK general manager Muzaffer Akpınar says: "Our market is not characterised by many large corporations, but



TURKTAN

**'We have been preparing the base for new technologies'**



AKPINAR

**'Turkish people enjoy communicating – it is typical of our culture'**

rather small to medium-sized enterprises (SMEs). These business owners are obliged to run every aspect of their companies and GSM enables them to keep in contact wherever they are. Turkish people enjoy communicating. It is typical of our Mediterranean culture, and the same phenomenon has taken place in Italy as well," says Mr Akpınar. ■

**we keep your internet infrastructure right on track**

Best of world. Interxion Europe's leading network of content-routed Internet Exchange Centers (IXCs). We provide equipment, power, connectivity and managed services for our customers. Find out more at [www.interxion.com](http://www.interxion.com)

**interxion**  
where the internet flows

Amsterdam, Chicago, Frankfurt, London, Luxembourg, Paris, Rome, Stockholm, Tel Aviv, Warsaw, Zurich

# ion for erators



Photo: KPN

## Storming into the ISP market

Italian internet service provider Galactica has delayed its Nuovo Mercato public share offering while it awaits a more attractive stock market.

The firm is the latest in a series of web, computer and software firms to postpone its listing because the hi-tech index has fallen more than 75 per cent.

Galactica's sales are anticipated to exceed \$29 million this year, more than triple those for 2000, says its chief executive Lorenzo Podesta. He expects the firm to become profitable next year.

"We were ready to go to market in September or October, but conditions are still not favourable," says Mr Podesta. "Given that our IPO (initial public offering) has a strategic and industrial objective and is not just to raise cash, we prefer to wait."

Through its alliance with US-based Centerseat, a leading content and commerce ASP (applications service provider), Galactica has been able to offer broadband ADSL (asymmetric digital subscriber line) content and



Photo: Galactica

**Star turn: founded in 1993 as the first internet service provider in Italy, Galactica has been offering a wide range of quality products and services**

commerce services to businesses and consumers in Italy. The services allow customers to engage in high-quality, streaming content and to purchase items that appear on their screens.

Mr Podesta, who founded Galactica in 1989 while he was still at university, claims that it is the first internet service provider to operate in the Italian market. "The technology, media and telecoms sector in Europe is moving very quickly, relative to other industries, and it is rapidly narrowing the gap with the US," he says.



PODESTA

**'Enterprises have introduced new ways of doing business'**

"Several enterprises, both large and small, have introduced new ways of doing business and accelerated the penetration of the internet into our economy. In two or three years, Europe will close the gap with the US entirely, both in terms of services as well as content offered through the internet.

"The problem lies not in the low PC penetration rate, characteristic of the Italian market, but rather in the need for a change in our clients' attitudes. If this occurs, the Italian market has tremendous potential for growth."

# iTV

## PROFIT BY ENGAGING THE MOST POWERFUL SENSE OF ALL... THE SENSE OF CONNECTION.

**Listen...**  
to the leader with real-world experience.

**See...**  
the vision to magnify your brand.

**Touch...**  
your customers where they live.

**Engage...**  
their minds with the proven iTV solution.

OpenTV provides the real-world, right now, complete iTV solution. As the proven leader, we bring the hands-on know-how that comes from inspiring over 40 million viewers to interact. Built for TV so we look like TV, our iTV works. OpenTV will accelerate your speed to market, opening new revenue streams, with a full spectrum of easily deployed, open-standards-based interactive services. Connect with your viewers by putting superior content and capabilities at their fingertips – from e-mail to t-commerce to games to banking to video on demand – and they'll be yours to keep.

**ENGAGE YOUR CUSTOMERS IN A PROFITABLE EXCHANGE. ENGAGE OPENTV.**

U.S. 1 650 429 5500  
Europe +33 (0) 1 58 58 22 00  
Asia-Pacific +81 3 3515 1070

www.opentv.com

SOFTWARE PLATFORMS • APPLICATIONS • TOOLS • PROFESSIONAL SERVICES

World Report TMT EUROPE 7

# Space-age iTV has take off

*Programme makers and digital providers break new ground by converging technologies*

The expansion of digital television technology and the introduction of internet set-top decoders is breaking down the traditional boundaries between viewer and broadcaster.

Across Europe, new audiences are being created and new TV companies are stealing viewers away from the established broadcasters. Merrill Lynch and other analysts predict that iTV (interactive TV) will be the hot sector this year.

Since only a fifth of British households has a PC, while 99 per cent have a television, the potential for iTV to gain a new audience is huge. The UK is already far ahead of the rest of Europe. From online betting to *Big Brother*-style shows, the opportunity to take a completely different approach to programme-making has its own fascination. And for the investors, content providers and suppliers, there is obvious scope for making money.

MIH Group is the controlling shareholder of OpenTV, the California-based software developer. Its products are used in more than 14 million set-top boxes worldwide – the vast majority via satellite links.

The group's platform was founded in South Africa but has been operating in the Netherlands since 1989. "We were only the second non-US based operator to offer pay-TV services, after France's Canal Plus," says chief executive Cobus Stofberg. "What makes our business plan attractive is this strong, cash-generating core business."

The Nasdaq and Amsterdam stock exchange-listed firm is one of many to have been set back by the tumble in hi-tech shares. But Mr Stofberg says: "Now is the time that investors are turning to companies representing real value, supported by assets upon which a solid business can be built. MIH will survive because of these."

The group moved its headquarters to Amsterdam to help bring technology and television together. "The Netherlands has an extraordinary infrastructure that is rich in highly-trained engineers with the right entrepreneurial incentive. We decided early on that this was the place to invest in the development of the technology we needed.

"Having both a television and a technology platform helped us to move from an analogue system to a digital one. We were



Photo: KPN

**Going global: satellites bring the internet to television sets via set-top decoders**

the first organisation in Europe to do this. Today, OpenTV represents the leading global standard with regard to iTV systems. Our strategy has allowed us to stay ahead of our competitors and we aim to continue doing so. Our expertise as both an operator and a technology developer gives us that advantage," says Mr Stofberg.

Companies in Europe quickly realised that they had to build relationships across the TMT (technology, media, telecoms) spectrum. OpenTV is a good example, having established alliances with content providers, manufacturers and developers.

"This is an essential way to expand internationally, not only with regard to the necessary technology but also in terms of building television and internet platforms. In this world of TMT convergence and the seamless stream of products and services being offered to the end user, a company must realise that it cannot do everything," says Mr Stofberg.

MIH has a 15-20 per cent market penetration rate in Africa, where sales of TV sets are soaring, particularly in South Africa. Last year, a digital platform was established in Greece, and the group recently consolidated its investments in Mweb in Thailand.

Mr Stofberg adds: "We have been active in China for three years where we have witnessed unbelievable changes. It is amazing how quickly social structures are being transformed – China will increase its role as a global player in the near future."

Ruud Hendriks, executive board member of Endemol Entertainment, one of the largest independent TV producers and distributors in Europe, is enthusiastic about the use of digital in the Netherlands. "The

development of *Big Brother* is a boost for our programming efforts. For the first time, traditional viewers witnessed the effect of a multi-platform approach. We've seen a tremendous change in the attitudes of people who were once extremely sceptical about the online dimension of iTV."

Meanwhile, the Irish have quickly taken to their hearts the republic's newest terrestrial broadcaster, TV3. The company has grown largely on the back of exclusively broadcasting *Coronation Street* in place of RTE, the national broadcaster. It is now the second-most popular station in Ireland.

Rick Hetherington, chief executive of TV3, says: "The effect of adding our equity partner Granada's top programmes to the schedule has complemented the stunning growth that we have achieved."

Canadian international media company CanWest Global Communications holds a 45 per cent interest in TV3. Granada, which owns half of Britain's OnDigital, also has a 45 per cent share. The remaining 10 per cent is in the hands of the network's founding consortium. CanWest also owns a 29.9 per cent share of Ulster TV.

Despite Ireland's huge success in hi-tech, Mr Hetherington says: "We have not seen any internet or e-commerce related activity of great interest. Computer penetration is 30 per cent and internet use 20 per cent. Twenty per cent of 3.66 million people is not a lot to invest in.

"The biggest threat is the spilling over of UK broadcasters into this territory and the potential power they will carry because they do not need to be licensed. Ireland is probably one of the last places in the developed world to have free or independent television. This has to do with RTE's control of the marketplace and the influence

of UK broadcasters."

Another company developing business through the internet is the family-owned Bonnier of Sweden. It is the largest media and publishing group in Scandinavia and

operates in 17 European countries. While print media accounts for about 80 per cent of its business, Bonnier president Bengt Braun says: "We have put a great deal of effort into the development of our business information division, which accounts for 10 per cent of revenue and is continuing to grow thanks to the internet.

"A year ago, 35 million visits were made to our sites in a country with less than nine million people. Today, this is even higher."

Internet business turnover is expected to double this year. "We are witnessing the creation of more distribution channels and new ways of reaching customers in a cost-effective manner while supplying the same content. The convergence of TMT offers opportunities for developing innovative services for our customers," he adds. ■

**Data Distilleries**  
values your customers

focus\*  
\*on your customers.

Treat all your customers personally. Cater to their needs pro-actively. Do this on a global scale... over multiple channels... and in real time.

Data Distilleries' analytical Customer Relationship Management technology empowers you to really understand what drives your customers. And to use this knowledge where and when you need it. So you can leverage each and every customer contact to its full potential.

Take it from Data Distilleries, the leader in open analytical CRM solutions, and focus on your customers.

WWW.DATADISTILLERIES.COM

FRANCE • GERMANY • THE NETHERLANDS • UNITED KINGDOM



STOFBERG

**'Our expertise as both an operator and a technology developer'**