

## System to stamp out piracy

THOUGH MANY Asian countries are experiencing an economic recession, Dacom, Mabuhay, Sky Television, SpaceTel, Telesis and TVB are considering or launching digital video systems.

Some of these new systems will offer programs, primarily movies, on a Pay-Per-View (PPV) or Video-On-Demand (VOD) basis. The convenience of being able to sit in one's chair and electronically order and view movies is compelling. According to Paul Kagan Associates, in 1997 PPV revenue throughout Asia increased 81%. SeaChange International recently completed a comprehensive business model for VOD that estimates 3.5 buys per month per VOD household.

In PPV and VOD, the retail price paid by the individual subscriber is divided between the system operator and the movie studio. Both operators and studios want to maximise buy rates and therefore increase revenue. One way to help maximise buy rates is to minimise the unauthorised copying of programs.

The entertainment industry loses hundreds of millions of dollars each year to the

unauthorised recording and sharing of copyrighted programming. Each time someone tapes a PPV or VOD program to watch again or share with a friend, another potential repeat or new PPV, VOD or home video transaction is lost and the downstream value of subscription TV and broadcast syndication is diminished.

The issue with copying is one of fair value: should someone really be entitled to view a great movie or program over and over again simply by popping a blank tape into a VCR and pushing the record button once?

Fortunately, digital video technology has also increased the industry's ability to help keep honest people honest. Direct broadcast satellite and cable networks are able to activate integrated circuits, incorporated within most digital set tops, that generate Macrovision's anti-copy process. This anti-copy process is undetected by TVs and transparent on original viewing, but causes most VCRs to record significantly distorted tapes that have lost much or all of their entertainment value. Generally, if the average person tries once or twice to record programming through illegitimate means and is frustrated, they'll usually decide that it's

worthwhile after all to pay for guaranteed quality.

Several system operators have already deployed and activated copy protection technology within their digital systems. Hong Kong Telecom's IMS network uses NEC digital set tops and has copy protected all VOD movies. Similarly, DirecTV Japan and SKY PerfecTV! have copy protected all of their adult programs, Hollywood PPV blockbusters such as Paramount's "Mission Impossible" and Universal's "The Lost World: Jurassic Park," as well as special events such as live concerts by the singer Seiko Matuda. Kenji Ishibasi, executive vice president, Nikkatsu, says, "we believe that this helps us generate multiple purchases by the same subscribers."

DirecTV Japan and SKY PerfecTV! have over one million subscribers. Their experience suggests that digital technology have the potential to satisfy everyone: operators are able to offer subscribers many more programs without jeopardising the copyright value of these programs. The long term prospect for digital systems appear quite promising.

— Tom Carroux

## Digital TV for Hong Kong

CHINA Aerospace International Holdings Limited (CASIL) and Hong Kong's Asia Television Limited (ATV) have reached an intent to co-operate in areas related to future television technology and development. The two parties jointly announce the principal areas of co-operation as follows: -

- CASIL and ATV will form a joint working committee to study a plan to develop digital

satellite television service, to confirm the timetable of the co-operation and to engage overseas strategic partners.

- Subject to the laws of the Hong Kong Special Administrative Region, CASIL and ATV intend to carry out a direct-to-home digital satellite television broadcasting service outside Hong Kong. ATV will consistently provide CASIL with a set of programmes for the trial service to be conducted in accordance with the international DVB standard.

The co-operation between CASIL and ATV is in accordance with the targets as laid down in the principal communication technology policies of the Government of the Hong Kong Special Administrative Region.

CASIL, the "window company" of the China Aerospace Corporation, is the most authoritative department of high technology in China, possesses strong capacity in advanced technology. Digital Satellite and Cable Television Broadcasting System is one of the advanced products of CASIL.

The system has been made available in different provinces

and cities of China and received good market responses and returns. Chairman and President of CASIL, Dr. Wang Mei Yue, who is also a member of the HKSAR Chief Executive's Commission on Innovation and Technology, said the advent of the 21st century features a hi-tech and information-based economy.

In order to prepare for the challenges of this new era, CASIL has meticulously charted out its strategies for hi-and-new-tech industrial development and implemented these strategies in real earnest.

He said the development of and revolution in information technology and media will play a substantial role in changing people's life and ways of thinking. The Digital Satellite and Cable Television Broadcasting System of CASIL adopts today's advanced digital technology. The R&D and extensive application of this service will bring a revolution in television broadcasting, more business opportunities and high value added profits to the information technology and media industries. CASIL will also benefit from these business opportunities as a result.

The Director and Chief Operating Officer of ATV Dr. Bruno Wu said, following the revolution in information technology, a new revolution in television is formed. Hi-technology, as embodied by information technology, has liberalised the restrictions of conventional television broadcasting and will provide people with new audio-visual pleasure and aesthetic values. ■



Dr. WANG Mei Yue, (left) and Dr. Bruno Wu are seen here after signing the Letter of Intent