

TBI TELEVISION BUSINESS INTERNATIONAL

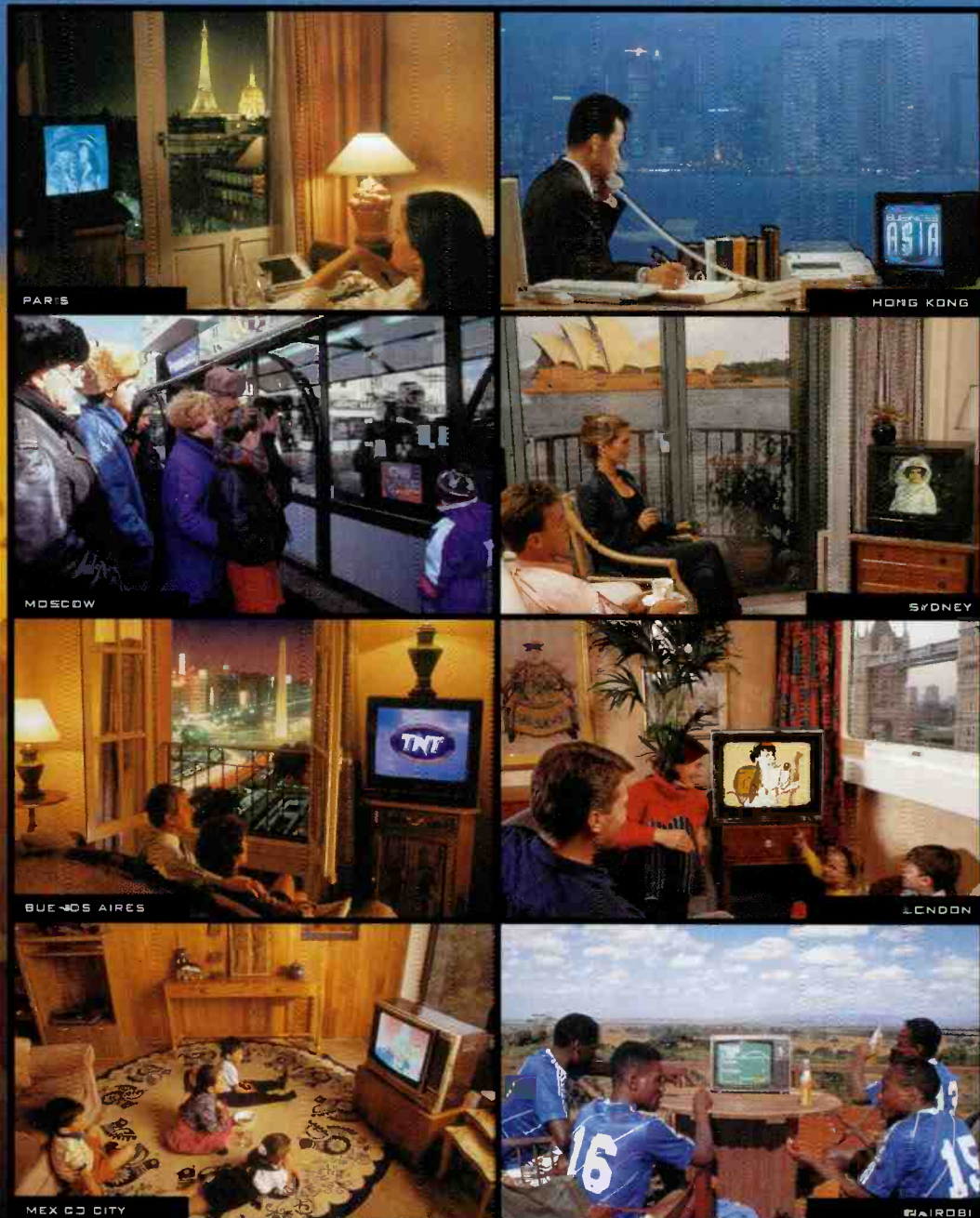
November 1994



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Plus: Rebuilding New World; Format Security

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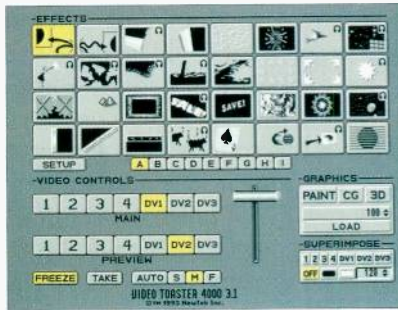
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Ransom Notes

The age of desktop publishing began in 1984, the year Apple introduced the first Macintosh. At the time, not even Apple understood the revolution it was starting in typesetting and publishing. It took a couple of other companies to see what could be done with the Macintosh and Apple's laser printer.

New software turned the combination into a de facto typesetting machine at around one-tenth the cost of conventional typesetting equipment. In late 1985, as this software was hitting the market, I and two colleagues were planning the launch of a weekly newspaper. Like many new starts, we didn't have money for much capital investment, certainly not for dedicated typesetting equipment. We planned to have an outside shop do our typesetting, which, at the time, would have cost around \$1,500 an issue – as much as our printing bill. That was until we realized for the cost of one Mac and a modem to link us to a service bureau, we could eliminate \$1,500 an issue in typesetting expenses. The cost of entry to weekly newspaper publishing fell, dramatically. Weeklies like ours adopted desktop publishing (DTP), and magazines followed. Finally, the big newspapers, always slow to take to new technology, moved production onto the desktop.

The economic benefits of DTP were easy to quantify. But what of the social benefits? Commentators were quick to herald a revolution in communications. Everyone could be a magazine editor, an art director, a publisher. Problem is, when you give people 64 different type faces, you don't always get readable documents. DTP maniacs turned out publications that looked like ransom notes, a different type face used for each word. Not everyone is an editor or an art director. It takes training, experience and talent, even if Pagemaker and Freehand offer all kinds of help files. DTP lowered the cost of entry to publishing, but once everyone had that figured out, the game simply gained that many more eligible competitors. The big companies still had the capital and marketing advantage. And they were busy cutting their own costs using DTP.

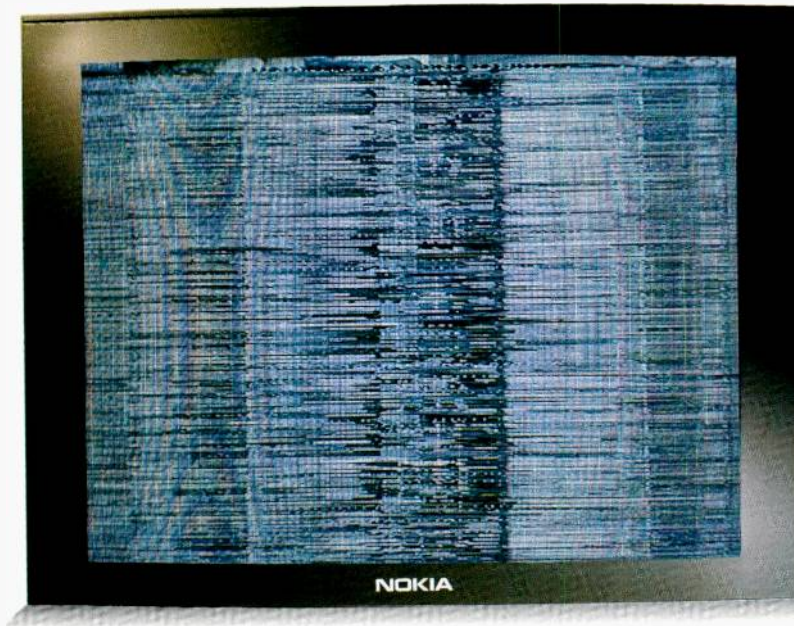
Stephen Jacobs reports in this issue a revolution is taking place in television post-production, a revolution that is eerily familiar. It began with one computer – the Amiga – and took off when another company – NewTek – developed technology to turn the Amiga into a desktop post-production studio. The desktop television (DTV) revolution is spreading fast. DTV was used to create Emmy-winning special effects for the sci-fi series *Babylon 5*, effects that, using conventional technology, would have been too expensive for a syndicated show. The cost of post-production hardware and, therefore, the cost of access to post-production facilities is falling. Again, commentators will be quick to forecast massive societal change. We will all become video editors, directors, producers. Perhaps local access cable channels will be filled with homemade shows bursting at the seams with exploding animation and 3-D graphics and amazing edits. But don't be surprised if for every *Babylon 5* you have to watch 100 video ransom notes.



The Editor

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I listened recently to an outpouring of frustration from a veteran tv executive who took a job with a colossal conglomerate formed by a monster merger. He was hired to connect units of the fused companies in new projects – publishing with tv production, for example – thus to realize the synergies that were the essential rationale for the marriage.

To his despair, he couldn't make it happen. All the units he dealt with operated as fiefdoms, successful enough to have achieved substantial autonomy. The heads of these units resisted having someone else's project forced on them and were wary of collaborations with strangers who had suddenly become family.

After any merger the pressure is on every division to increase profits to help reduce the corporation's debt load. The way the reassigning goes, if you help a new corporate sibling make more money, the other fellow reaps all the credit. You have your own bottom line to worry about.

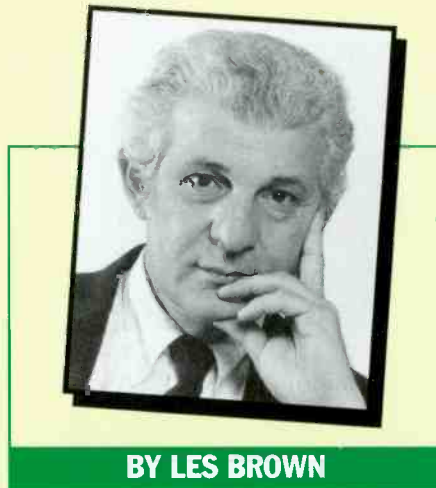
Moreover, these fiefdoms tend to be more comfortable working with outside firms rather than with sister divisions that might learn too much about their business foibles. The message here is that the synergies play better on paper than on the stage.

But the worst thing about these out-sized companies, my frustrated friend said, is that they cannot deal anymore with small ideas – modest ventures that produce meager profits but have the potential of growing into large businesses. Anything new they get involved with has to be a big deal with a hefty pay-off that will boost the stock price.

So consolidation doesn't contribute to greater diversity and innovation. Quite the opposite. And what makes this a matter of some concern is that consolidation is rampant in the U.S. entertainment industries today.

The trend of large cable companies gobbling up the smaller has accelerated because the minor companies can't afford to rebuild for interactivity in the digital age. Today the top 10 cable companies account for 63% of the subscribers. More startling is that the top four account for 47%.

Big, Buxom, But Creatively Bankrupt



BY LES BROWN

Meanwhile, the tv networks are consolidating with groups of affiliates to bolster their infrastructures. Of greater consequence is the likelihood of networks merging with Hollywood studios. Ted Turner calls this development "absolutely tragic" because he believes it will result in "four or five megacompanies controlling everything we see."

Turner made this statement in a speech to the National Press Club in Washington in which he went public with his fury against Time Warner for having blocked his effort to buy NBC.

TW has had the ability to do that ever since helping bail Turner out when he was sinking under the debt of the MGM library purchase. That resulted in TW owning some 20% of Turner's company and TCI a bit more. When Turner's cable colleagues bought in, they assumed the right to veto any major purchase the

empire-builder might choose to make.

Turner accused TW of blocking him because it wanted a network for itself. He said it was almost a certainty that Disney, Viacom (Paramount) and TW (Warner Bros.) would eventually join 20th Century Fox in owning the networks. And presumably what makes that "tragic" is that he would not be able to play in the big game and be one of the four who controls what everyone sees.

Turner's case aside, if it is true that synergies don't work according to logic, and that a conglomerate's vision narrows as it grows ever larger, consolidation may actually backfire on the companies that are bent on it.

Giants are clumsy of foot and react slowly to change. IBM was undone by a small idea, the Apple computer created in a garage. IBM ruled the market for expensive mainframes, while the small idea was to get PCs into offices, homes and schools with programs ordinary people could learn easily.

Cable was a small idea at the start, not a technology created in a laboratory but simply a wiring of homes to an antenna mast for better tv reception. This was done mostly by local entrepreneurs and owners of appliance stores. Big companies didn't get interested until it was discovered that cable could expand channel capacity and offer original program services.

Oprah Winfrey, the biggest star in American syndication, began small on a local Chicago station. HBO and ESPN were small ideas at the start. So was the syndicated version of *Wheel of Fortune*. All were hatched by independents.

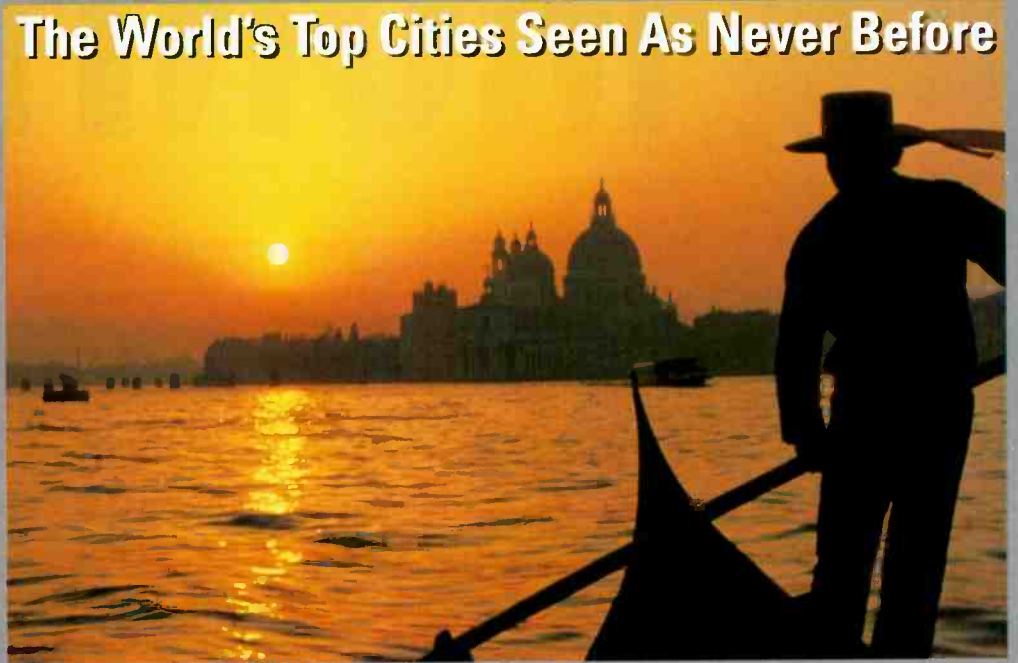
So it would seem that as the large companies grow to immense size and develop creative paralysis, they open opportunities for small businesses in visionary ventures. In a time when technology provides enormous room for invention, the future may well belong to the independent tinkerers. What a nice paradox that would be. [E]

As the large companies grow and develop creative paralysis, they open opportunities for small businesses in visionary ventures

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MONITOR

EUROPE

Astra Owner Parts Company With MD

**Meyrat quits Luxembourg's SES
after management differences**

Pierre Meyrat has left his post as director general of Société Européenne des Satellites (SES), the Luxembourg-based owner of the Astra satellite system. Meyrat's departure, on October 20, came just 11 days before the scheduled launch of the company's fourth Astra satellite – 1D – from Kourou in French Guiana.

A statement issued by chairman of the SES board, Pierre Werner, said Meyrat had been "released" from his post due to "differing views on the management of SES."

The SES board confirmed that the management committee – a body previously chaired by Meyrat – would be in charge of the day-to-day running of the company. The management committee is comprised of technical director Celso Azevedo, Yves Elsen, secretary general, and director of finance Jürgen Schulte. Azevedo, as the most senior director, will be appointed acting chairman of the committee.

In the statement, the chairman thanked Meyrat, who was appointed as director general in early 1986, "for his pioneering role," leading SES "from a project phase to a successful satellite venture."



Meyrat: eight years pioneering satellite tv

In addition to a permanent successor to Meyrat, it is understood that the SES board also intends to appoint two new executive officers to the company, expected to cover the roles of commercial director and marketing director.

by Paul Barker — LONDON

SINGAPORE

SBC Ups Production To Confront Cable

**Newly-privatized pubcaster to
expand with satellite services**

The recently-privatized Singapore Broadcasting Corporation (SBC) is upping its production of in-house programming and expanding its activities throughout the whole of the Asian region to compete with rapidly-emerging new media competition in the island state.

This will come from Singapore Cablevision, which is relaunching as a fiber-optic 64-channel capacity service next year, and Singapore Telecom, which is launching a VOD service sometime over the next two years.

SBC has been corporatized into four operating subsidiaries, all under the direction of holding company Singapore International Media PTE. Television Corporation of Singapore (TCS) now owns and manages the English-language Channel 5 and Channel 8, which offers Mandarin and Tamil programming; Television Twelve Pte owns and operates Channel 12, focusing on programming for niche audiences; SIM Communications Pte Ltd provides all transmission and distribution services; finally, the Radio Corporation of Singapore owns and manages ten domestic and three international radio stations.

TCS chief executive officer Lee Cheok Yew said that in-house production of both English-language and Mandarin-language programming will be increased.

At the moment Channel 5 produces about one

NETHERLANDS

Endemol Bombshell As Veronica Opts Out

Dutch pubcaster to go private and team up with Endemol

and a half to two hours of primetime hours itself. "We would like to increase this considerably, as once cable starts viewers will have a huge amount of English choice," said Lee.

The economics of own production are daunting. Channel 5 recently produced a 26x30-minute weekly drama series called *Masters of the Sea* at a cost of \$90,000 (U.S.) an episode. Cheap by North American or European standards, but about twenty times the cost of acquiring such a show. The channel is also planning a 30-minute sitcom, a stripped soap opera, an MTV-style music show and a number of talk shows.

In terms of Mandarin production, Lee said the SBC is second only to Hong Kong giant TVB in terms of airtime. Currently over 520 hours of Chinese drama and 12 tv movies are produced a year. This, said Lee, explains Channel 8's 60% audience share compared to Channel 5's 20%.

To make the Mandarin channel stronger, the Tamil-language programming element is to be hived off to TV12, leaving Channel 8 with a fully Mandarin-language schedule.

TV12 meanwhile has plans to launch a second, UHF-delivered service that again will have a public service/minority interest remit. Distribution will be limited initially but there is the prospect of cable delivery in the future.

At the moment, 85% of TV12's English, Malay and Mandarin-language, 65-hour-a-week schedule is acquired programming, encompassing art house movies, classic comedies and documentaries from countries such as the UK, France, Germany, Scandinavia, Latin America and other Asian territories.

Although at present it has no in-house production resources (locally-produced programming, essentially the high-rating Malay-language shows and sports, is produced by a special TCS unit for TV12), ceo Sandra Beunaventura expects this to change in the short term. In addition she is looking to commission programming from the fledgling Singaporean production sector

"We are having discussions with two local companies for a three-part documentary series on Malay customs and another 30-minute arts program," she said. "We won't pay the full production costs but will commit to airing the show and will provide a fee that is substantially more than what we would pay for an foreign acquisition. Once the companies have (built up) a reputation we may commit to 50%."

In terms of overseas ventures, SBC currently programs a one-hour a day service between 10pm and 11pm via Channel Nine Australia's service on the Palapa satellite.

However Lee said the Corporation is also looking to utilize its vast Chinese programming library by providing a Mandarin-language, encrypted satellite-delivered service aimed primarily at the markets of Taiwan, China and Malaysia. Lee said the service could be operational by the end of 1995.

by Sarah Walker — SINGAPORE

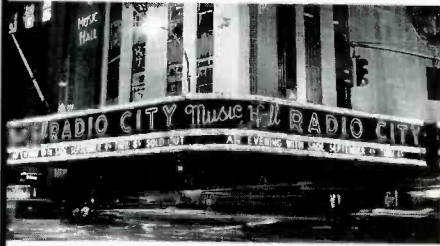
The announcement last month that Veronica, the biggest broadcaster in the Netherlands, will leave the public system to launch its own commercial channel came as no surprise. Over the last four months it had become clear that the former pirate channel, which started broadcasting from a ship, was about to realize its main wish: a freer organization with a minimum of government interference.

The bombshell was the decision by Endemol Entertainment, the independent production powerhouse formed earlier this year by Joop van der Ende and Jan de Mol, to take a 50% share in the new channel, which is pencilled in for a launch in September 1995.

The deal with Endemol means that it will not renew its contract to supply programming to RTL4 and 5 when it ends in January 1996. Most of the Netherlands' highest-rated entertainment programs, including popular stars, will leave the Luxembourg-based station. However, Endemol talent will not work exclusively for the commercial Veronica, while Endemol programs will be divided between Veronica and the broadcasters remaining within the public system.

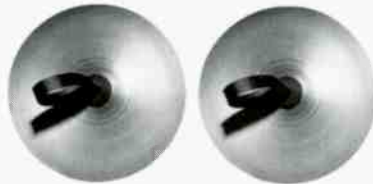
This is part of a so-called "strategic alliance" between Veronica and the majority of the pubcasters. From the moment of this astonishing announcement insiders were wondering how it will be possible for the public channels to cooperate with a tough future competitor. According to NOS president André van der Louw, the strategic alliance is necessary to save the pubcasters from a financial disaster. A deal between RTL4/5 and the commercial Veronica would, he claimed, cost the pubcasters Gld260 million (\$154 million) in advertising revenue. It is also expected that the market share of the pubcasters would go down from 50 to 34%.

In the meantime other independent production companies observe the recent developments with alarm. In their eyes the contract between Endemol and the pubcasters — rumors are of five years' lasting sales guarantees worth Gld80 million (\$47 million) each year — is at the very least bad for competition. Shortly after the announcement of the contract the OTP, the association of independent producers, was divided into two factions: Endemol and the rest. Said Harry de Winter, head of ID-TV, the biggest production company after Endemol: "I really don't understand the

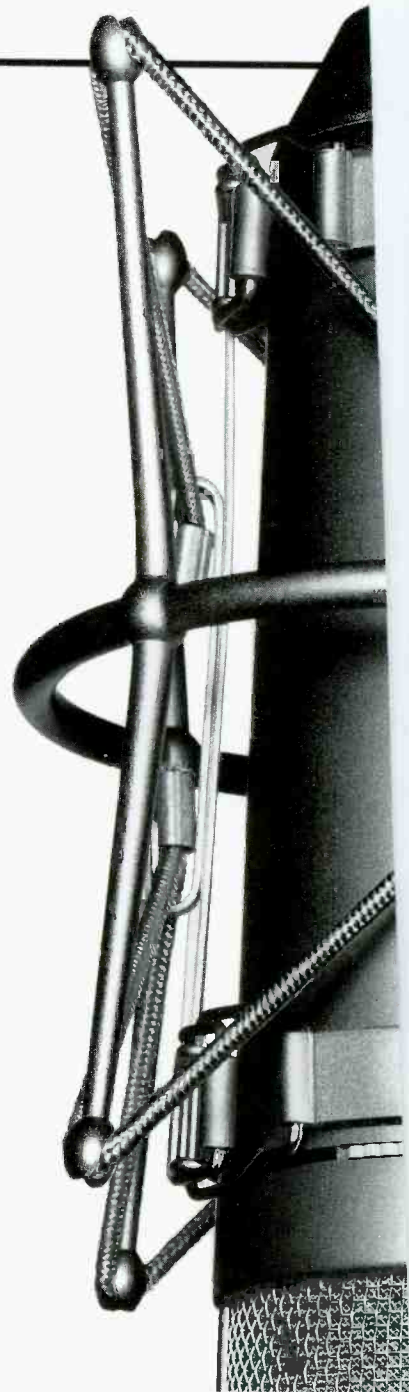


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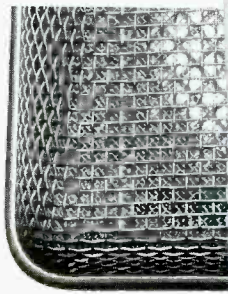
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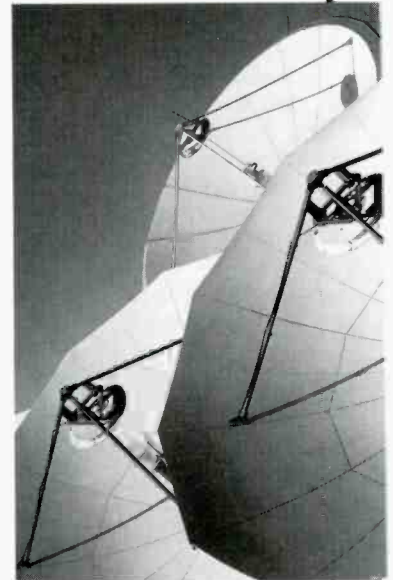


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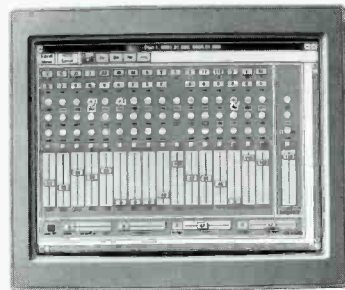
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BULGAR PRIVATE TV FOR 1996

The Bulgarian government has awarded a license to operate the country's first private national tv channel to trade conglomerate Tron Group. The new station, called Tempo, is due to go on the air early in 1996 competing with Bulgaria's two existing state channels. The Tron Group, headed by financier Krasimir Stoichev, has a wide range of business interests, including daily newspaper *Standart* and sports weekly *Seven Days*. Dimitri Dereliev, a member of the frequency allocation council, said Tron Group had been selected ahead of nine other applicants because it had both the financial and editorial resources to operate a national channel successfully. A spokesman for the channel said that initially most programs will be acquired from abroad although there were plans to produce news, sports and local programming. Tempo also has a deal to rebroadcast MTV Europe. The broadcasting council has issued 32 licenses for private tv since 1992 including Nova TV, which went on air in Sofia over the summer, and Seven Days, which will begin broadcasts in January 1995.

pubcasters' point of view. They are going to help an organization which will be their biggest competitor in the near future. They are just digging their own grave."

Pubcaster TROS is against the deal for much the same reason while VPRO, which specializes in highbrow programming, has refused to sign the contract. VPRO has never worked with independent producers and maintains that pubcasters should offer a contrast in their programming to the commercial offer. This, believes VPRO, is its only chance of survival.

by Dick Versteeg — AMSTERDAM

CHILE

Canal Plus Relies On Solomon's Judgement

Former Warner boss teams up with Canal Plus to launch Latino pay-tv

Canal Plus, which is to make its first foray into Latin America with the creation of Canal Plus Chile, has formed a partnership with Solomon International Enterprises, the company formed by Michael J Solomon, ex-head of Warner Brothers international tv distribution, to operate the channel and ventures planned for other countries in the region.

The launch date for Canal Plus Chile, which will be broadcast over a national network of UHF frequencies, has been set for the second quarter of 1995. According to Solomon, the partnership intends to set up a national service for each country in the Latin American region. "We're not waiting to see how Chile goes first, we're already in serious talks with Uruguay and Columbia about setting up the next ventures."

A new as yet unnamed holding company — 75% owned by Canal Plus and 25% owned by SIE — will be set up in the coming weeks for this purpose.

David Johnson, head of the French company's Latin American operation, said that Solomon was chosen for the venture "because of his intimate knowledge of Latin America and for his connections with the U.S."

Initially, the new channel will launch in Chile's three major cities, Santiago, Valparaíso and Concepción, which, at two million tv households, represent two-thirds of total tv homes. But Solomon said he hoped the channel would cover the whole country by the end of 1995. Although distribution will be exclusively terrestrial at first, by late 1995/early 1996 limited cable distribution is predicted.

Canal Plus Chile will follow the regular format of Canal Plus, featuring mainly films and sports.

Programming will be tailored towards Chile's market, however, with the accent on Latin American films, soccer and boxing. Initially broadcasting for 18 hours a day, the channel will be round-the-clock as soon as possible.



Solomon: next ventures underway

The service, which according to Solomon will cost \$50 million over the first three years, will cost \$15 per month initially. The encryption system will be the Canal Plus-developed Nagravision.

Fitting in with the usual Canal Plus strategy, further thematic channels are on the cards once the venture is up and running, said Johnson.

by Marie Beardmore — LONDON

FRANCE

Non-French French Product Is Allowed

Minister eases official policy on non-French-language production

Although he is only an interim minister of communication, Nicolas Sarkozy has already steered French audiovisual policy in a dramatic new direction. In his opening speech at Mipcom last month he congratulated France Télévision and tv producers' association the USPA for signing a new agreement according to which the two public channels, France 2 and France 3, will invest 17% of their turnover, instead of 15%, in new works (fiction, animation and documentaries).

What was significant was that Sarkozy said the broadcasters would be able to invest part of the money in European co-productions, not necessarily shot in French. He said that the French market was too small to amortize all of France's tv production and "we must learn to work for the world market, even if it means shooting in English."

This is a major change in official French policy. Since 1988 shooting in French has been an obsession of communication ministers and at the core of the "cultural exception." Producers criticized this policy, which made international co-productions increasingly difficult for them. Today it seems that those days are over; Sarkozy announced he will change the regulations to



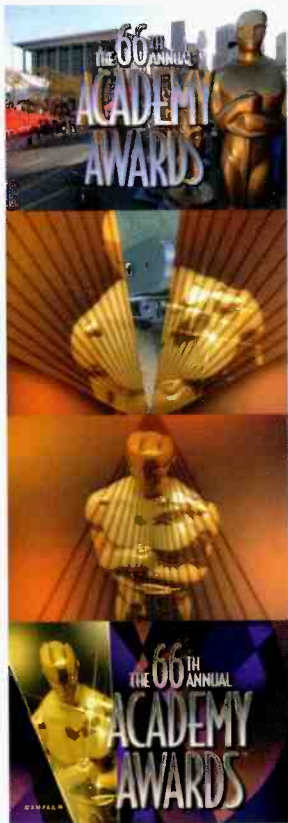
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The effects editor

PALESTINE TV LAUNCH LIMITED

Palestinian TV, which expected to launch a service to Palestinian, Jordanian and Israeli territory, has been forced to settle for a temporary low-power transmission until more powerful transmitters can be put in place. Radwan Abu Ayyash, the head of the Palestinian Broadcasting Corporation (PBC), claimed recently that the main reason for the delay had been Israel's hesitation in releasing a VHF frequency for the channel, decreed under the peace agreement signed by Israel and the PLO. Abu Ayyash said that Israel wanted the Palestinians to use the frequencies of neighbouring countries while it had hesitated in giving up the unused channel four. Israel said it needs this channel for military use. Initially the PBC will broadcast to Gaza and the West Bank city of Jericho. Coverage of the entire Palestinian territory with five higher-power transmitters will have to wait until some time in 1995. Although the launch date for the new tv channel is still unclear, test transmissions started in September. The six and a half hour schedule consisted of religious, children's music and drama programs.

implement the agreement.

On January 1, it will be France's turn to preside over the European Union for six months and it will use this position to push for a rethink of some areas of the EU's approach to media. Pointing to the 20 Media Programs he said: "Any policy must rely on three or four priorities. If there are 20 priorities there is no policy. We will have to decide what are our priorities and concentrate our efforts and our money on them."

In the same speech Sarkozy announced the terms of the new license of pay-tv Canal Plus, due to be renewed by regulatory body the CSA at the end of the year. Within five years, the channel will be required to invest 4.5% of its French turnover in French and European fiction, documentaries and animation, with the amount increasing by 0.5% per year.

Until now, Canal Plus has had no such obligation, investing less than 2% of turnover in these kinds of program. Canal Plus already has an obligation to invest 20% of its turnover in the acquisition of films, of which 11% must be European and 9% French. Each percentage point represents FF70 million (\$13.6 million). But for the channel the obligation is much better than the government's earlier proposal – a FF150 million (\$29 million) investment in cable over three years.

It is possible the CSA will force Canal Plus to invest two-thirds of the 4.5% in independent productions, but these investments could probably be in equity and even in other territory rights. In any event, Canal Plus is certain to become a major player in fiction, documentary and animation, as, being essentially a movie and sport channel, it will invest a lot of money in a limited number of productions.

by Serge Siritzky — PARIS

GERMANY

Regulators Fail To Stem Channel Flood

Bertelsmann, Canal Plus, Premiere and Nickelodeon join license rush

Germany's state media directors' admonition against further broadcasting license applications (TBI October) appears to have fallen on deaf ears. No less than eight applications for niche channels are on their desks, five of them at LfR, the media authority of the nation's most populated state, North Rhine Westphalia. At least another four projects are well into planning stage.

The latest aspirants in the scramble for slots on the nation's crowded cable systems are Bertelsmann's Ufa subsidiary and the French pay-tv channel Canal Plus, which have joined forces in



Erbes: Premiere changing focus

applying for an ad-supported documentary channel license. Like the other applicants, the Franco-Germans are looking for a niche – in this case, a cable and satellite channel supplied by, among others, Bertelsmann's subsidiary Geo-Film.

Some projects, such as the general interest channel Kabel Plus (whose shareholders are publishers Burda and Andreas Langescheidt and the private channel Pro 7), would zero in on the over-40 age groups. Likewise Viva 2, a spin-off from the successful pop channel Viva, whose owners include the record labels Warner, Sony, Thorn EMI and Polygram, would cater to slightly older age groups. Other channels in the pipeline are Sun TV, aimed at an over-30 demographic and skewed toward women and senior citizens' channel Zap TV (see TBI September).

At the other end of the age spectrum, a number of children's channels are planned, including Viacom's Nickelodeon. TM 3 (working title), from Bauer and Herbert Kloiber's TeleMünchen group, is to program children's series, feature films and specials for housewives.

With the support of the Social Democratic state government, which is striving to build up North Rhine Westphalia into a media powerhouse, Super RTL (backed by Walt Disney and CLT) and Premiere 2 have already been granted licenses by the LfR despite the disapproving noises from the other state regulators.

Premiere, the pay-tv channel owned by Canal Plus, Bertelsmann and the Kirch Group, is aiming to target kids with its new channel, Premiere 2. Christophe Erbes, Premiere's head of children's programming and head of development for the new channel, said that 40% of Premiere viewers have children – twice the national average. Erbes said the 12-hour-a-day channel would launch in fall 1995. It is unclear whether Premiere and Nickelodeon might link their planned channels.

Media executives are also talking about such theme channels as travel, tourism, weather, shopping, stock markets and even horse racing. How they all would get on the already congested cable systems, however, is anybody's guess.

by Jack Kindred — MUNICH

HONG KONG

Cable TV Monopoly May Outlast 1996

Authorities hint pay-tv competition may be a little longer in coming

Hong Kong's government may restrict the introduction of pay-tv services competing with Cable TV even after the cable system's exclusivity period ends in June 1996.

James So, the Recreation and Culture Branch Secretary who co-ordinates broadcasting policy in the British Crown Colony, said deregulation may come on a step-by-step basis. Up to now it had been assumed there would be a free-for-all once the exclusivity period of Cable TV, which is owned by the Wharf company, ended.

But So said the graduated end of exclusivity might be an option if officials felt Cable TV's service to its customers was endangered by unrestricted competition.

His suggestion appeared to have caught the industry by surprise. Cable TV spokesman Benny Chan said Cable TV had always operated its business plan on the premise it had a three-year exclusivity. Dr William Lo of the colony's monopolistic telephone provider Hongkong Telecom, which is interested in a pay-tv operation, said he was surprised by So's comments. He added the step-by-step option should only be used if it was in the best interests of the public.

In recent months pan-Asian Star TV has written to the authorities asking them to scrap the exclusivity agreement before 1996, while Cable TV has invoked it to resist plans by Hong Kong Telecom to launch a video-on-demand service.

Separately, Hong Kong-based TV Broadcast (TVB) said it had government approval to set up a regional satellite broadcasting service.

Although TVB did not specify which territories it will target, large Chinese populations exist in Malaysia and Indonesia, and a satellite service would also offer TVB access to the Chinese mainland. Whether TVB goes it alone or in partnership with other regional operators is still under discussion.

TVB – and its rival ATV – are both subject to widespread piracy in the southern Chinese region of Guangdong, which abuts the British Crown Colony. Pirate cable operators take the terrestrial signal of both channels and rebroadcast it on their own networks. Cable now reaches 62% of Guangzhou homes and it is estimated that 80% of those residences receive the pirated version of TVB.

Exacerbating the problem, the pirates are now pre-empting the advertising, mainly in primetime,

and selling the airtime at 40 times less than TVB charges – even to the extent of sending their rate card to Hong Kong-based agencies.

Its status also means the station has no legal basis to sue the pirates. Protests and pleas to officials in Beijing have so far yielded nothing in return. In addition Hong Kong-based ad agencies have readily taken up the packages offered by the pirates, arguing they are duty-bound to get the best deal for their clients.

- Cable TV has signed carriage agreements with E! and with NBC for its regional business service, Asian NBC. Transmissions of a three-hour segment of E! started last month. Asian NBC (ANBC) chairman Patrick Cox and Cable TV managing director Stephen Ng said the pay-tv network would carry ANBC initially for seven hours a day from November, rising to 24 by March 1995. Super Channel – a mixture of infotainment and entertainment – is to follow at an unspecified future date. ANBC is setting up a production centre in Hong Kong in addition to three regional bureaux.

by Owen Hughes — HONG KONG

INDIA

MTV Back Into India With Metro Deal

Doordarshan deal nips in ahead of a deluge of satellite ventures

MTV has agreed a distribution deal with Indian state broadcaster Doordarshan (DD), heading an anticipated deluge of activity by foreign programmers in the country.

From the first week of October, DD's second network – rebranded as Metro Channel – has been airing a daily two and a half hour block of MTV programs in English and Hindi. The deal – the first for Doordarshan with a foreign channel – marks MTV's return to the market after its contract to operate MTV Asia as part of the Star TV pan-Asian package was scrapped this summer. The Viacom network is selling advertising time and plans to set up a sales office in Bombay.

MTV International Networks senior vice-president Tom Hunter said that at the moment, MTV is reaching more homes via Metro Channel, which reaches 10 million homes in India's major cities, than it could reach via satellite. "Our timing couldn't have been better. Doordarshan is clearly trying to do something different," said Hunter. "They don't want to be left behind."

MTV plans to launch two pan-Asian satellite channels in December, but Hunter said it would continue its terrestrial broadcast, as it allows MTV to focus more narrowly on its Indian audience.

POLSAT WINS COURT BATTLE

Polsat, the satellite broadcaster which was granted the first license to operate a national television network in Poland earlier this year, has won a court battle to stay on the air. The Polish Supreme Administrative Court had threatened to withdraw Polsat's license after a court case brought by Nicola Grauso's Polonia 1 and other broadcasters charged that the license had been granted illegally. The court had ruled that the broadcasting council acted correctly when granting the license. Polsat's license was frozen two months ago but had continued to broadcast in defiance of a court order barring its transmission, accusing the government of playing politics with the airwaves. Pawel Kasprzak, head of public relations at Polsat, said: "We are the legal license holder. We paid 90 billion zlotys for the license. We intend to push ahead with our plans to develop a terrestrial network and that we hope will be functioning by the end of the year." Kasprzak said the court has told Polsat that its license had been frozen to give other applicants for a license an equal chance. The satellite broadcaster, owned by entrepreneur Zygmunt Solorz was supposed to be achieved by September this year but only a few transmitters had been installed. Polsat, which will need to invest between \$50 and 100 million to achieve national coverage, has announced it is looking for foreign partners.

GOVT RULES OUT FININVEST SALE

At the end of October, Italy's government approved a draft bill which aims to ensure that Silvio Berlusconi's tenure of office as prime minister does not conflict with his ownership of the country's largest media group, Fininvest. The cabinet ruled out forcing Berlusconi to sell the company, judging it to be against the constitution. It suggested instead that the premier appoint a trustee to manage the business under the supervision of the anti-trust commission and the media watchdog. Critics said the draft bill was too lenient and pointed out that the government is responsible for appointing the heads of both of the regulatory bodies. The bill is still subject to approval by Parliament.

Canal Plus announced last month that it had signed a memorandum of agreement with the pubcaster and with the *Times of India*, the leading English-language daily newspaper, to establish a "Canal Plus type pay-television channel" in the country. A spokeswoman for the French pay-tv group said the partners were preparing a feasibility study and had not made any firm plans to launch. The channel could use some of DD's terrestrial frequencies.

Another delay in the launch of Doordarshan's planned third channel – originally slated for October – has given new entrants a breathing-space. Global media companies reported to be studying a launch in India include U.S. cable programmers Home Box Office, CNN and Discovery, film studio Walt Disney and the BBC. CNN and the BBC are both increasing their production infrastructure and enlarging their bureaux, while Star TV is launching three channels tailored for the Indian subcontinent (TBI October).

Business India Television (BITV), owned by the Business India publishing group, plans to launch two satellite channels early next year, and recently raised 540 million rupees (\$17 million) via a public share issue. Its rival ATN Television plans its own offering to raise \$48 million to launch five channels from early next year. Others are sceptical about their plans. "If BITV becomes a viable broadcaster then I'll put salt on my hat and eat it," said Iqbal Malhotra, an advisor for News Corp in India.

Launch plans are complicated by a recent government ordinance prohibiting private operators from uplinking from Indian soil. It also requires

cable operators to ensure that films shown on tv carry government censor's certificates and calls on cable operators to carry at least two DD channels. The Russian Express satellite system offers coverage of the Indian market, and with Asiasat, Apstar and PanAmSat all planning to launch new satellites, there will be no shortage of capacity.

BITV has signed a two-year agreement with All American Fremantle International to make entertainment and gameshows. BITV has initially commissioned two weekly gameshows for a season of 45 weeks, followed by an additional five and a half hours weekly within six months of start-up and a studio-based variety show in primetime for

twenty-two weeks. According to All American Fremantle International president David Champaloup, the first shows to be adapted for the Indian market will be *The \$64,000 Question* and a version of *Blind Date*.

"In the beginning the service probably won't generate much money, but in year two advertising investment should be substantial so the license fees will rise," said Champaloup.

by Asoka Raina — DELHI

UK

BSkyB And Telewest Launch Share Issues

Flotations test investor confidence in potential of new media

Two of the UK's biggest new media companies – satellite broadcaster British Sky Broadcasting and cable tv and telephone company Telewest – plan to test investor confidence in the potential of cable and satellite with partial share flotations.

Rupert Murdoch, chairman and ceo of News Corporation, told News Corp shareholders in Australia in October that he hoped that a 20% stake in BSkyB could be floated "markets permitting... by the end of this calendar year." News Corp's UK subsidiary News International owns a 50% stake in BSkyB.

Valuing the float at around \$7.5 billion, Murdoch said that a successful public offering would give News Corp a \$1 billion cash injection to strengthen the group's balance sheet. The planned float would cut News Corp's stake in the broadcaster to 40% from 50%.

Telewest, the UK's largest cable operator, is a joint venture between Tele Communications Inc and US West which was established in 1992. Shares will be issued on the London Stock Exchange and the Nasdaq market in the U.S. amounting to about 18% of Telewest's equity when fully diluted.

The issue, which is expected to take place within the next few months, could raise between \$450-550 million for Telewest, which has 130,000 subscribing homes out of a total of 3.6 million under franchise.

Both issues have been spurred on by renewed confidence in the market. Share issues by Telewest and other cable operators were originally planned earlier in the year but since then CableTel, Comcast and Bell Cablemedia have successfully floated their UK cable interests.

With three million homes receiving satellite tv direct-to-home compared to less than 800,000 on cable, BSkyB is already generating far greater rev-



The Real World: airing as part of DD deal

enues than cable. News International owns the Videocrypt scrambling technology used by almost all of the English-language satellite channels and also gathers the subscriptions. However, cable tv operators are benefiting from a regulatory regime which has been friendly to their interests, allowing them to offer telephone services while barring the main telephone company, British Telecom, from distributing tv until at least the end of the decade.

Opinion in the city appears to favor BSKyB (the other major shareholders are Granada, Chargeurs and Pearson) as a better bet, though much depends on the growth of cable and the continuation of the present regulatory regime. Anthony de Lariega, media analyst at Panmure Gordon, said the price of rights to Hollywood films – a large element of BSKyB's costs – would be a factor later in the decade. If cable grows to a level where it gets closer to being on a par with DTH, and BT develops its current trial of video-on-demand into a full-blown business, program ownership will be crucial.

"Obviously if there is a multitude of delivery systems all competing, there will be an effect on margins. The real area of growth will be in software," he commented.

Although Telewest's business is purely in distribution, TCI has aggressively entered the program business through Flextech, a company with interests in satellite channels and program production. A consortium of cable operators led by TCI and Comcast is also looking to invest in cable-exclusive channels.

Reports over the summer that TCI had approached BSKyB over buying a stake went unmentioned. Such an accommodation would effectively kill off any meaningful competition in UK cable and satellite programming.

by Tim Westcott — LONDON

CANADA

Indies Enter The Multimedia Arena

Alliance and Paragon put big money into multimedia productions

Hard on the heels of their U.S. counterparts, Canadian entertainment companies are entering the multimedia arena, venturing into everything from video game production to video-on-demand trials and interactive services.

Alliance and Paragon have been the most progressive among production companies when it comes to new media ventures.

Toronto-based Alliance recently received a

Can\$16.5 million (\$22 million U.S.) cash infusion through the issue of 6.5% in unsecured convertible debentures to Onex, a Toronto-based conglomerate.

Gord Haines, chief operating officer of Alliance, said the funds would be used to continue the company's expansion into related entertainment activities. That includes music publishing, animation (Alliance's first animated series, *ReBoot*, on ABC, is currently the third highest-rated show on Saturday mornings), and a video game spin-off for its feature film *Johnny Mnemonic*.

Jeff McCarthy, general manager of Sega in Canada, estimated the company will have spent about \$8 million on video game production and development in the domestic market by the end of 1994. And he said that Sega's investment in the country will increase greatly by the end of the millennium.

"What we're trying to do is start a wave of action as far as development in Canada. Sega's been in Canada building games since the 8-bit days in the mid-80s and we've progressed through 16-bit and now we're making true video here," said McCarthy.

He added: "We expect to double and even triple our expenditures in Canada within the next five to seven years."

McCarthy made the remarks on the set of *Fahrenheit*, a live-action Sega CD game that is being produced by Paragon in Toronto. Due for release by the end of this year, *Fahrenheit* is one of several projects Paragon is developing with Sega. The \$2.6 million game will allow players to assume the role of a rookie firefighter working for a big-city fire department.

Sega's interest is partly fuelled by its plans to launch a 24-hour video game on demand channel.

ZDF FACES SLIDE IN AD REVENUE

ZDF, Germany's second national public network, faces a financial crisis despite ending in the black to the tune of DM69 million (\$41.8 million) in 1993. Managing Director Dieter Stolte told a broadcasting council meeting that a drop in advertising revenues will result in a deficit of DM45 million (\$29 million) next year, forcing the broadcaster to take "dramatic credits" of DM350/400 million (\$225/258 million). The windfall surplus last year resulted from unused funds earmarked for the planned national public radio. With an annual drop in advertising revenues of DM400 million (\$258 million) through 1996, Stolte said he hopes an increase in the monthly fee paid by owners of a tv set of DM23.80 (\$15), up for review in 1997, will offset the losses in ad revenues to the private channels.



ReBoot: Alliance plans to develop more animation

BATTLE ROYAL FOR UK LOTTERY

The UK's ITV network is deploying Princess Diana to compete with the launch of the National Lottery on BBC1 on November 19. ITV will broadcast a one-hour special called *Diana: Portrait of a Princess* produced by LWT, including "exclusive footage of the princess and her sons and testimony from close friends" in addition to the announcement of the first winners. The BBC was chosen in preference to ITV by the Camelot consortium which is running the lottery.

It has asked the Canadian Radio Television and Telecommunications Commission (CRTC) to waive licensing requirements for the service.

Sega does not qualify for a broadcast license since the company is not Canadian-controlled. The Canadian division is a subsidiary of the parent company in Japan. To qualify for an exemption, Sega must convince the CRTC that there is a demand for the service and that it would not negatively impact on existing channels. Not surprisingly, the proposal has received strong support from production companies and distributors and some resistance from the arts community.

Rogers Communications, which owns the country's largest cable company, has agreed to partner with Sega. It obviously sees potential for the service. If the CRTC greenlights the service the Toronto-based cable company is willing to risk the cost of buying the black boxes required to bring the service into homes.

The Sega venture is one of many undertakings Rogers has announced over the last several months. Key endeavours include partnerships with Microsoft and Intel, as well as plans to roll out video-on-demand trials to several hundred homes in the Ottawa and Toronto area by 1995.

Meanwhile, Toronto station City-tv has launched a high-tech division, CityInteractive. Plans include the creation of an online service and CD-Roms repackaging City-tv and Muchmusic programs.

"The overall goal is publishing unique interactive content for distribution on multiple platforms," said CityInteractive head Michael McHale.

by Karen Murray — TORONTO

SPAIN

Fininvest Offers 84% Stake In TV Network

Sale of Tele 5 shares reveals that ownership law is a light touch

Two prime ministers, some of the biggest media groups from both sides of the Atlantic, billions of pesetas, and newspapers overflowing with rumour. Some of the ingredients of the latest Spanish soap, starring Tele 5, titled "Who really owns the shares in Spain's private television stations?"

The one detail which appears undeniable is that Fininvest, Italian prime minister Silvio Berlusconi's company, has offered for sale 84% of the shares in private tv network Tele 5 to a list of bidders drawn up by bankers Morgan Stanley. The list includes Mexico's Televisa, TFI shareholder Bouygues, Time Warner and CLT. The last

two may ally with to the daily newspaper *ABC* and regional newspaper publisher Grupo Correo.

Televisa is reported to be the best situated, but its first bid of Ptas32.5 billion (\$260 million) was rejected by Fininvest as being too low.

The apparent ease with which Berlusconi ignored the law restricting any one owner, either physical or legal, to 25% of a television company, has come as a shock to some. Changes in ownership have to be given administrative approval, on the basis that their franchises are awarded by the government.

The 84% offered for sale by Morgan Stanley is divided as follows: 25% owned by Fininvest, 25% by Leo Kirch, a shareholder in Germany's DSF alongside Berlusconi, 6.25% by la Once, the Spanish association for the blind, and 27% held in a Luxembourg bank, under the direct or indirect control of Berlusconi. In addition a construction company with close links to la Once, Promociones Calle Mayor, has 6%, and the remaining 10%, once owned by the financier Jacques Hachuel, now belongs to Banesto, which has already announced its intention to sell to the highest bidder.

In fact the ownership law has been systematically ignored from the beginning in all the private television stations, apparently with the government turning a blind eye while at the same time expressing great concern over who actually controls them.

At Antena 3, it is no secret that Antonio Asensio, the president, controls his company via the 25%

direct holding of his company Renvir, and indirectly through a further 25% in the name of Prensa Regional. Even Canal Plus follows the same trend: Prisa owns 25%, and the smallest of the shareholders, Eventos, is controlled by Jesus de Polanco, the president and controlling shareholder of Prisa.

PM Felipe Gonzales said he had spoken to his Italian counterpart about the Tele 5 question and expressed a keen interest in the outcome, even lamenting that there were no Spanish groups in the running to take over Tele 5. He also showed concern at the effect on the channels' finances of the battle for advertising revenue but said the decision to limit TVE's advertising (TBI October) would help. With the goalposts moving around the field as he spoke, the foreign bidders for the two Spanish stations must be looking for a way of evaluating the future of these highly-politicized businesses.

by Justin Webster — BARCELONA



**Nickelodeon and Medialab have employed
300,000 megabytes, a fully automated
cybo-gauntlet with a 0.0002 second stimulus
to real time, over 260 electromagnetic
sensors zones and a resolution of 10,000 DPI
to create the world's most sophisticated
children's T.V. presenter.**



I hate
kids, they
smell of
milk.



Cross Medialab's technological know-how with Nickelodeon's view of the world, and you get 56 pounds of computer-animated cod with attitude. Bert the Fish is the most advanced live, interactive computer-animated character ever. You'll find him at the bottom of the Nickel-ocean everyday.



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As demonstrated by the recent Frankfurt Book Fair, the digital age has hit book publishing. An impressive part of the exhibition was devoted to multimedia, video and CD technologies.

The message: The book is going to bits, if not to pieces.

Though hardly anyone would imagine reading, say, *War and Peace* from the computer screen, book publishers from many countries demonstrated a markedly relaxed attitude towards the new possibilities of electronic publishing, apparently thinking all it takes is simply changing from books to CD-Rom.

The consensus seemed to be that the traditional roles of the business will and can remain untouched: The publishers deliver the contents, the book dealers do the distributing, whether electronic or print.

As to CD-Rom, there were some doubts, though. In many respects, CD-Rom will be a transitory technology. The logic of electronic publishing, the *Frankfurter Allgemeine Zeitung* pointed out, leads to data banks which can be tapped from every living room or office, via powerful communication networks – the famed superhighways.

This technology could indeed uproot the traditional structures of the business.

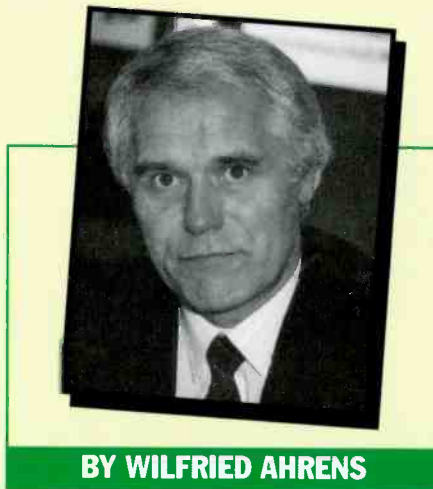
Will publishers remain the exclusive suppliers of information? And why go to a bookstore to buy a CD-Rom when the information can be had directly from a data bank? Why press electronic information on a small disc and ship that disc around the country only to have the information transformed for electronic display again?

Online distribution can be cheaper and more efficient than CD-Rom. Loose-leaf publications, for example, can be updated more quickly and less expensively than it would take to produce and mail a new CD-Rom.

A few weeks ago, the new trend was impressively shown in the United States, when Xerox, Microsoft, AT&T and others founded and introduced the electronic publishing company New Document Alliance.

Via the Internet international computer network, they demonstrated digitized versions of rare tomes from the Vatican

The Book Is Going To Bits



BY WILFRIED AHRENS

Gregorian Library. The volumes had been electronically scanned and then sent into the Internet.

Yet, complete libraries on the information highway, though technically possible, are still thought to be a matter for some distant future, if they will be realized at all.

Even if all the hurdles can be overcome, will the user – or rather, the reader – take it up?

This has been a matter of conjecture and scepticism characteristic of the acceptance of many other aspects of the digital future.

So, which parts of the publishing industry will go electronic, meaning jump on the information highway first? Probably the whole range of professional publications like research reports, dictionaries and encyclopaediae offering quick selective information. Trade magazines

have already been working on online editions; books will follow suit.

In this development, traditional publishers of professional books can profit from the way they make up their printed product now. Their experience and know-how in structuring complicated content will be useful on the electronic highway, too. The user of data banks will be lost unless he is professionally shown his way to the information he needs.

Any prognosis in the world of digital is risky, but as far as electronic publishing is concerned, there appears to be no rush. So, the publishing industry will have time to adapt. The book will be fighting bits and bytes, and the attitude that CD-Rom is the answer will certainly prove to be an illusion.

But overall pessimistic views of books going to pieces electronically will be found false as well. As Time Warner's Gerald Levin said the other day, the history of media has never been a history of diminished choice.

The radio has not destroyed the printed word, television not doomed the radio. Cable has not done away with broadcasting, and the video recorder not vanquished cable.

The dynamics of the media have always been the dynamics of growing choice. The consumer did get a greater variety of options with the result of an ever-growing demand for programs.

There is every reason to believe that this rule will be valid in the context of electronic book publishing, too, especially when combined with interconnected data banks and interactivity.

So, bibliophiles may rest assured that the objects of their passion will survive the digital revolution as they have survived so many others before.

The promise of the digital future is no less books but an addition of new ways of publishing and distributing information. And from this, the culture of reading can only profit. ■■■

Complete libraries on the information highway, though technically possible, are still thought to be a matter for some distant future



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New World plans to capitalize on Marvel superheroes like Spiderman

The past three years have seen New World survive on its international program syndication business. But a deal with Fox, the arrival of Brandon Tartikoff and a rejuvenation of its program production business look set to drive the independent back to the center of the U.S. television business.

Barbara Osborn reports

Today Jim McNamara, New World Entertainment president and CEO, looks back on the company's business of six months ago and says the company was treading water. "We were milking the library, doing the bare minimum to appear to be in business."

Last June New World shattered some of the U.S. tv industry's most profoundly-held assumptions about how the business works. Fox and New World announced a deal in which Fox would invest \$500 million and make a series of program commitments in exchange for a

20% stake in New World and an agreement that the New World station group would change its affiliation to Fox.

"We knew," said McNamara, "that if the Fox deal went through, it would catapult us into a significant role in the industry. It meant that we would be a longtime survivor in the business."

With the deal in place, the company was able to woo Brandon Tartikoff, former head of both NBC Entertainment and Paramount Pictures, to come and run the company. Tartikoff's mission was to fill New World's underutilized distri-

bution pipeline with original programming. Suddenly New World looked like a credible tv studio and global program supplier.

Although the Fox and Tartikoff announcements got the press attention, New World has been in transition since Ronald Perelman bought the company in 1989. Piece by piece, Perelman acquired significant stakes in smaller production and distribution companies in order to build a vertically-integrated operation. New World Communications Group now houses in-house production capabilities

(New World Programming and Marvel Films), an international distribution outfit (New World International), a syndication company (Genesis Entertainment), a domestic ad sales operation, and the New World station group.

New World now looks like a studio, but Tartikoff, the company chairman, is determined to keep New World "leaner and meaner" than its overhead-heavy Hollywood competitors. "New World," Tartikoff said, "is more easily molded into what a production studio needs to be than the existing studios. I've been in one, I know from which I speak." Without a history of encumbering alliances, he reasons, New World can more easily strike up unconventional deals.

Staffing will also be handled a little differently than at the traditional tv studios. There will be no \$50 million deals with producers like Stephen Bochko, said McNamara. Nor, Tartikoff added, does he think "huge standing armies" necessary for production. Tartikoff plans to operate New World's development and production operation much as he did at NBC. "We'll figure out what *we* want to do and what our sales people are convinced will be attractive all over the world. Then we will go out and marry the talented writer-producer to the project and see that the creative idea gets executed in the best manner."

"If you look at shows like *Golden Girls*, *The A-Team*, *Hill Street Blues*, *Miami Vice*," he continued, "all of these ideas were generated in-house although they were not written or created in-house. If you get the right people *inside* the building, you can find the right people *outside* the building."

The "right people" for Tartikoff turn out to be Bruce J. Sallan, who left the Lee Rich Company to become executive producer for drama, movies and mini-series; Karen Danaher-Dorr, who developed movies at NBC in the 1980s, and has become senior vice-president of movies and mini-series, and Brian Frons, a New World executive producer, who will stay at the company to oversee first-run syndication and cable production.

Tartikoff's emphasis on generating ideas in-house isn't egoism, he insisted. "With my experience in programming, I look on the landscape and I can see what kinds of programs and genres are missing that can be pumped up into attractive productions," he said.

Being able to rely on his own programming, unfettered by bureaucracy, was part of what drew him to New World. "I like to make shows," he said. "What I don't like is to ask permission."

Now he can green-light a show with a single phone call. In addition, Tartikoff enjoyed "looking at New World's wheelbarrow of commitments in daytime, latenight, and primetime. Somebody had to fill them," he said.

Since June, production at the company has gone from "a trickle to a gusher," said McNamara. A year ago, New World had two series in production. Now, thanks largely to projects Tartikoff's Moving Target Productions brought to New World, the company is working on a stack of new programs. New World's Tartikoff-derived productions include the syndicated late-night talker *Last Call*; a \$12 million Tom Clancy mini-series for NBC called *OP Center*; and several network pilots.

In addition, as part of the Fox-New World deal, Fox committed to at least two pilots and two MOWs each year as well as a late-night show, an access program, and a jointly-developed daytime block. New World also has a separate commitment from NBC for daytime and primetime programming.

Between Tartikoff's projects and New World's commitments, the company is working on virtually every type of programming for every daypart including pilots for primetime series, daytime soaps, reality shows, talk shows, a late-night magazine, animation programs, even a show McNamara described as a "quasi-sitcom."

Despite the variety of projects currently on the slate, Tartikoff said that New World will try to take particular advantage of some of the company's assets and traditional areas of expertise. The company will emphasize daytime and

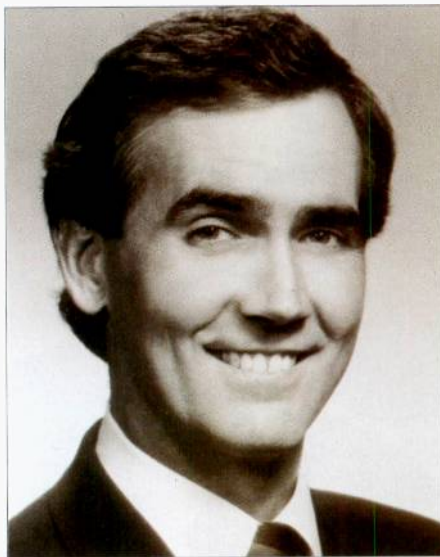
primetime series for example, and they will also capitalize on characters such as Spiderman and The Incredible Hulk in the Marvel Films library. Tartikoff predicted that the company would generate several Marvel character-based movies a year. Already, Fox has agreed to a package of live-action two-hour movies based on Marvel characters and Tartikoff does not expect the departure of Fox chief Sandy Grushow to derail that deal.

Further down the line in 1995 and 1996, Tartikoff promised an influx of comedy, drama, and, he predicted, about six long-form projects a year. He expects that the first primetime series will probably be a half-hour comedy or comedy-variety show. McNamara added that New World was making programs to "hopefully come up with the second half of the 90s *Home Improvement*, *Dr. Quinn, Medicine Woman*, and *Melrose Place*."

New World should have several new series ready in time for with Natpe just two and a half months away. By January, the company expects to have as many as six pilots including the reality series *Coroner's Report*, two daytime series, *The Appointment* and *Forbidden Passions*, and three late-night series: a comedy magazine based on the tabloid *Weekly World News*, a spoof of local news called *24 Minutes*; and *Joyride* about a three-woman roadshow.

This explosion of production may also result in the company teaming up with more international partners. Neither New World nor Moving Target has been extensively involved in international co-production in the past, although Moving Target teamed up with Granada Television on a series called *AMW* (Los Angeles slang for Actress, Model, Whatever). New World co-produced the soap, *Secrets*, with Rai, and *Paradise Beach* with Australia's Village Roadshow.

Although *Paradise Beach* did well enough overseas, the show was not a success in the U.S. because of the accents, Tartikoff said. Even though New World will not continue to produce the series, those kinds of partnerships, he said, will continue. "If the first try didn't result in a mega-success we will still look at developing something in a country that can be transported back to the United States. That's a business we'll try our hand at. The business we won't be involved in," he said, "is making soap operas for Germany in German. If someone wants to license one of our formats, I'm sure Jim McNamara would be happy to accommodate them, but we're not in the business of tailor-making shows for a given territory."



McNamara: boosting domestic presence



OP Center, a Tom Clancy miniseries for NBC, was one of New World's Tartikoff-devised productions

Perhaps more than most of his U.S. colleagues, Tartikoff has a sense of the ever-greater importance of local programming both on the domestic and the international fronts. His Natpe '93 keynote address stressed the importance of local programs for the survival of stations in the future. In a recent interview, he said that as stations and countries make more and more of their own programs, it will become more difficult to make programming that works for the U.S. market and plays in Europe.

One solution may be format or "local franchise" programs. Last year, for example, Moving Target launched a local trivia quiz show in the New Orleans market which could easily be translated into local versions either domestic or international. The show, called *N.O. It All*, started out with a 2 rating and picked up 9 ratings points over the next ten months.

Eventually, much of New World's new product will find its way into its international pipeline. Thea Diserio, New World's (outgoing) senior vice-president of international sales, said the company will probably continue to rely on their system of international representatives rather than opening sales offices. Although the thrust in future production, explained McNamara, will be to produce programs for domestic syndication, the New World station group, and to fulfill U.S. program commitments, some of those programs such as the reality and

magazine shows, Marvel's animation, and their primetime programs will have international application. International will continue to be an important part of New World's business. "It's what kept our doors open the last few years," McNamara said. "What we've done is boost our domestic presence."

Those domestic developments will ultimately affect international. McNamara predicted that New World Entertainment's revenue mix will shift from 90%



Tartikoff: Company Now "leaner and meaner"

international/10% domestic to 50%/50% in the next few years with a revenue increase from \$150 million to \$500 million. International revenue, he suggested, will double in the next two years.

In the past, New World has relied primarily on tv movies, mini-series, soaps, and animation in the international market. Soaps are its major success story, said Diserio, and the bulk of the company's international revenue has come from them. New World's *Santa Barbara*, for instance, is in 40 markets including a new pick-up on China's CCTV, while *The Bold and Beautiful* is currently in 38 territories.

Diserio predicted that New World will bring more talk, game and other format shows overseas. To date, it has only "dabbled"

in format agreements. *The Extraordinary*, a reality-based series on extraordinary events co-produced with the Nine Network in Australia, was its first venture, and now its looking to sell the format elsewhere.

Also in New World's probable future are new, related businesses. New World Entertainment already owns a stake in infomercial producer Guthy-Renker. New World will probably use its station group as an outlet for Guthy-Renker infomercial programming. "The infomercial business is totally different than the tv business. You start with a product, not a program," said McNamara. "The real attraction is we own 12 tv stations with time in the middle of the night. We'd like to tap into the money they get by selling time to third parties."

Also likely in the "not-too-distant future," said Tartikoff, is an alliance with a new technology company. While running Moving Target, Tartikoff had exploratory talks with many cable, phone, video game, and software companies. It makes sense, Tartikoff said, particularly given the company's Marvel characters. Observers outside the company also see the prospect of future investments in international libraries or production companies, but those investments are likely to come further down the road. For the time being, New World is busy enough learning to make the most of what it's got. **TE**

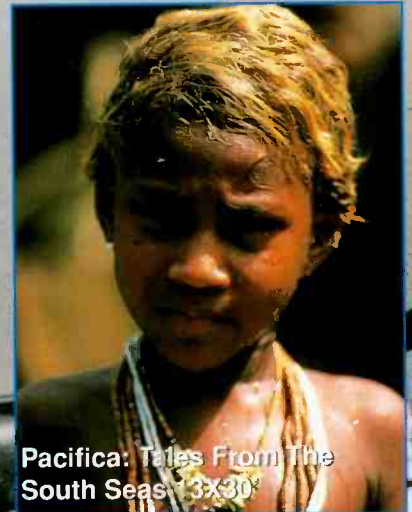
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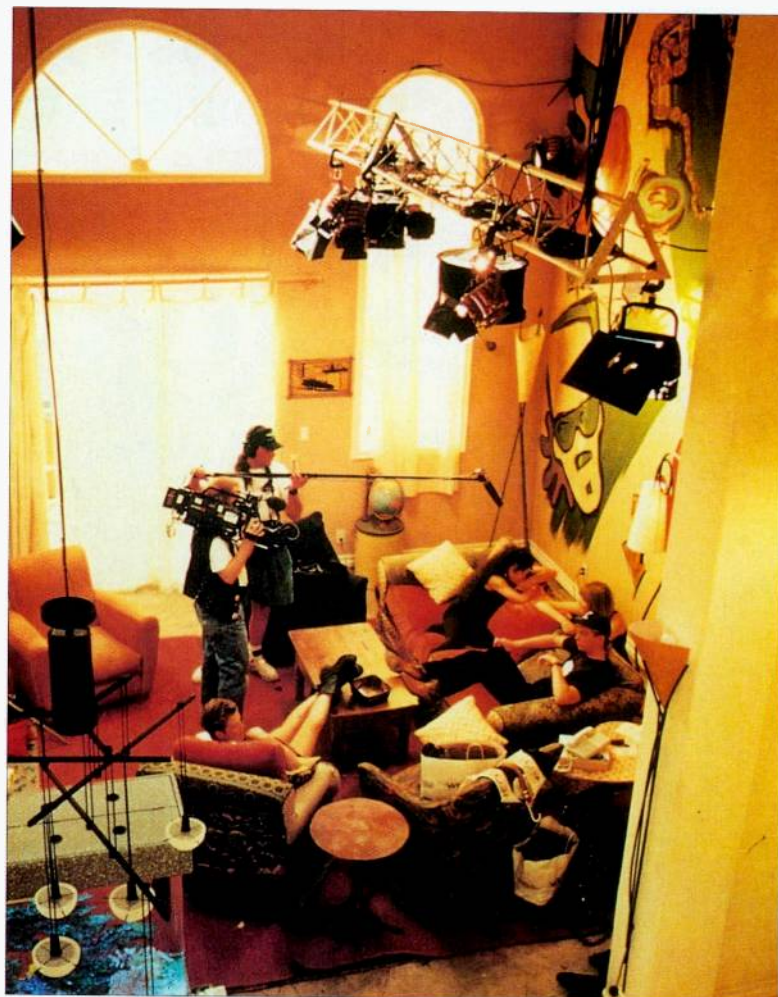


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What's In A Format



Don't mind us: MTV's *The Real World* rang bells at the BBC

Broadcasters around the world want programs that can be guaranteed to bring in audiences and not break the budget; sales of program formats are booming. But how, in the absence of any clear rules, can you protect your format from imitation – however flattering? Heidi Dawley finds out

There is nothing new under the sun, said the biblical preacher. A useful maxim to bear in mind in the case of program formats, perhaps.

Even though it is a business running into hundreds of millions of dollars, international program formating is still a grey area. From tv time immemorial, whenever there has been a successful show, people have tried to imitate it.

Five years ago, CBS launched a show called *Rescue 911*, which has become one of the most popular reality series in the U.S. The show features reconstructions and testimonials of real-life heroics by emergency rescue teams and members of the public. Each hourly episode has three or more segments and is intro-

duced by former *Star Trek* hero William Shatner.

In 1992, the BBC launched a show called *999* (999 is the telephone number for emergency services in the UK), which was to become one of its most-watched factual series. This program, presented by newscaster Michael Buerk, features about six segments in hourly episodes mixing reconstructed real-life rescues with safety tips and tales recounted by victims.

In 1992, MTV aired *The Real World*, which follows in documentary fashion, the real-life adventures of seven young strangers, thrown into a house together for the series. With production of the fourth season set to start, it is now one

of MTV's most popular shows.

Last year the BBC began airing *The Living Soap*, a series which the lives of six students and one child who were strangers until moving into a house for the show.

When the BBC first brought these shows out, executives from CBS and MTV were critical of possible similarities to their own series, although now both networks decline to comment on the record. From the BBC's perspective, Colin Jarvis, director of formats, said he was not aware of any problems with *The Living Soap*, which he added "follows a tradition of fly-on-the-wall programming at the BBC, dating back to the 1970s series *The Family*."



Rescue 911 dramatized real emergencies – so did the BBC's 999

Last October the BBC confronted French broadcaster TF1 over *Extraordinaire*, which the BBC felt was too close to its own *Noel's House Party*. The BBC was particularly upset by the borrowing of the device of leaving a camera in a viewer's home unbeknown to the viewer – and then inviting him on to the show to film his reactions. The TF1 show was taken off the air after only one episode. The BBC reached agreement out of court with the French channel earlier this year.

While imitation may be a form of flattery, it's not necessarily one that pleases producers, who would probably prefer cold hard cash. But avoiding those not-so-flattering imitations is easier said than done. The crux of the problem is copyright law, which broadly speaking is what protects the specific expression of an idea, the theory being that protecting the idea itself would mean that quite quickly most everything would be copyrighted, leaving little room for new creativity.

The other problem is that the legislation to protect program formats internationally is difficult to clarify. "I know it all must sound very vague," apologized Irene Van Affelen, head of corporate legal affairs at Endemol Group, one of Europe's largest independent producers, when explaining the legislation, "but that's just it – it is."

Despite the vagaries of the law, international trade in program formats has managed to flourish. Business is conducted based on custom and practice. "In general tv companies behave as though there is a strict code for copyright protection, although there isn't," said Stephen Edwards, head of the media entertainment group at law firm Richards Butler.

Dick Barovick, chief executive of

Grundtvig Worldwide, concurred: "People will not generally rip off your format unless they are total sleazebags with little morality and little business sense. The business watches itself and polices itself." In part this is because producers want the know-how that is sold with the format, but also in the long run those who rip off formats get the cold shoulder, say those in the industry.

For those feeling they have been

wronged, going to court can be risky and is unquestionably expensive. "There are not as many cases of infringement as one would expect given that the law is so vague. The problems that do arise are often settled in other ways," explained Van Affelen. Experts in the field turn to solutions based on an "aggressive reputation" or "business clout" and "only the very most clear-cut cases go to court."

One case that highlighted the difficulties of winning and is considered a landmark case in the UK was the 1989 case involving gameshow presenter Hughie Green, where the highest legal authority – the Commonwealth Privy Council – ruled that the format of Green's talent show *Opportunity Knocks*, which had been copied by TV New Zealand, was not protected by copyright law.

The tv world sat up and took notice. "I think half the problem arises because people have assumed up until now that there is some right in a format, and this showed there is not," opined Brian Easles, head of the entertainment unit at law firm Hammond Suddards.

But you can win – Endemol won a preliminary ruling just this summer in Spain. Endemol's Spanish *Love Letter* licensee discovered a similar but unlicensed show would be airing in Spain courtesy of a company which had previously been shown the Endemol tapes. According to Van Affelen, "the judge said unambiguously that the two programs were from the same idea, and it was a decision based on copyright."

While many countries have now signed the Berne Convention – an international agreement requiring countries to provide foreigners with the same level of copyright protection as their own nationals – the Convention relies on countries having some sort of workable domestic

protection, and a common understanding of concepts like originality and infringement. "What is black in the UK can be white in the Netherlands, pink in Italy and green in Germany," said Jean-Noel Bert, director of business affairs at Talbot Television, which has just spent tens of thousands of dollars creating a bible on how to protect formats on a country-by-country basis.

Defining The Format

Copyright laws were written to protect things like literary and artistic works, not program formats. To get protection under this type of law involves some thought and work.

"The atom of the problem lies in defining a format," said Van Affelen. "It must be as concrete as possible before copyright protection is possible. If it is merely in someone's head, you can forget about it."

The different types of formats vary in ease to protect. Scripted is generally con-



Endemol had cause to celebrate with Love Letters

sidered to be the most straightforward. Once it is ready for immediate use, with the actor and camera scripts written down, along with details on set design, floor plans and character profiles, it is most closely comparable to a literary work, which is protected under copyright law.

Gameshows and audience participation shows are more difficult. Vital to have down are the rules of the game. If there is a board, draw it in detail with colors. If there are visual props, illustrate them. Write down any catch phrases and denote the blocks of time it is broken down into.

Most important, as with all types of formats, get it on tape. Originality helps as well, and having a unique mix of old ideas and new elements is important. Also vital is a solid production bible, including details on how many researchers were used, equipment needed, weekly schedule and a full background.

The key with all genres is to slot aspects of the format into the areas covered directly by copyright law. This includes literary, artistic, musical and dramatic works and film. "This means you are getting away from the ephemeral format," explained Eagles. "There is no copyright in an idea or a concept. Only when you reduce it into one of these other categories can you hope for protection." With all the format types, confirming the title also is important.

Reality shows are arguably the most difficult to protect. Detailed production information, as above, is important. Additionally, individual storylines can be protected. "The idea of the show is really quite amorphous," said James Warner, president of CBS Enterprises, speaking of *60 Minutes*. "It is in-depth reporting on

three topics – it is fundamentally hard to protect that concept. That having been said, with only a couple of exceptions, we have been able to market these formats, because we provide more than the format. We also provide the expertise in production and an archive of existing segments."

Another way distributors avoid trouble is by working only with reputable local producers. Both Talbot Television and Manchester-based game show producer Action Time have begun dealing only with local producers they know well – Action Time generally only with producers in the Action Group, their four-year-old network of local producers.

Protection also comes from confidentiality agreements especially for ideas that have not yet aired. Lawyers advise that when pitching an idea, (which should also be protected in the ways mentioned above), a confidentiality contract should be brought and signed. That way if the unthinkable happens, suing for breach of contract is an option.

Possible Problems

But what do these companies do when, every so often, the inevitable problem crops up? Often approaching an appropriator and flexing a little business clout, if you have it, will force a backdown.

According to senior vice-president Josh Braun, Fremantle Corp would approach a "borrower" and say something along the lines of: "This is a lot like one of our shows, only not as good. How about if we go into business with you, you pay a certain amount for borrowing the show, then we help you make the show better?" It usually worked.

Other tricky problems can arise in dealings with local producers, said Bert.

For instance if scripts are changed by the local licensee to suit the local situation without the changes being put in writing, that producer may at some point try to claim ownership of the modifications. Or if the title is changed, the local producer could try to elbow in on the ownership of the title. These problems can be avoided with provisions in the license contract, but they

highlight possible difficulties. "A very smart local producer and a dummy distributor can mean trouble," warned Bert, who says problems of this sort are declining. "And it is easy to be dummy producer if you are not careful."

While actual format theft may not be all that common, concept stealing is a whole different ball game. The minute a show on young doctors is successful, there will be a spate of them. "They will not be the same, even though conceptually they are the same," said Barovick. "Ripping off concepts is not ripping off."


Grundy put on the first and very successful soap opera in Germany on RTL called *Good Times, Bad Times*, says Barovick. This year there will be six to eight more. "Huge numbers are watching our show, so everyone piles in. Is that theft? No, that's business," he said.

Future

Business can be tough. However, it seems most producers feel format appropriation has declined in the past few years as the broadcasting community becomes more global. Also, the newcomers who descended on the broadcast market with deregulation have fallen into line.

Markets which have traditionally been more troublesome in the past, for instance parts of South America and Asia, are less so these days, according to distributors. "Generally, expanding third world territories are improving," said Barovick. "They want to do business with the developed world so they have to comply with some of the basics of intellectual property."

And there is more hope for the future. "It seems to me that the trend in intellectual property right legislation is more upwards than downwards," said Bert. The European Union issued a directive on copyright harmonization among member states in 1993. While it does not directly impact program formatting, it shows that the subject of copyright legislation is being addressed. The Department of Trade and Industry in the UK recently issued a consultative paper on specific copyright protection for program formats and is now considering its response.

However, it is clear there is no easy solution. Perhaps the real wish looking forward should be for enlightenment. Said Bert: "Judges must put as much intelligence into looking at a format as they would reading a book or listening to Wagner... So far what has been easy to say about music has been difficult to say about program formats." 



RTL's version of *Good Times, Bad Times*: launched a trend for soap

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Post-production has moved from the edit suite to the desktop. Stephen Jacobs reports what the marriage of off-the-shelf personal computers with video may mean for producers everywhere.

And on the following pages: newspapers go electronic, and how to make a tv program into a CD-Rom

Dancing On Your Desktop





New Tek's Video Toaster brought the special effects in series like *Seaquest DSV* into the realms of reality

The opening of TBI's technology section last year featured a photo from the U.S. science fiction series *Babylon 5*. The creator of *Babylon 5*, J. Michael Straczynski, had been talking about his vision of the science fiction fan's science fiction show for years. A seasoned episodic television writer, Straczynski's problem wasn't producers' lack of confidence in his vision; it was the cost of the vision.

Straczynski wanted to make a series in which each episode had the same number of effects shots as is normally seen in a feature film. That meant a bigger price-tag

than the money men were willing to consider.

Everything changed when the NewTek Video Toaster met production designer, 3-D modeler and animator Ron Thornton. The Video Toaster is a video studio on a computer board, a combination of software and hardware that turns an Amiga PC into an NTSC broadcast-quality video post-production studio. With the Toaster, Straczynski and Thornton were able to prepare a show bible that talked the talk and a demo reel that walked the walk. The Toaster helped deliver the look Straczynski needed at a price that kept the bottom-line guys

from taking a walk themselves. History was made and *Babylon 5* became a reality. *Seaquest DSV*, the short-lived *Viper* and other shows using the same production techniques all soon followed.

When the Video Toaster became a viable product in December 1990, it was designed and priced to give the guy with caviar dreams but a Spam income the video tools he needed to get on the air. Not tools that he'd have to throw away once he got serious, but a product good enough for the big time, right out of the box. Hollywood's acceptance of such "consumer" technology was better

than any Good Housekeeping Seal of Approval. The idea of desktop television (DTV) had gone from being laughed off the floor at NAB to one of the hottest product categories at NAB in less than five years.

In 1993, two manufacturers, NewTek and Avid, won Emmys for their contributions to the industry. The same night, Thornton won an Emmy for the special effects in the *Babylon 5* pilot.

In the next couple of pages, we'll introduce you to the technology that's changing the way television is made, letting the average guy lay his claim in the world of 500 channels to be.

► What is DTV?

The term desktop television is used most often to identify a suite of personal computer hardware and software that allows the user to perform all the tasks needed for video post-production: editing, titles, keys, frame grabs and digital video editing (DVE). Sometimes the systems also allow for morphing and animation (both two-dimensional and three-dimensional) as well. The necessary pieces of the package can be sold together or be built piecemeal with hardware and software from different manufacturers.

What makes desktop production big news is the price-tag. Online edit suites costing hundreds of thousands of dollars can be replaced by desktop video suites running in the mere tens of thousands. Combined with high quality, low-cost Hi-8 and Super-VHS cameras, full broadcast quality production studios are being built in garages around the world.

► What kind of hardware is involved?

DTV systems can be either linear or non-linear. Linear systems use traditional video decks to store the footage to be edited. The computer co-ordinates the deck control, calling the shots using hardware like Video Media's V-LAN deck control system and software like RGB Computer & Video Inc.'s AmiLINK and POST!. When the video plays from the deck, it is digitized (turned into digital information the computer can manipulate) as it enters the system, which manipulates it within the computer. Such manipulation can include adding titles, keying it, adding graphics, colorizing it and whatever else needs to be done. The system then outputs it in the edit. Multiple decks are required, just as in a traditional A/B Roll post-production suite.

True non-linear systems require that the video be stored on a hard drive. Technically, only one deck is needed to perform both input and output. These systems need massive hard drives to store the digital video; often the video is compressed for storage and decompressed as it is output to tape. Four or five years ago, non-linear systems were for

professionals only. The cost was too high for anyone else. For example, the original Avid system required a minimum of six, 600-megabyte hard drives to store two hours of digital audio and video. At the time, the hard drives themselves cost almost \$2,000 apiece. That meant \$12,000 for just the storage, and you hadn't even bought the computer hardware yet.

Today's hard drives are faster and cheaper than those of five years ago. Gigabyte drives are now down to under \$500 a piece and compression has improved so that most systems can store an hour of compressed digital video on a single gigabyte drive.

The benefit of a non-linear desktop production system is that it makes video editing almost as easy as word processing. You can cut, copy, and paste chunks of video and audio, save different edit versions of the same raw video and create your effects and wipes effortlessly. After you've found the combination you want, the system dumps the whole program, audio and video, straight to tape with the click of a mouse. By the end of the decade, most of the industry will have moved to non-linear editing.

► Where did it start?

In 1986, as the field of desktop publishing really began gaining momentum with the Macintosh, Commodore introduced a new computer, the Amiga. The machine had a series of custom chips for handling sounds, graphics and information. It also had an NTSC video output and ran at the same speed as U.S. television. It was this machine that first had people talking about desktop video. One of the first peripherals you could buy for the Amiga was a genlock, a device that would superimpose titles or other computer graphics (like animation) over live or pre-recorded video. Simple animation programs and more sophisticated video equipment soon appeared.

NewTek, an Amiga video digitizer manufacturer, started producing what would be Video Toaster; Avid began work on a similar system for the Macintosh. While the Toaster aimed at giving inexpensive, linear editing tools and 3-D animation to the independent, Avid's target was the more expensive, non-linear, digital editing market. Both systems proved successful in reaching their initial goals, and as the market lines have blurred, both now share much of the same market.

► Who makes the equipment?

There are more companies providing software and hardware to the desktop market than we could do justice to here, so consider this sample extremely limited. Montage Group was actually in the non-linear editing business before the DTV revolution; it had a proprietary non-linear-style film editing system before PCs were a viable option. In fact, every non-linear DTV system manufacturer pays Montage a licensing fee, as Montage patented non-linear editing using picture-based icons. Montage sells three different systems, the M21, M22 and the M100 that cost \$23,750, \$33,750 and \$84,000, respectively. The Montage

systems run under Windows. The price tag includes the PC and the monitors.

Avid also has a few different products in their Media Suite line that, like the Montage, run a wide price range, from under \$10,000 to as high as \$80,000. The best known Macintosh non-linear editing system is called the Media Composer.

More budget-oriented PC users often consider the Matrox Video Products line of Matrox Studio systems. Its set-ups include the System 200, a linear-only A/B roll system for \$12,495; the System 2300, a linear A/B/C system for \$24,995, and the System 2300 NL, their non-linear system. The prices include PCs, but not monitors.

NewTek's Video Toaster 4000 System – Amiga 4000 and monitors not included – runs to \$2,495. The non-linear system, the Flyer, is a second board and runs an additional \$4,995. Since Commodore went under, Amiga 4000s have been at a premium, but by the time you read this, the ink should be dry on the agreements that will bring new Amigas to market.

For all of these systems, things like video decks and controllers and gigabyte-sized hard drives are not included. Those TBI readers who need Pal or Secam systems may need to purchase transcoding equipment, or paying extra for Pal and Secam versions of the hardware, where it exists.

► Who is using desktop production?

Stephen Spielberg, executive producer of *Seaquest*, isn't the only big name using desktop technology. And 3-D submarines and spaceships aren't the only things that this stuff gets used for.

Time Warner's 24-hour New York City news channel, NY1, has been pushing desktop production to the limits. It pared the traditional three-man video news team down to one. Reporters tote their own Hi-8s and tripods, shoot their own footage, do their own stand-ups by remote control and then bring the footage back to the studio. Once it's been edited, the finished pieces get tossed into a massive video jukebox with a robot arm. On-air anchors program the news shows by computer, running the camera and having the arm pull and air all the footage in a sequence determined by the anchor. Good-bye camera crew, good-bye stage hands, good-bye production assistants, and hello teeny-weensy production budget. Time Warner has saved millions yearly on NY1 with its extensive use of DTV technology.

Independent producers, who were shouting about this stuff long before the big boys thought it would work, are not surprisingly taking advantage of the desktop revolution in a big way. As you'd expect, industrial producers and event videographers are snapping up the technology. The activists from the first portable tv revolution in the 60s – Paper Tiger Television and a number of former Video Phreaks – have been polishing their look on cable and bringing new voices to the airwaves. The PBS magazine *The 90s* did not last very long, but it spawned the 90s channel and CamNet, all thanks to DTV.

The Empowerment Project, a collective of video documentarians, scored the biggest hit of all two years ago. Their video on the invasion of Panama, *The Panama Deception*, won the 1993

Academy Award for Best Documentary. The original footage was shot on three-quarter-inch SP and Hi-8 equipment and used U.S. nightly news footage taped off-air from a variety of VHS VCRs. All the video was transferred to film using a Video Toaster to control the color timing. The film was released theatrically to art houses across the U.S.

When it comes to empowerment through desktop tv production, Mike Danger has everybody beat. Danger is the world's only blind independent video producer. He was a professional skate and surf boarder before an auto accident took his sight. After running

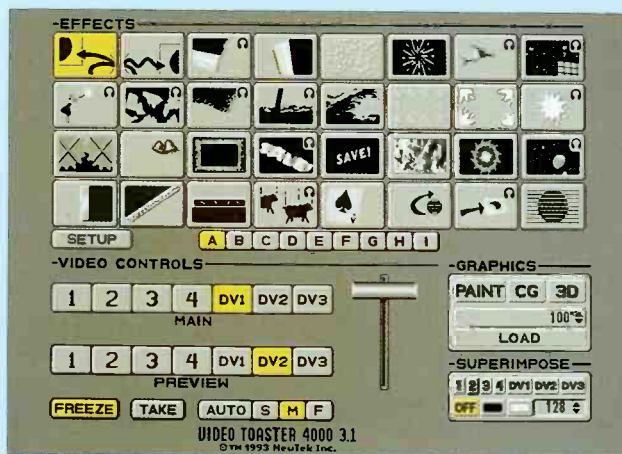
► What kind of software is required?

Almost every DTV system has a big list of software packages bundled with it. These programs can include, but are not limited to: a paint box, sometimes with special effects and image compositing built right in; a switcher that mixes multiple channels of video, and sometimes audio, with sequences of digital wipes and transitions unique to the system; character generation and titling in 2-D, and sometimes 3-D.

The software provided with systems can be created by the hardware manufacturer or developed by a third party and included by the manufacturer. Special packages, like animation and morphing software, are usually produced by companies who specialize in those areas. These days almost anything you'd want to see on the screen can be delivered by a DTV system.

career change when a fellow wrestler hurled the 5-foot-6-inch Danger over the ropes onto the concrete floor of an arena, about a 15-foot drop. After leaving hospital, Danger decided to produce a wrestling show. *The Exotic World of Wrestling* stars Adrian Street and is described by Danger as "wrestling goes to the side show." The show is distributed in the U.S., UK, Greece, Malaysia and Indonesia. Danger's equipment is all Video Toaster-driven, and equipped with voice synthesizers so that it "talks" to him. The system tells him what controls he's using and his mouse pad has notches cut into it to let him know where the pointer is in relation to the screen. He uses sighted assistants when he needs to.

He sets up shoots with The Cameraman, an automated camera system that tracks talent with an infra-red sensor. He'll even set up multiple cameras with multiple monitors and tell talent how he wants them to position themselves in the image. Danger may not be the standard producer that desktop manufacturers envisioned when the industry began, but he's used his ingenuity and creativity to take greater advantage of the technology than anyone would have thought possible.



through, and getting fed up with, the standard vision impairment rehabilitation programs, Danger decided to reach his therapists a bit about "limitations." He became a professional wrestler. Sometimes he wrestled under his own name and sometimes under the name "Blind-As-A-Bat-Man." Danger faced another

► What does it all mean to you?

The cost of producing episodic tv will go down as more people take advantage of the technology. The Video Toaster dropped the cost per episode of *Babylon 5* and *Seaquest DSV* from the realm of the impossible to the produce-able. Imagine what the technology will do for projects outside of sci-fi. It might allow more adventurous programming to get a shot, projects that might not fly at \$200,000 per episode, but would at half the price. This isn't name actor, name writer territory,

but it will allow for some pretty impressive growth in the talented-new-team-gets-first-break territory. More one shot documentaries, independent dramatic productions and edu-tainment pieces might get their chances on outlets like PBS and Channel 4. Now that more people have access to the tools, more good work (and yes, more dreck) is being made. The fabled land of 500 channels beckons. Channels need programming right at a time when more people are able to make it cheaper than ever before. Sounds like a recipe for growth. [E]



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CD de Ballet



Video footage of the Bolshoi in performance was just part of the mix

How does a tv property get turned into an interactive CD title? Barry Flynn followed the progress of one of the latest releases from video to optical disc

planning stage, as Wood explained, it was clear that CD Vision would need much more than just the video assets already in its possession. He ticked off the rest of the content required: 1) Photos – between 500 and 1,000 35mm slides. 2) Words to accompany them – about 100,000. 3) The musical score-sheets of the ballets. 4) Access to Bolshoi choreographer and impresario Yuri Grigorovitch's interpretation of his own company's repertoire. 5) The resumés of the choreographers and the principal dancers and musicians involved, together with histories of the theatre and the corps de ballet. 6) Material relating to the famous Bolshoi ballet school. 7) Material relating to the architecture of the buildings.

First, a researcher was briefed to choose the most significant video clips of performances from the series. Initial calculations had shown that the final CD-Rom would be able to contain at most around 50 minutes of digitized video, once the rest of the material was accounted for. This translated into around 25 clips from the six or so most well-known ballets. Once the researcher had returned with a list, negotiations began with a London-based music publisher for access to the parallel musical scores. A U.S. company was then located which had 200,000 slides of the Bolshoi corps in performance, shot within the Bolshoi theatre

itself. The researcher discovered a past tv program which had been entirely devoted to the activities of the ballet school. And discussions began with the publishers of the officially-sanctioned volumes on the Bolshoi Ballet's repertoire – for which the commentaries had been written by Grigorovitch himself.

In the end, says Wood, most of the rights deals with these companies were done as a "one-off fee buyout."

There were two principal advantages the title enjoyed from a rights point of view: first, the copyright of all the music had lapsed, and was now in the public domain. So CD Vision had to pay up for the rights to the format in which the musical scores were printed, but not for the music itself. Second, as Wood puts it, "the most expensive part of the project [the video footage], we didn't have to put money up front for." Without revealing figures about the contribution CD Vision had to make to RPTA Primetime for the video material, Wood revealed that this was structured as "a percentage of revenue earned over the time we're going to be selling the disc." To sum up, the rights required to make the CD-Rom of the *The Bolshoi at the Bolshoi* were acquired on the cheap.

There was one more job to be done before finally handing the project over to multimedia production house, 3T Productions: the preliminary design. This involved charting

In the beginning was the tv series: *The Bolshoi at the Bolshoi*. Produced by UK indie Primetime RPTA in partnership with NHK, VideoFilm (Russia) and the Bolshoi Ballet Company itself, it has been sold to the ABC in Australia, TVNZ, Rai, Arts & Entertainment Network, RTP, SABC, and YLE, among others.

Crucially, in view of what was to follow, Primetime RPTA retained the rights – and as one of several leading UK independent producers brought together under the aegis of Television Enterprise and Asset Management plc (TEAM), the Robert Fleming and Rockefeller-backed program investment fund, exploitation of those rights was transferred to a newly-created TEAM company called CD Vision (see TBI

May 94). Nigel Wood, joint managing director of the new company, saw this content as providing a golden opportunity to inaugurate his new slate of interactive CD-Roms.

The essential conceptual design of the Bolshoi title sprang into being almost immediately. It would draw on the tv series for the video footage, but it was to be much, much more than just the performances: it was to be a guide to the history of the Bolshoi theater, as well as a reference for the repertoire of the famous ballet company, and to those who composed, conducted, and danced the music. "A coffee-table title," as one of the people who had a role in its creation described it, but a unique, top-of-the-range one.

Even at that preliminary

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Rogers: essential to determine design at outset

the tree-and-branch structure through which the user would navigate, starting with the opening menu at the top, and working downwards through all the various options as they might unfold.

In fact, for the commissioning company to carry out this much of the preliminary work is unusual, as Sheila Rogers, 3T's managing director, made clear. When 3T entered into the production phase, "we already had the material, and we knew what they wanted us to do. They had all the sources for the still images, and so on. It's more normal for people to come to us and say 'we've got a good idea,' and simply make some suggestions. We usually do the rest."

3T's task now was to provide a graphic 'feel' for the title which would permeate all the display-screens, digitize all the video footage, stills and audio, and create, this time in computer code, an equivalent for the design structure that CD Vision had sketched out.

Their five-strong production team began work in May. They comprised a producer, a production assistant, a graphics artists, and two 'authors' – the programmers responsible for turning the design CD Vision had sketched out into the computer code that would be stored on the disc. Rogers stressed that of all

these tasks, settling on the final design was probably the most important. "It's absolutely essential that the final design be clearly defined *before* people start work. Changing it in mid-stream is a nightmare." This involves taking the basic structure and elaborating it until it contains "every screen that we need, plus all the links between them as well."

In general, translating this on to a disc requires computer programmers writing code, but 3T was fortunate to be able to use

a higher-level authoring language to construct the programs, called Key Author. One advantage of this software is that it allows the creation of hybrid consumer CD-Roms that can be read and installed easily on both IBM PCs and Apple Macintosh computers.

The 'authors' are able to create the program structure without the need immediately to incorporate the 'digital assets' (i.e. the digitized video, graphic, audio and still elements), simply laying down markers in the code where these various elements can later be slotted in. In the event, this was just as well, since Graham King, 3T's production director, revealed there were a number of hitches to do with digitizing the video material, in particular.

The title used the software-based Quicktime video protocol to compress the ballet sequences used on the disc, which involved a number of trade-offs. First, Quicktime digital images take up a relatively large amount of space on the disc. "For every minute of Quicktime video you can have about ten minutes of Quicktime audio," pointed out King. The eventual solution was to have 40-50 minutes of video and just half an hour of audio material. "Then you need to determine the size of the picture on the screen and the frame-rate,"

said King. Although the trend in the CD-Rom industry is towards displaying larger and larger windows on the screen, at higher and higher frame-rates, through which to call up video sequences, "if you get a big area and a high frame-rate, the quality drops." King and his colleagues dubbed one of their less successful experiments in this area "the dance of the Sugar Plum lego-brick," in recognition of the low-resolution blocks of colour the digitised ballerina dissolved into.


The compromise was to use a video window that employed about a quarter of the screen, and a frame-rate of 12 frames per second (half the standard film speed). CD Vision are later to release a CD-Rom containing MPEG-encoded video – for use on PCs incorporating MPEG decompression boards – which is not subject to these restrictions, and plays the video full-screen, full-motion: if anything, at a resolution superior to that offered on VHS.

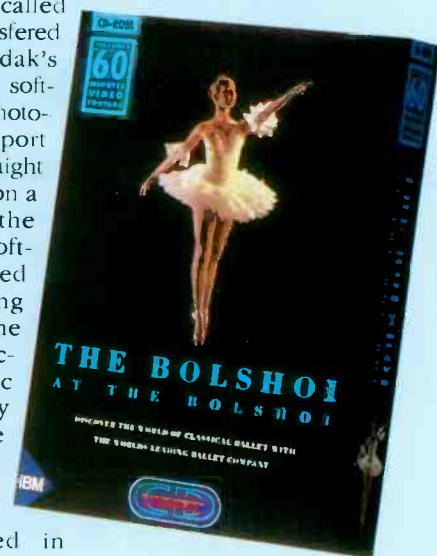
Stills were less problematic to encode: a bureau called ProVision in Leeds transferred 300 of these into Kodak's PhotoCD format, and a software program called PhotoShop was used to import the resulting images straight off a PhotoCD playing on a CD-Rom drive into the program. The same software package was used to fade the resulting images to black on the right side of each picture, where the graphic artists had decided any text called up by the user was to be superimposed.

The musical score-sheets were scanned in through an optical scanner, text was input manually where not already available in electronic form, and audio-tracks were sent out, like the video, to an encoding bureau to be turned into digital form. The main company used by 3T for video and audio

encoding was Status Visual Communications – which had a pre-existing facilities contract with CD Vision. King reckoned the video-encoding costs worked out somewhere between £30 and £100 (\$45-150) a minute.

The title was completed and delivered to CD Vision at the beginning of October. This was later than 3T had hoped (mainly because of the delays involved in the processing of the digital video), but, commented Rogers, "a faster turnaround than for a lot of the other titles we've done."

The result undeniably has a unique look, with the interface and the icons the user will employ to explore the disc displayed as minimalist Russian line-drawings. How it will sell is another matter. Wood reckoned another interactive CD-Rom about the CIA that 3T has produced in parallel with the Bolshoi title for CD Vision could sell as many as 50,000 copies – but the ballet disc was more of a specialist taste, he thought: "About 3,000?" 



The Bolshoi at the Bolshoi was released on October 10 priced at £49.99 in the UK and \$49.99 in the US. The MPEG version, which will be available shortly, will retail for £69.99 in the UK.

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Paperless Papers

The convergence of newspaper publishing and the tv business goes back a long way. But as the digital era dawns, publishers are scrambling to get their piece of the electronic medium, reports Tim Westcott

Newspapers getting involved in television? There's nothing new about that. Take, for example, the *Chicago Tribune* (established in 1847), which set up one of the first tv stations in the U.S. in 1948. The initials of WGN-TV in Chicago continue to stand immodestly for World's Greatest Newspaper.

Despite the Tribune Company's long-standing investment in the tv business, tv developed as an independent medium. These days, however, the distinction between electronic and non-electronic media is becoming less clear as digital transmission technology turns the trickle of available bandwidth into a river.

National newspaper publishers in the UK are using the onset of digital transmission to argue that the rules which bar them from taking more than a 20% stake in an ITV company should be scrapped. In the new environment, they argue, the multiplicity of media on offer will be so great that existing limits would be irrelevant.

In one sense, investment in old-fashioned analog tv means sizeable revenues in the short to medium term. In most countries of the world,

newspapers have been displaced as the leading earner of advertising revenue by tv, especially with the boom in private commercial broadcasting. Diversifying into tv has meant profitable exposure to a fast-growing business.

The fact that fewer people are reading and buying newspapers is another long-term phenomenon. "Newspaper circulations have been falling since the 1950s – perhaps even since the 1930s. Newspapers have got to discover new revenue streams," said Justin Arundale, until recently head of information services at British daily newspaper *The Independent*.

Frenzied price-cutting by British newspapers – triggered off when Rupert Murdoch cut the cover price of *The Times* in half – is one symptom of the publishers' fears about the future. And without the revenue flooding in from the BSkyB satellite channel, it is doubtful Murdoch could have been as aggressive. One of the main shareholders of *The Independent*, Mirror Group, is itself moving into cable tv programming to join battle in another medium.

Television has obvious advantages over the newspa-

per medium both in the added ingredients of moving images and sound and in the speed with which it can report events. You can still buy a newspaper which makes no mention of the developments leading the same morning's tv and radio news bulletins. The growth of tv news networks and business news has merely widened the competitive gap, and agencies are launching new services like desktop news.

Newspapers have responded by expanding the range of subjects they cover and developing the brand image of their newspapers. One way of doing the latter has been to develop low-cost tv operations themselves.

The Tribune Company pools the resources of its newspaper and tv station into a 24-hour news network called Chicago Land TV (CLTV) which reaches 1.2 million homes in the city. The newspaper provided credibility to the new service as well as mutual cross-promotional benefits.

The newspaper provides journalists to do stand-up reports, and has a fixed camera in its main office which enables editors and journalists from the paper to contribute comment and analysis. Regular contributors include the paper's film and restaurant critics – the in-house kitchen was even made over for tv. Cameras are now being installed at the *Tribune's* five suburban bureaux.

According to Tribune Co spokesman Bill Carr, the CLTV "experiment" has proved a success in sharing the resources of a broadcaster and a newspaper and to see how "divergent cultures" could work together. "In the early stages there was a great

fear that the lion was lying down with the lamb – each side thought they were the lamb."

Carr said the company plans to develop similar services for other regional newspapers. The Tribune Company is not alone: *The Boston Globe* supplies five bulletins a day to New England Cable News, and the *Philadelphia Enquirer* makes a nightly hour-long news program for local station Channel 17. The newspaper tv station concept is now



spreading to the UK, where both Mirror Group and Associated Newspapers are launching local cable news services in which print reporters will operate cameras as well as doing stand-ups. Many newspapers, especially in Europe, have entered television as a program supplier,

seeing it as partly a useful form of brand extension. Financial Times Television in the UK supplies business news bulletins to European satellite channels while Germany's *Der*

many's biggest newspaper publisher and a shareholder in tv stations Sat1 and Deutsche Sport Fernsehen, has set up an in-house interactive services division which is at present providing a text service for Sat1 and DSF.

midnight.

"We are learning a lot about the electronic medium and about people who use text," said Gud. Text readers are more active than the average couch potato, but the difficulty of reading text on screen means that tolerance of reading text is limited to about 20 pages at a time.

At present, most newspaper minds are being concentrated on a smaller screen – that of the PC. Some of the heavy hitters are developing plans to publish in electronic form via online computer services which use telephone lines and are estimated to reach about 25-30 million homes worldwide. As well as owning part of America Online, the largest service, the Tribune Co publishes an electronic version of the *Chicago Tribune*. *Times Mirror*, *Cox* and *Knight-Ridder*, *Time* magazine and *U.S. News* and *World Report* and the *Washington Post* have all launched or are developing electronic projects. Murdoch's News Corporation acquired a small online service, Delphi Internet Services, last year and has set up a UK subsidiary which already publishes *The Times* on line.

"I think we're all in an experimental stage," said Jonathan Miller, formerly with *The Sunday Times* and Sky and now editor of Delphi Internet Ltd in London. "It's probably not so much a question of whether there will be such a thing as an electronic newspaper as precisely what it is."

It is still not feasible to transmit much more than the text of a newspaper or magazine – graphics and moving pictures take up too much bandwidth. Miller said that navigating around the electronic paper was the main

problem that publishers are grappling with. "The thrust of News Corp's efforts will be to make it immensely more accessible and more intuitive, using the grammar of pointing and clicking rather than having to learn strange and usually incomprehensible computer languages."

Although the increased processing power of PCs and the development of a marketplace where there are more CD-Rom drives in operation will change the current offer of electronic newspapers out of all recognition, some publishers have already incorporated the electronic edition into the ink-on-paper edition.

The *San José Mercury News*, which has a circulation of 280,000 for its weekday editions, has 39,000 subscribers to America Online in its catchment area. Taglines throughout the newspaper refer readers to the online service or fax numbers where they can call up more information.

The electronic service consists of the full text of the Knight-Ridder title's news section and classified advertising, plus hundreds of unpublished stories and copy from wire services. There are also 25 message boards where readers can discuss or debate stories with journalists on the newspaper and access the archives of the *Mercury News* and 17 other titles.

What the online service offers that the paper newspaper does not is the ability to tap into the vast banks of information that newspapers own but cannot accommodate in their ink on paper editions.

Michael Jones, a director of Associated Newspapers, described database services as "a means of getting secondary value from our copy." The company, which publishes *The Daily Mail* and the London *Evening Standard*, is also interested in exploiting its vast library of seven million images.

Most newspapers offer

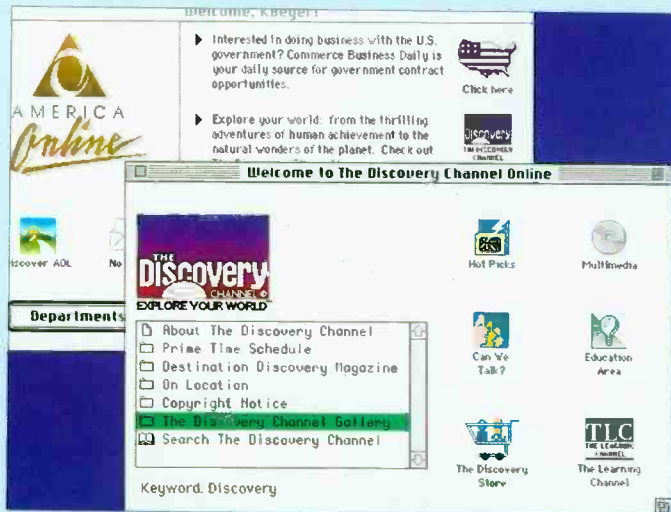
Spiegel produces over four hours of programming a week for RTL, Sat1 and Vox.

Videotext services, which failed to get off the ground in the U.S., have proved more of a success in Europe and are the arena in which some newspaper publishers are developing expertise.

Axel Springer Verlag, Ger-

many's biggest newspaper publisher and a shareholder in tv stations Sat1 and Deutsche Sport Fernsehen, has set up an in-house interactive services division which is at present providing a text service for Sat1 and DSF. According to Andreas Gud, manager of interactive services, over half of German tv homes have a tv set with text facility, and between 1.2 and 2 million make regular use of it. A team of 20 journalists works on the service, which is available 24 hours a day and updated at regular intervals between 6am and





Publishing is on the menu for broadcasters like the Discovery Channel

some form of electronic publishing of their archives online or via CD-Rom. The Pearson group, owner of the *Financial Times*, bought British database company Profile in the late 1980s. Now rebranded as FT Profile, the database offers access to all of the UK's general press and scores of specialist titles. Reed Elsevier more recently made the headlines by acquiring the U.S. company Mead Data Central in a \$1.5 billion deal.

Although database services involve nothing more on the publisher's part except transmitting its files to the host system in return for a royalty, the files have to be in electronic form in the first place. And the first requirement of the electronic newspaper is to have its copy filed and indexed electronically and to have software installed which enables searches to be made. The last few years have seen most newspapers develop electronic filing systems to replace or complement voluminous paper cuttings files.

CD-Rom discs offer one advantage over online services: the ability to carry moving images. The main drawback is timing: newspaper CD-Roms are generally published only once every quarter and subscription costs are such that the market is limited to business users, libraries and educational institutions.

The challenge for newspaper publishers is to develop a new product which combines the information resources a newspaper has to offer with the possibilities of a new medium. The electronic newspaper "will be a very different beast, not a substitution product," opined Arundale. "It's obviously a much more interactive, much more dynamic kind of product, one that is much more tailored and customized," said Miller.

The possibilities of interactivity would enable the reader effectively to select which parts of the newspaper he or she would like more information about — the thrust of the \$6.5 million study, funded by several newspaper companies, which is being undertaken at MIT is a daily electronic newspaper tailored to individual tastes. In particular, the possibility of advertising incorporating full-motion video, direct response and the possibility of much greater targeting is exciting publishers and perhaps holds the key to how the electronic newspaper might be funded.

The *Washington Post*, which is launching an electronic version early next year, is using technology developed by computer company Ziff Davis which will enable readers to access a range of services including

news stories, archive material, interactive games and discussion groups and even access to the global Internet network. Graphics and display as well as classified advertising will also be carried.

U.S. company Walksoft has also developed software for a newspaper service which features sound and animation as well as stories culled from newspapers worldwide. According to Todd Chronis, publisher of News In Motion, its service will go daily this month. "The *Washington Post* agrees with us that a well laid-out page and series of pages is what you need. This is a consumer product — design is important."

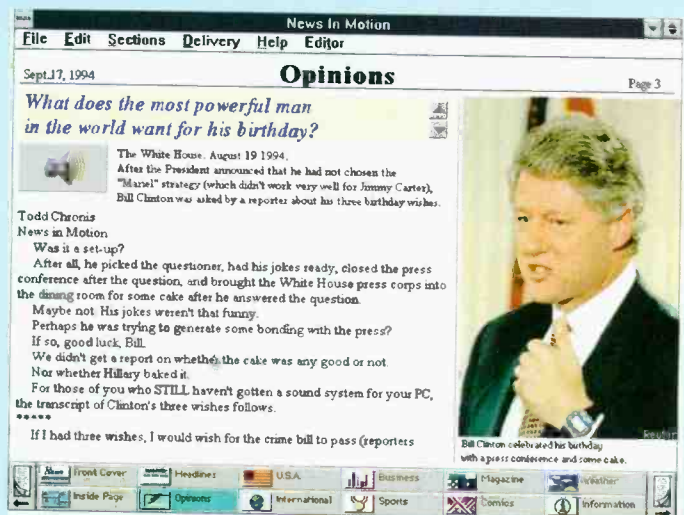
However, the challenge is also to offer a service which is as affordable and accessible as the ink-on-paper newspaper. "Our cost base is in the gathering and analysis of news, not primarily in the distribution," said Arundale. "The revenue pattern either has to produce a very significant increase in the number of people subscribing or it has to retain the same kind of balance between cover price and advertising that we have at the moment."

One major stumbling-block at the moment is the cost and availability of bandwidth. Miller rails against the attitude of British Telecom in the UK,

which has, in his view, failed to make use of the spare capacity on its system to attract business from users such as Delphi. He said Delphi is talking to cable operators to see if they have capacity. Newspapers will, in the near future, use any means necessary: cable tv and satellite as well as phone lines.

Although most on-line service uses telephone lines at present, cable tv companies could enter the equation as their capacity increases. The *Orlando Sentinel*, a Tribune Co newspaper, is participating in the Full Service Network trial which launches on the Time Warner cable system later this year. Carr said that the newspaper would be supplying a service consisting of local news, sports and business, classified advertising and other services such as a movie guide, weather reports, bulletin boards and video personals.

The thinking in some groups is that newspapers could be transmitted electronically to personal digital assistants. Knight-Ridder is developing a "tablet" the size of a portable PC. However, the attitude of many is to leave the battle over the means of distribution to hardware companies while newspapers focus on what they know best: providing content. **WJ**



Software like News In Motion incorporates sound and moving graphics

PRODUCT NEWS

All You Need Is A Format

EUROPEAN independents and broadcasters are cashing in on an explosion in format licensing deals. The trade in formats – with gameshows a particularly hot property – is also cementing multicountry links between independents.

Steven Leahy, managing director of UK independent Action Time, said that European broadcasters had “gone for game shows in a huge way” as their economies emerge from recession.

Action Time, which currently produces eight gameshows for UK broadcasters, has formed a grouping of seven indies across Europe developing and exchanging gameshow formats.

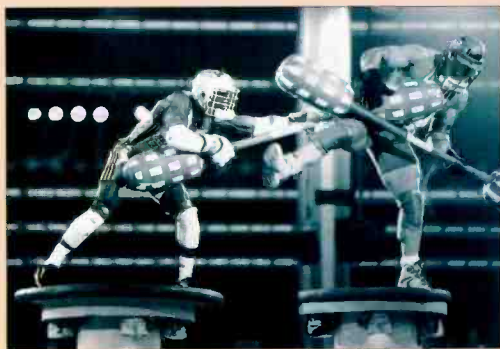
Colin Jarvis, director of formats at BBC

Worldwide, said the pubcaster had seen “an enormous amount of interest” in its catalog of 61 program formats. Game show *Pets Win Prizes* attracted interest from seven European markets. Jarvis also revealed that the BBC was looking into co-producing a version of kid’s show *Incredible Games* for the Spanish market with local independent Gest Music.

Endemol Entertainment’s Monica Galer said the Dutch-based company had signed two important deals at the market: one with Fininvest for a total of seven formats, and a second with an independent in Argentina which will produce versions of *Love Letters* for Argentina, Mexico and Venezuela.

All three companies reported unprecedented interest in gameshow formats from the French market. TF1 was said to be interested in versioning the BBC’s *Generation Game* and Endemol’s *All You Need Is Love*.

U.S. interest in the market remains strong: All American/Fremantle has set up a series of wholly-owned local production units in Portugal, Spain, Greece, the UK, Germany, Turkey plus a joint venture in France over the last six years. Samuel Goldwyn Co has sold the format of *American Gladiators* to Russia and South Africa. Steven Bickel, president of Samuel Goldwyn International, said it is actively looking to establish a facility in the UK for use by smaller broadcasters without the budget to build their own set.



More countries are taking on Gladiators

Reunion Show For CETV Recipe

CHINESE satellite network China Entertainment Television Broadcast (CETV), set to launch on the Apstar 1 satellite in 1995, has announced the production of a reality/talk show called *Chinese Family Reunion* for its planned Food & Health Lifestyle Channel.

The primetime weekly series, to be produced in Hong Kong and China, will bring together long-lost relatives and friends and will feature live interviews in the studio and on location. For the show to be a success it

needs to be broadcast extensively across the Asian region and Chua is currently in talks with a number of national and provincial stations for broadcast rights.

With original programming expected to make up 35% of programming on the channel, Chua is looking to produce more shows in the talkshow and gameshow genres. Drama has been ruled out on cost grounds. Chua wants to acquire documentaries, telenovelas, cooking, travel and health shows.

● Germany’s TeleMünchen group has agreed to distribute film and tv product from MGM/UA

Telecommunications Group to broadcasters in German-speaking territories in a deal worth a claimed \$100 million.

The agreement covers new feature film titles through to 1997, beginning with MGM’s *Speechless* and includes tv productions and a substantial library commitment for films such as *Moonstruck*, *The Deer Hunter*, *Rain-*



man (above), A Fish Called Wanda and several James Bond films. A statement said that the U.S. studio and TeleMünchen, 50% owned by Capital Cities/ABC, would “explore expanding the relationship to include co-production for both feature films and television shows.” Tele München’s interests span feature film and tv production as well as a stake in private tv network RTL2.

● Partners from France, Germany, the UK and US are collaborating on *The Prince of Atlantis*, a \$10.5 million children’s animation series. Filmed in 26 30-minute episodes, *The Prince of Atlantis* is being produced by French animation studio Pixibox for BBC Children’s International and Ravensburger Film and TV in association with France 3 and Canal Plus. Production is under-

way in France and Los Angeles, with the first 13 episodes due to air in fall 1995 and the second batch in January 1996. Distribution will be handled by Pixibox in French-speaking territories, Ravensburger in German-language areas, eastern Europe and Russia, Westinghouse in the Americas and the BBC in the UK and rest of the world.

- German pubcaster ZDF has signed co-production agreements with Hearst Entertainment and British independent Portman Productions. It is also inviting co-production partners for its documentary segment, *Enigma Earth*. Werner Schwaderlapp, head of ZDF Enterprises, said that as part of the Hearst deal it would set up co-production of films and miniseries, documentaries and animation. The deal with Portman covers a drama series for children based on the books of Enid Blyton. Production for the first documentary series, *Terra X* and *Nature's Children*, is due to start in the last quarter of the year. ZDF said it had attracted considerable interest in co-producing a slate of seven documentary series but no firm deals as yet.
- Channel 4 International says it expects to increase sales of the



format of talk show *Don't Forget Your Toothbrush* (above) to 13 territories. The distribution arm of UK pubcaster C4 is finalizing an agreement with Greece and is talking to Hungary-based producer MTM. France 2 and Sweden's TV4 have already aired their own versions of the show, which has also been sold to Australia, Germany, Spain and the ABC net-

Dic Boosts Catalog With Toei Deal

U.S. production-distribution company Dic has two new additions to its catalogue. The company has acquired stock footage from Japanese production giant Toei for a show called *Sailor Moon*. Dic will be adding an extra ten minutes of new animation per episode to create a 63x30-minute series. Set to debut in first-run syndication in fall 1995, Dic also holds the English-language rights.

Dic president Andy Heyward said the show, aimed at the three to nine-year-old market, is unique in that its storyline, which features a young girl with special powers, will appeal to the oft-ignored female section of the market. A worldwide toy license is already in place with Bandai.

Dic is also involved in a new children's live-action series called *Action Man* based on the boy's toy made by Hasbro. To be shot on film, the 26x30 minutes series is a co-production between Scottish Television, French production outlet Hamster and a Malaysian partner. The show will debut in syndication in fall 1995.

Dic has secured the rights from UK distributor Link Entertainment for the animated series *What A Mess*. With a network deal with



Dic is adding to Toei's *Sailor Moon*

ABC in place, a series of 26x30 minutes is to be produced. Link Licensing Group will be handling rights for the show throughout the rest of the world.

A Show Without Gravity

THE Fremantle Corporation didn't have to stage a huge talent search to find a host to front its new weekly talk show about comic books. Twelve-year-old Nick Scoullar was already hosting his own show on Manhattan Cable in New York. In fact, Josh Braun, Fremantle senior vice president, got the idea for *The Anti-Gravity Room* after channel surfing across Scoullar's local show.

Fremantle did one deal for *Anti-Gravity Room* with Canada's YTV during Mipcom. Braun said the strategy will be to get the program launched in North America, then see about exporting it or its format to the rest of the world. Scoullar will present the series, backed by sidekick Milan Dale, who also appeared on the local cable show.

Each half hour will offer previews and reviews of comic books, cartoons, video games and action figures; interviews with comic book artists and the stars of comic-based movies, and phone-in and contest segments. A home shopping feature will offer electronic merchandizing of action figures, board games, computer games and autographed comic books.

Fremantle is moving into an exploding business. The comic market has doubled twice in the past ten years, with 250 million comic

books sold in the U.S. in 1993. Comic book specialty stores number 7,500 in North America and rang up \$1 billion in sales last year. And comics are invading other media, including television.

The animated *X-Men* and *Batman* series are huge hits in the U.S., MCA and Marvel are planning a comic book theme park and on-line service Prodigy has launched a series of comics-focused offerings. *Anti-Gravity Room* plans to cover all those developments.



Batman: a flaming success

Exploring The Final Frontier

PRODUCERS are hoping that the international appeal of science fiction will prove to be a matter of hard fact. Two new series – *The Dark Zone*, produced by Canadian independent Salter Street Films, and a Film Australia project provisionally entitled *Life on Mars* – were being pitched at Mipcom. Grove Television Enterprises was also showing *Space Precinct*, the Mentorn-produced series which has already started in U.S. syndication.

The Dark Zone, which is being produced for City TV in Toronto, has already sold to BSkyB in the UK and broadcasters in a further 14 territories, according to Paul Donovan, president of Salter Street. It will be available as four 2-hour or eight 1-hour films and the first episodes are due to be delivered to City TV next September.

The series will make heavy use of computer-generated effects combined with live action. Negotiations are underway with U.S. partners which may bring star names on board and push the budget up from its present level of \$1 million an hour.

Film Australia's projected Mars-based police series will also use special effects, though the South Australian desert will stand in as the Red Planet, according to executive producer Ron Saunders.

"We think there's more of a market for this type of program than hardcore sci-fi fans," said Saunders, describing the series as an adult



Spellbinder: Film Australia/Polish TV co-production

show which would appeal to "the sort of people who watch Colombo."

Budgets for the 12-hour, six-episode series would be in the region of \$1.5 million.

Film Australia has also finished the first half of filming for *Spellbinder*, a children's drama series set in a parallel universe and co-produced with Polish TV.

The 26x30-minute series, which has been pre-sold to Nine Network in Australia, will finish filming in September next year and will be available at next year's Mipcom.

IBN Puts The World In The Picture

TRAVEL and documentary producer/distributor International Broadcast Network has signed a deal with the Discovery Channel embracing cable rights for IBN's *A World Away* and *Great Wonders of The World*. IBN has also agreed the sale of over 100 hours of programming to The Travel Channel, the European network owned by Landmark Communications.

The Discovery deal involves the sale of cable rights for the 25x 1-hour series *A World Away* in Australia, New Zealand, Spain and Portugal and for *Great Wonders of The World* in Spain and Portugal. According to Kim Thomas, IBN vice-president of programming, both series will be completed in time for next

year's Mipcom. Budgets are \$5 million for *A World Away* and \$2.4 million for *Great Wonders*.

Thomas said broadcast sales were contributing an increasing share of business to IBN, which started out specializing in video. "With more satellite and cable channels around the world, there is an opportunity for more niche programming."

She added that IBN itself expected to enter the programming arena following a financing deal with Vertex Management, a Singapore company with interests in cable and satellite in Asia, which is currently in discussion. IBN will also open a wholly-owned subsidiary in Asia next year.

work in the USA. The UK show, about to start its second season, is produced for C4 by Ginger Productions. C41 reported strong interest in docu series *The Bureau* and *Children of God* and the sale of six-part series *The Great Commanders* to France's Television de la Connaissance.

- French production house SFP has started production on a string of new drama productions for national networks France 2 and TF1. *La Rivière Esperance*, a 9x96 minute series co-produced with Gaumont for France 2, is planned as a highlight of the publisher's summer 1995 season.

A historical drama based on a novel by Christian Signol, the series is being filmed on location in south-western France. SFP is also filming new episodes of drama series *Nestor Burma* and *les Cinq Derniers Minutes* (France 2) and *Le Juge est une Femme* for TF1.

- Nickelodeon is planning to start filming a 26-episode, global version of kids gameshow *Guts* in Orlando, Florida next summer. According to Linda Kahn, senior vice-president of international programming sales, *Global Guts* will feature either four or six partners alongside the US and UK Nickelodeon networks. Each country will send a host and its own competitors. In other deals,

Brazil's GloboSat has started airing a four-hour daily package of Nickelodeon animated and live action programming on its Multichannel service, while Channel 4 in

the UK has bought *Aaahh!!! Real Monsters* (above), the new Nicktoon developed by Klasky/Csupo, makers of *The Simpsons* and *Rugrats*.

- Turner Productions has unveiled its first co-production with the UK's Granada TV – a two-hour special on the role of women in cinema called *Popcorn Venus*. Designed to commemo-



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PRODUCT NEWS

Word Up In The East

WORD Up! Inc, an independent production company based in Budapest, first moved to take advantage of the explosion of commercial broadcasting in central Europe by launching *Central Europe Today*, a daily half-hour news program for radio. The English-language show, produced in Budapest, now airs on radio stations all over central and eastern Europe.

With that success, television couldn't be far behind. Word Up! executives were at Mipcom offering *Central Europe Television*, a weekly half-hour that will also be shot in English. The new program,

offered on a barter basis to stations, will cover politics, trends and business in a style that is tight and fast paced. "CETV tells the story of central Europe," one company executive said, "regionally focused tv that builds audience and hits the best demos for upmarket products and services."

In its coverage, executives said, the show will seek to get below the surface news in a fast-changing region, exploring issues ranging from abortion rights to the disposition of state property and the survival of new companies struggling in transitional economies.

rate next year's centenary of the cinema, *Popcorn Venus* will make use of clips from classic feature films hosted by a live presenter. The show is expected to air on ITV in the UK and TBS in the U.S. next fall. Pat Mitchell, senior vice-president of Turner Productions, said it was keen to develop co-productions for the international market and that she was talking to potential partners in the UK, Japan and Germany.

- **Satel Doc**, the London-based documentary arm of Austria's Satel Group, has won a commission from U.S. cable network Arts & Entertainment to produce four historical films. The four programs will focus on English figures King George III, Robin Hood, King Arthur and Sherlock Holmes. Since its launch in April, Satel Doc has produced a two-hour special, *Knights of the Air*, for A&E, has two programs in development for ORF and is discussing projects in the UK, U.S. and France.

- **Cinar** has sold all 52 episodes of its animated series *The Busy World of Richard Scarry* to Rai Uno in Italy and the Australian Broadcasting Corporation. Pre-sales of the series, co-produced with France Animation in association with Paramount, contributed \$7.7 million to the Montreal, Canada-based company's revenues in the third quarter of the year. Cinar has also been busy with 2x2-hour miniseries *Million Dollar Babies*, based on the true story of the Dionne quintuplets, which airs later this month on CBC and CBS. The series has been bought by Australia's Nine

Network. Series in production include *Arthur the Aardvark*, an animated children's series aimed at 4-8-year-olds co-produced with WGBH in Boston. Thirty half-hours are slated for production in 1995. Cinar is also developing *Wimzie's House*, a

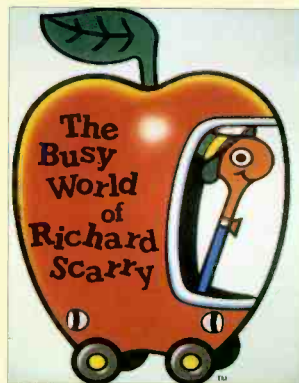
180-episode puppet series, and has signed agreements with CBC, Société Radio Canada and Radio Quebec.

- Germany's Cinevox, Nelvana of Canada and Ellipse Programme of France have launched a co-production of *The Neverending Story*, a 26x30-minute animated series for children. Broadcasters will take delivery of the series in 1995 for airing in the 1995/6 season. The series is based on the books by Michael Ende and will include characters from the feature film *Neverending Story III*, which premiered in Germany last month.

- Video CD distributor CD Vision has signed a licensing deal with Dorling Kinderley, the UK-based book and multimedia publisher. CD Vision has acquired the video and electronic rights to the *Eyewitness* tv series based on a series of DK children's books and co-produced by the publisher and the BBC Natural History unit. The UK-based distributor has opened a U.S. office in Laguna,

California. The U.S. operation will be headed by Stuart Kaye, previously vice-president of sales at Virgin Interactive.

- UK independent Thames Television has appointed Julia Foote Le Stage as programme development executive. LeStage will have specific responsibility for exploring worldwide program production possibilities for Thames. "As the cable and satellite industry expands throughout the world, so opportunities develop for production companies. I will be seeking to find those opportu-



Doing the business for Cinar

ties for Thames and am ready to look at all possibilities," said LeStage. Formerly with WGBH in Boston and WNET New York, LeStage will also be examining opportunities for Thames to increase its factual program output.

*beneath the rule of men entirely great
the pen is mightier than the sword.*

Words, the dictionary of quotations tells me, that come from a nineteenth century play with the title, *Richelieu*.

It may be a sobering reflection on world history that, in general, soldiers seem to have held greater sway over governments than masters of the pen serving under them. The author of "Richelieu" was English and died in 1873, having written his piece 35 years before. In other words, too early to have registered Marx, who was a student of Trier at the time.

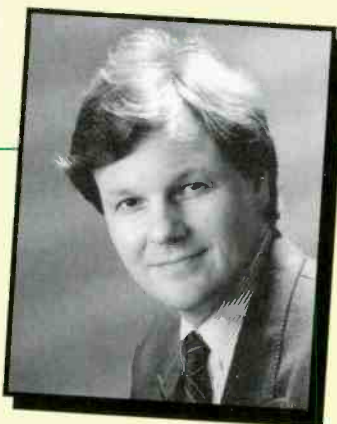
Passing on to the present century, one wonders whether our playwright would have expressed the same idea after contact with modern Western-style democracy, or exposure to "Citizen Kane." And what could he possibly write about Berlusconi? Citizen Kane never achieved his apotheosis like Caesars of the past, but Berlusconi's assumption of the reins of power in Italy makes him a strong contender.

Coming from the one EU member state whose national laws disqualify advertising agencies from owning media properties – albeit several, including the UK, also disqualify political parties from the same – I might well view the goings on in Italy with detached curiosity. Not only is it odd that a country should allow its prime minister to control half its television, but also, why are there not laws banning media owners from becoming prime ministers?

Of course, Berlusconi has his critics in the media, though it appears typical of the man's combative instincts that, far from fighting a defensive rearguard action to protect his media assets, he should have sacked the bosses at broadcaster Rai for their antipathetic tones towards his government, and replaced them with more neutral choices.

All the more reason, you might say, for action by the EU, whose Green Paper on "Pluralism and Media Concentration in the Internal Market" was published in December 1992. The Green Paper outlined three possible broad courses of action and invited comment. Either it

Agencies Are Silent On Ownership Issue



BY TOBY SYFRET

could take no action, or it could propose a recommendation to enhance transparency, or it could propose the harmonization of national restrictions on media ownership by a directive, regulation, or combination of both.

We still do not know what course of action the Commission will take, DGXV having elected for a further round of consultation, and put back a decision on whether there is a need for harmonized regulation until next year. In the meantime, many parties have declared their reactions. Media owners were bound to respond in number, yet the only response from the advertising sector of which I am aware is a one-page communication from the European Association of Advertising Agencies. My overwhelming impression is that it has chosen to stay at home on this one.

Of course, the advertising sector can


protest that issues of media ownership and pluralism are none of its business. But, and I am sure the advertising sector knows this, it is very much its business in a business sense. Nor, when it comes to media powers chasing high office, can advertising groups be counted as wholly disinterested partners even if the links between them, the media, and politics may mostly appear tenuous.

Sometimes, though, the links are nicely direct. There is the strange recent case of the transmogrified Chinese Communist party hymn, written in honour of Chairman Mao Zedong, but now sung with commercial lyrics.

No longer "The sun is reddest, Chairman Mao is dearest," but "The sun is reddest, Long Rainbow is newest." At least, in this example, the advertising industry can disclaim the blasphemy as Long Rainbow is owned by Norinco, the commercial arm of the People's Liberation Army. The jingle could not have happened otherwise.

However, the general question of advertising's position vis-à-vis pluralism, media concentrations and politics remains. Back to the Green Paper on media concentrations and pluralism, the European Parliament adopted a resolution in January calling for the Commission to submit a proposal for a Directive. Among the items on the agenda are (a) the investigation of dominant influences in the field of advertising, (b) the excluding of specific groups, such as advertising agencies, from owning media properties, and (c) the application of stringent national and Community provisions for controlling media buying groups.

Then, looking to the future, there is the whole question of who will run the electronic superhighways and how advertising will be managed on them.

Indeed, there is no shortage of media owner and pluralism issues for the advertising sector to pronounce on, even if they prefer silence. May Edward George Bulwer-Lytton rest in peace. 

Issues of media ownership and pluralism are very much the advertising sector's business, in a business sense

Keeping Faith With VOD

Connections and revenues are on the up, tv and telephone networks are converging, but European cable networks should put away the rose-tinted spectacles, warns the latest annual survey of the industry by CIT Research. Jean-Luc Renaud assesses its reasoning

As befits a burgeoning industry sector, the annual *Cable TV Communications in Europe 94* report just released by London-based analysts CIT Research is bigger and better than last year's. In its 12th year, the report is augmented by a substantial analysis on cable tv economics and investment, and a review of equipment suppliers, cable telephony and new services. The report also includes an enlarged section on tv programming, interactive tv, video-on-demand (VOD), multimedia and telephony services.

Notwithstanding Europe's cable tv diversity, CIT identifies three trends that hold true across all countries. First, markets are growing. Whether measured in terms of connections or revenues, European cable tv is on the up, even though system operators do not always keep much of the revenue they collect.

Second, cable tv and telecom networks are becoming more alike from a technical angle. This means future cable

tv networks will be able to carry telecom traffic, and vice-versa. Both types of operators are interested in new kinds of interactive services, from video-on-demand to video games played over networks.

Third, the degree of optimism and enthusiasm about the future is usually not borne out by results. CIT confesses to having acquired a reputation as a prophet of doom over the past 12 years. "While we have no desire to see the industry suffer problems, it still seems that many players and analysts have far too rosy a view of the future," says the report.

At the start of 1994, one western European household in five had a cable tv connection. During 1993, there was a net increase of two million cable tv subscribers, bringing the total to about 32 million. Subscribers spent nearly \$3.2 billion on cable. About three-quarters of their money went on basic service subscriptions, while the rest was split roughly

equally between connection charges and pay-tv subscriptions. A very small amount (less than \$73 million) was spent on extended basic packages – still relatively new.

Collectively, western Europe's cable tv operators' costs were just over \$3 billion. This was split evenly between network development and operating costs, with a little (\$17 million) for program provision.

However, when pay-tv revenue to broadcasters is subtracted from gross cable tv revenues, the industry appears to be making a collective loss. Of course, this belies a vast range of performance, on a national, MSO and network level. Some countries and companies are enjoying the payback from many years' investment, while others are still losing money at an impressive rate.

What to make of the so-called super-highway? CIT suspects that "most people's information and communications needs are rather more straightforward than some analysts and industry players

CATV Growth Projections – Total Western Europe

	1993	1995	1997	1999	2001	2003
Total tv Households (m)	155	161	166	171	175	179
MATV Households (m)	35	33	31	30	29	29
CATV Households (m)	32	38	43	48	52	55
CATV Penetration	21%	23%	26%	28%	30%	31%
Pay-tv Penetration	7%	9%	12%	14%	16%	18%
CATV Subscribers Revenue (\$m)						
Connection	370	311	262	217	157	101
Basic Service	2327	3142	3895	4706	5458	6270
Extended Basic	67	102	140	245	286	329
Pay-tv (Broadcaster)	359	625	931	1331	1706	2028
Pay-tv (Operator)	61	105	157	229	303	367
Total Sub Revenue (\$m)	3184	4285	5385	6728	7910	9095
CATV Operator Costs (\$m)						
Network Development	1526	1242	1296	1078	843	747
Programme Provision	17	35	58	87	113	134
Operating Costs	1515	1745	1927	2073	2165	2197
Total CATV Operator Costs	3058	3022	3281	3238	3121	3078

Source: CIT Research

ould have us suppose." CIT notes that, despite all the discussion about information superhighways, interactive services, and so on, most of the revenues of the European cable industry come from basic service payments, and most of the money being spent by the industry is going on passing more homes and increasing network capacity (without using digital compression). "The problem with most new product or service propositions is that they result in a marginal increase in utility for a massive cost (...). The range of services that come under the umbrella of the information superhighways are just crossing the boundary from the ridiculous to the feasible – but only just," says CIT.

With the finalization of the MPEG-2 standard for digital compression of moving video, the stage is set for a widespread increase in capacity on both satellite and cable tv distribution networks. However, CIT argues, decoders are unlikely to be available until late 1994, and prices will be too high for most cable operators to contemplate until a few large orders are placed. It is far from clear who will place these large orders, however, CIT says. Broadcasters relying on direct-to-home reception show no signs of launching digitally-compressed near-video-on-demand (NVOD) services.

Most are not cash-positive, and those that are seem unwilling to enter yet another frightening J-curve of massive upfront losses to get a new standard off the ground. Cable operators in new markets either have enough capacity or are more interested in pumping money into new build or (in the case of the UK) telephony.

In more mature markets, where digital compression clearly would be useful, the enormous costs involved have dampened the enthusiasm of many operators. The only application of digital compression cable operators have seen to date is the digital delivery of satellite programming to cable headends. Pay-tv service provider FilmNet equipped over 200 cable headends in the Benelux with digital decoders to be able to deliver digitally-compressed tv channels.

There is hardly a telco in Europe that does not have plans for VOD trials or services. Clearly, this worries Europe's cable operators. In CIT's view, the problems may not be too daunting in the short term. It argues that BT's first stab at a VOD business plan is "wildly optimistic" and takes no account of the inevitable technical and commercial problems that dog such massive projects.

European Cable Operators – 1993

Operator	Country	Number of Subs end 1993	Estimated Revenue ECU million	Rank
DBP Telekom	Germany	13,500,000	878 ^e	1
Svenska Kabel-TV	Sweden	1,250,000	135 ^e	2
Casema	Netherlands	818,000	64 ^e	3
Rediffusion	Switzerland	512,000	132 ^e	4
Telekabel	Austria	397,000	64 ^e	5
TeveOost/Tevest	Belgium	386,744	37 ^e	6
NV EGD/BUCAI				
Groningen	Netherlands	375,000	42 ^e	7
KTA Amsterdam	Netherlands	370,000	33 ^e	8
KTAS	Denmark	370,000	79 ^e	8
CGV	France	358,000	117 ^e	10

Source: CIT Research

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On this subject, we believe CIT's analysis is wanting. BT's VOD business plan the London consultants refer to was contained in a leaked document, which actually was only one of several scenarios formulated by BT.

More fundamentally, CIT's criticism of BT's figures is based on a comparison with consumer take-up of DTH equipment and pay-tv service. That comparison appears to us flawed as it fails to recognize the unique on-demand service potentiality of switched networks which contrast sharply with the limited service offering – moreover under somebody else's control – available on traditional broadcast networks.

CIT, however, accepts that VOD will arrive, and may cause problems for cable operators in some countries. "Unless they are allowed to offer telecom services, cable operators may be eaten alive by the PTOs. They may be eaten alive anyway, because most are far too small to compete with their domestic telcos." In countries where small cable operators abound – like Denmark, for example – they may have to merge to survive. In the Benelux countries, CIT sees the end to public involvement in cable, as taxpayers become less willing to meet the costs of staying in the game. In Sweden, VOD may simply accelerate the demise of competitors to the PTO-owned Svenska Kabel tv, while in Germany, DBP Telekom's absolute domination of the market will mean that VOD changes nothing.

Cable operators have been reasonably successful in selling telephony in the UK. By 1998, competition in voice communications should be allowed in Germany, France, Italy, Netherlands and Denmark, followed by Belgium and Luxembourg in 2000 and Spain, Portugal, Ireland and


Greece in 2003. Of these markets, the Netherlands is the most significant, in that it has a high cable penetration, limited PTO involvement in cable, and a regime that is sympathetic to the idea of telecoms competition. PTT Telecom Nederland is clearly concerned about the possible effects of cable telephony.

France could also be another key cable telephony market, despite its low cable penetration. It is, after all, Europe's second largest economy, and attitudes towards competition are changing in the country.

Ownership of the local loop could prove to be a crucial weapon for cable operators. Telecom tariffs are – generally speaking – being rebalanced to raise line rentals and lower some, if not all, call charges. But the full integration of telecommunications and cable tv is some way off.

Although technically possible now, the investment costs involved are huge, and, CIT argues, many newly-licensed cable telephony suppliers could well follow the UK model of partial network integration, or physically separate networks.

What does CIT expect from the European cable market? "Our projections are conservative, but optimistic. We do not see a massive rollout of video-on-demand services or digital compression equipment (...). It is too soon to speculate about the liberalization of voice telecom markets in most countries," says CIT.

By 2003, CIT expects operators' costs to be almost exactly the same in real terms as they were in 1993. The breakdown of costs should be rather different, however. Network development expenditure should have halved, while more money is likely to be spent on program provision and operating costs. 

Tiger Has The Eye Of Comcast

Cable operator opts for PC-based VOD system... Boost for Video CD slate... U.S. in-room viewing survey... Fujitsu launches first flat screen

U.S. cable MSO Comcast has weighed up the various video-on-demand (VOD) systems currently on offer and apparently come down in favour of Microsoft's Tiger technology. The system, first demonstrated in May, is based on PCs rather than powerful mainframe storage devices, and Microsoft has claimed it can deliver VOD at a fraction of the price of other equipment providers such as Oracle and Hewlett Packard. According to one Comcast executive, consumers would only have to pay between \$20 and \$25 to install the necessary hardware required to access a Tiger-based VOD system, and the headend equipment could be used cost-effectively in systems with as few as 5,000 subscribers.

This is in line with Microsoft's initial claims for the system, which have been met with some scepticism by rival providers of video-server technology. If true, it could transform the economics of VOD provision, making it a technology that could be implemented for small community-based information systems (such as that run by a local town hall) as well as for blockbuster movie supply in the manner favored by the large cable operators and telcos.

The Tiger system is being tested in early 1995 TCI, in Seattle – so everyone will have to wait until then to see if Tiger delivers everything it promises.

CD Venture Doubles Slate

The number of Video CD titles on the global market has more than doubled overnight with the release of London-based CD Vision's new 40-title slate. Until now, Philips had been the principal provider of programs in the Video CD format – the optical disc equivalent of the video-cassette – through licensing deals with the likes of Paramount, MGM and Orion Pictures. CD Vision may not quite have the blockbuster product to put out in the new format that the Hollywood majors do, but it can draw on the resources of a number of UK top independent producers, including RPTA/Primetime, Workhorse and Zenith, through umbrella organisation Television Enterprise and Asset Management plc (TEAM).

The 40 Video CDs, released on October 10 at a UK price of £9.99 (\$15), include feature films (including Halloween, The Outlaw, Victimised); martial arts (Bruce Lee, Cynthia Rothrock); music and the performing arts (Billie Holiday, Ray Charles, Charlie Parker); children's interests (including Daffy Duck, Bugs Bunny); and many other entertainment categories. Nigel Wood, joint managing director of CD Vision, said he believed the number of MPEG players worldwide able to play the titles would be "around one million by the middle of January."

Room Service Films

Speaking of VOD, hard consumer research on how people react to the technology is hard to come by: hardly surprising, in view of the limited number of trials currently taking place around the world. In fact, VOD is currently being used commercially in a number of U.S. hotels as an extension of the pay-per-view movie ordering facility commonly available, and it is just such an application which has provided the industry with some of its first hard data on how people rank on-demand films. The company providing the service, Lodgenet Entertainment, came up with the following hotel room Top Ten VOD Titles for August this year.

1. No Escape (Savoy)
2. The Crow (Miramax)
3. Bad Girls (20th Century Fox)
4. Four Weddings and a Funeral (Gramercy)
5. D2: Mighty Ducks (Disney)
6. Naked Gun 33 1/3 (Paramount)
7. Cops & Robbers (TriStar)
8. Private Lessons (NuImage Inc)
9. Major League II (Warner Bros)
10. The Paper (Universal)

Movie releases are placed on the LodgeNet system approximately 30-90 days after theatrical first-runs and prior to retail rental. They are then rotated every

month, with top viewing selections carried over into the following month.


Naturally, the results are unrepresentative, but they are of interest nevertheless. Some bright spark now needs to find out just what viewers were paying for these movies, adjust for demographic skew, and compare how those same titles performed in a theatrical, video rental and sell-through context.

NYSE Falls For Flat Screen

Japanese consumer electronics manufacturer Fujitsu has become the first flat-panel display maker to announce a commercially-available 21-inch color plasma tv screen.

The new screens are only a few inches deep, and represent a major step towards the type of cheap 'hang-on-the-wall' displays that many industry experts believe will be required before the high-definition television market can really kick off.

The New York Stock Exchange has just ordered 1,000 of the new screens as part of its \$125 million Integrated Technology Plan, aimed at bringing next-generation technology to the trading floor.

While these will be used principally for stock price displays taking feeds from computers, such screens will in principle also eventually be able to be used as a component in ordinary domestic tv sets. 



pay and see

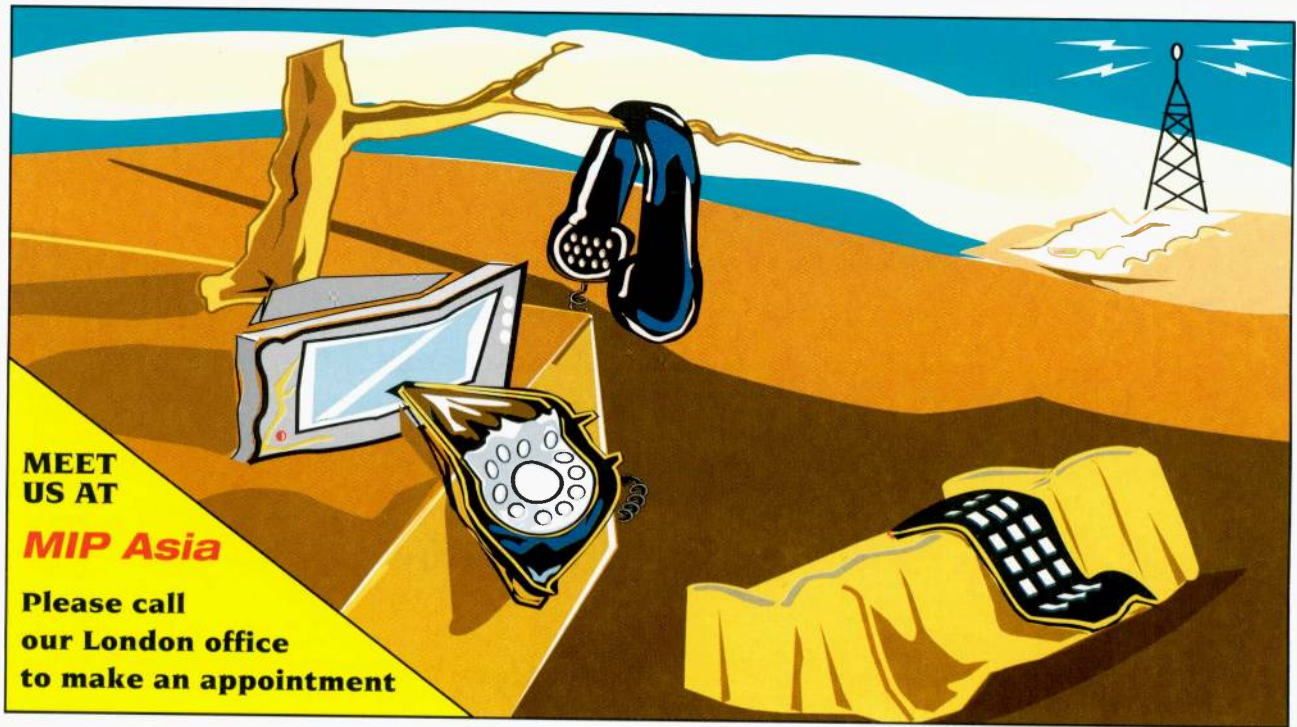
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