WEEKLY INSIGHT
Spain inaugurates terrestrial digital TV without audience
Meeting the deadline set up by the Ministry of Science and Technology, Spanish television networks (Antena 3 TV, Telecinco, Canal Plus and TVE) have started this week to broadcast digitally. This new technology, that uses the traditional TV antennas to carry signals, offers high image and sound quality, and permits the implementation of interactive services. However, this change will go unnoticed by the majority of the Spanish population. According to the broadcast networks, the lack of receivers and content prepared for digital technology will mean that in the short term the new television won’t be able to fulfil its commitment: attracting audience. From Expansión. [Full Story]

Highlights
- Terrestrial Digital TV (TDT) runs over the traditional TV antenna network and allows the very same services as satellite platforms. For each analogical signal received by the antenna, four digital signals can be received. The image that is transmitted through the air is compressed but it does not lose quality.
- With the arrival of digital television, Spain has started the so-called ‘analogical blackout’, which should end by 2012. Until that date, television networks will prolong simultaneous broadcasting of both, digital and analogical signals.
- Broadcasting stations believe that the broadband spectrum assigned by the Government doesn’t guarantee a minimum quality of signal. They have complained to the Administration. Broadcasters also want the Government to promote a common standard for signal decoders and allow them to share interactive services.
- At the moment, there are no digital televisions on the market nor decoders that can be adapted to domestic sets. ANIEL (the Spanish Association of Electronic and Telecom Industries) hopes that these devices are available by the end of the year. Television manufacturers link digital TV success to the existence of interesting content from the new system.
- According to Jupiter Media Metrix, by the end of this year digital TV will have a penetration of 20% (32.2 million viewers) in Europe, a figure that will climb to 56% (85 millions) in 2006. In Spain, ANIEL states that digital TV won’t become generalized until 2005.

Press Review
From ABC
"From now on, April 3, 2002 will be the date which officially marked the birth of digital TV in Spain. However, the use of the new television is obstructed by the present infrastructure of analogical receivers and the lack of equipment prepared to receive the digital signal of the broadband networks. (...) Stations will spend three million euros per year to send out its digital TV programming to an empty space."
[Full Story]

From IBLNews
"Last February, all the TDT operators and electronic equipment manufacturers reached an agreement to promote the use of a decoder standard based on European norm MHP (Multimedia Home Platform),
developed by European group DVB and approved by the Science and Technology Ministry.

(...)

Until next year, there won't be any **MHP decoders**. They will cost about **500 euros**. Nevertheless, the electronic industry has **open devices** which can be a **transitory solution** that allows to migrate to MHP later. Moreover, they cost just **200 euros**.

(...)

On the other hand, next June new channels will start their **broadcasting tests**: **Net TV** (with **Grupo Correo-Prensa Española** as major partner) and **Veo TV** (**El Mundo-Recoletos**), the two licenses of private TV awarded in November, 2000.

[Full Story]

**From EFE**

"For **Minister of Science and Technology** Anna Birulés, there are advantages and handicaps for **Spain** and the **United Kingdom**, the *first EU countries* to embrace this new TV model. She is also certain that something similar to mobile telephony will happen; it was ‘very expensive at first but cheaper later’.

(...)

According to the Minister of Science and Technology, currently there are **200,000 Spanish TDT users**. In this context, the Minister pointed out that, in the future, the Government might offer grants to replace current televisions in order to push forward digital technology development."

[Full Story]

**From Baquía**

"The **European Directive of 1989** and the birth of new private broadcast networks are turning points which mean a change in the trend of Spanish TV development. Some years later, in 1997, the first satellite TV station was born. Although there wasn’t any number limitation, only Canal Satélite Digital and Vía Digital were created because of market restrictions. Three years later, in **2000**, the first digital TV licenses were awarded."

[Full Story]

**Commentary by...**

Ignacio Hernandez-Ros, senior manager in technology at PwC

**Digital TV, another step towards 'homo digitalis'**

Analogical blackout has started, although for users it will be a gradual, almost transparent, fade out. It will be similar to the way, that over the last few years, we have been unconsciously replacing our analogical mobile telephones for those with a digital signal. Or just like the way we are jumping, little by little, on the high speed Internet bandwagon through digital technologies like ADSL. By 2012 all Spanish television broadcasts will be digital... or they won’t exist.

The official launch comes at a time when there still isn’t an installed base of receivers prepared for the new media. However, this isn’t very important because the equipment production problem will be solved as users replace their current television sets with new ones. What’s more, the problem could easily be overcome initially thanks to signal converters working as communal antennas.

From the technical point of view, the really important issue is that we already have the first versions of communications protocols (MHP) and the receiver prototypes. With them, we will be able to display digital television content and to use their implicit interactive functions. In the first phase we won’t see any major changes. We will keep on having unidirectional content as we do at present, though enhanced by the superior quality of the digital signal. Gradually we will incorporate value added services, such as e-commerce or online banking (*t-commerce*), interactive participation systems, and the possibility that users contribute content to the medium.

In a second phase we will see the so-called "à la carte television" and the home communication networks convergence, which will enable us to access communications from the telephone, the PC, the television or
other domestic appliances. Before this can happen, we should find a digital TV killer app, an application able to totally bury the past. What will be the ‘Big Brother’ or ‘Operación Triunfo’ that will be able to do so? We still don’t know, but we are certain that content will be what will drive the advent of digital television.

Another determining factor will be the Internet. Traditional TV is normally associated with leisure content, but digital TV will also be able to serve Internet enriched content for educational and professional aims. The "silly box", linked to the living-room sofa, will be replaced by an intelligent television with many different applications, which will be used in different contexts, even within the enterprise.

On the way to full television interactivity, the audiovisual sector seeks a business model to pay off the high costs of digital television production and broadcasting and most importantly, to generate revenues. Subscription fees, pay-per-view and interactive advertising look like the most probable sources of income. But the new medium will only be viable if it guarantees a certain margin for each player in the value network.

That is from device vendors to content owners, signal carrier networks and the myriad of advertising players. In the diffused monitor of digital television there are still many images to define, but its arrival means a new and important step towards the "homo digitalis" so brilliantly predicted by Nicholas Negroponte.

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EBCENTER ARTICLE

New technology is starting to dismantle company hierarchies
By Ana García Fonseca, EBCenter Research assistant

The Internet has stimulated the creation of virtual teams in organisations made up of employees working out of different countries who are not subject to continuous supervision of their work. [Full Story]

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REPORTS

Internet Users Confidence Declines
Title: Yahoo!/ACNielsen Internet Confidence Index
Source: Yahoo!/ ACNielsen
Date: 1st. Quarter 2002

Abstract: Users are losing their confidence in Internet. The Yahoo!/ACNielsen Internet Confidence Index dropped four points during the first quarter to 111, compared to the fourth quarter of 2001. However, the Index also shows that more people intend to shop online during the second quarter of 2002, despite the fact that they are projected to spend $13.8 billion in the second quarter, slightly less than had been planned for the first quarter.

The study found that more than 40% of users manage some aspect of their personal finances online, while 26% intend to use the Web for tax research this year and 15% of Internet users surveyed will use the Internet to file their taxes online.

The dip in the Internet Confidence Index during this study was prompted in part by assiduous Internet users who expressed less confidence in the quality of online services, above all in relation with customer service and the delivery of goods especially during the Christmas campaign. Additionally, among all users, there was an increased concern over the security of their credit card data and how their personal information was being used. [Full Story]

Privacy practices of commercial Web sites are improving
Title: Privacy Online
Source: Progress & Freedom Foundation
Date: March, 2002

Abstract: The privacy practices and policies of commercial Web sites are continuing to improve, according to
Currently, **web sites are collecting less information** and, among the most popular domains, the collecting of personal information fell from 96% to 84%. The proportion of Web sites that utilise third-party **cookies** fell from 78% to 48% for the most popular group. The number of major web sites that use **opt-in** strategies has doubled to 32%, while **opt-out** fell from 49% to 30%.

On the other hand, 80% of the most popular domains provide a combination of notice, modified choice and security, compared to 63% in the 2000 survey.

Finally, one-quarter of the most popular domains have already implemented the standard P3P (Platform for Privacy Preferences).  

Spanish Net Banking, Crowded  
**Tittle:** Shakeout Looms In Crowded Spanish Net Banking  
**Source:** Forrester Research  
**Date:** March 21, 2002  
**Abstract:** According to a study conducted by Forrester Research, the Spanish online banking market is already crowded and looming consolidation will prove there isn't room for more entrants unless they specialise. At the moment, in Spain, there are three types of agents, which aren't differentiated enough and merely copy their competitors.  

**Incumbent brick-and-mortar** banks BBVA, SCH, and Banco Popular more than doubled their online customer accounts last year to reach 1.8 million in December 2001, while Bankinter has migrated more than a third of its customers online.

**Online pure players**, such as Uno-e and Patagon, fight to return a profit, while ING Direct has won 400,000 online users since May 1999. There are also two **online banks**, which **emerged in 2001**: ActivoBank and evolvebank.com.

Forrester experts advise **multi-channel banks** to focus on activating human contact to attract **by-the-book customers** and **online pure plays** to win **self-directed customers**.  

Digital Divide: Beyond North and South  
**Tittle:** Second-Level Digital Divide: Differences in People’s Online Skills  
**Source:** Eszter Hargittai- Princeton University  
**Date:** March 2002  
**Abstract:** Although providing Internet access may help alleviate some problems of the digital divide, information presented in this paper published by *First Monday* demonstrates that a second-level digital divide exists relative to specific abilities to effectively use the medium. The author quotes **five dimensions along which divide may exist**:  

- **technical means** (software, hardware, connectivity quality);  
- **autonomy of use** (location of access, freedom to use the medium for one's preferred activities);  
- **use patterns** (types of uses of the Internet);  
- **social support networks** (availability of others one can turn to for assistance with use, size of networks to encourage use); and  
- **skill** (one's ability to use the medium effectively).  

The survey analyses how people find information and how this process is influenced by age, education and personal experience. According to the author, it is not enough to wire all communities and declare that everyone now has equal access to the Internet, because people may not be able to maximally take advantage of all that the Web has to offer.  

COMPANIES  
**Terra fell 5.56%**  
Last Monday, the share of Spanish Internet group Terra fell 5.56%, the heaviest fall of the Spanish stock
market. According to the experts, there are two causes that explain this loss. Bertelsmann wants to renegotiate the contract it has with Terra Lycos covering advertising and other services and BNP Paribas cut its rating on Terra Lycos to "underperform" from "neutral" and reduced its price target to 7.2 euros from 8.6. A Terra Lycos spokesperson said that the group is not aware of Bertelsmann trying to renegotiate the contract, which they signed in the year 2000. From Yahoo. [Ful Story]

**A Federal Court of Appeals Orders Napster Shutdown**
A federal appeals panel gave record and film companies another piece of ammunition in their fight against online piracy, upholding a lower court order that shut down Napster's free song-sharing service. U.S. District Judge Marilyn Hall Patel in San Francisco had issued a pre-trial injunction against Napster in March 2001, but lawyers for the company and the music industry continued to fight over how strict that injunction should be. Representatives of Morpheus, Kazaa and Grokster said the ruling didn't apply to them because their systems aren't like Napster's. From LA Times. [Full Story]

**A New Nordic Telecom Giant**
Telia of Sweden have agreed to merge with Sonera of Finland in a deal that creates an 18 billion Euros company, and immediately opened the door for further partners to join them. This could be the first major step in the Nordic consolidation in the industry. From Financial Times. [Full Story]

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**WE RECOMMEND**

**Wi-Fi: cheap and easy to install**
The broadband wireless Web is being built around a technology known as Wi-Fi, or 802.11b, that's easy to underestimate. However, Wi-Fi stands for wireless fidelity, an increasingly popular networking standard that's used to create wireless local area networks (LANs) in homes and offices at speeds up to 11 megabits per second. *Business Week* reviews the case of Tarantella, a software company that has installed Wi-Fi successfully. According to the Tarantella CEO, it is a cheap and easy technology and, despite the occasional distractions, it makes meetings run smoother and employees more productive. For the authors, Wi-Fi's weaknesses are few but they advise that it is necessary to think through its implications for network security. From *Business Week*. [Full Story]

**e-Business, crucial to General Motors**
eGM—a group created in 1999 to push e-business projects and processes throughout General Motors—has been dismantled and rolled back into GM's traditional business units. For industry sceptics, the dismantling of eGM is one indication that the automotive giant is retreating from its e-business ambitions. Contrary to what critics claim, GM executives say eGM's dismantling is a sign of success, asserting that e-business has become an integral part of the company's fabric. GM's key e-business projects divide into two categories: Consumer and dealer links concerned with selling cars, and supplier links concerned with designing and manufacturing cars. One of those initiatives is the consumer website BuyPower which converted 20% of dealer leads generated through it into sales. Moreover, last year was the first year in a long time that GM's market share rose, however slightly, to 28% since GM's share of the U.S. auto market dropped from 50% in the 1960s to a low of around 27% in 2000. From CIO. [Full Story]

**e-learning, a better way to learn**
Corporations need to train sales staff in new products and to deal with a fast-changing regulatory environment. However, the downturn in the global economy complicates the continual spending of $600 daily for training programmes. This is where e-learning comes in. These initiatives saved IBM more than $80m in travel and housing expenses in 1999.

The potential for reducing training expenditure is part of the reason analysts predict a rapid growth in the e-learning market, which will be worth some $23bn in 2004. It’s also a flexible way to learn. But the critical point is to have training that **accomplishes objectives** and **makes employees more productive**.

Nevertheless, introducing an e-learning system has some disadvantages, such as a **sizeable initial investment** or a **difficult adaptation**, particularly if an office is not fully web enabled or the older members are resistant to changing their way of participating in training courses.

In any case, companies would be wrong to abandon the classroom altogether. A blended programme, in which online training is used in conjunction with face-to-face instruction, is the best solution. From *Financial Times*. [Full Story]

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