

COMPRESSION

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through a mountain of "personalized communications choices. This is just the beginning of adapting entertainment and information services to the needs of the individual consumer, rather than one-size-fits-all television we have seen in the past.

"Television," he said, "will never be the same."

By mid-1993, TCI expects to begin operating a new, \$20 million access control, encryption and uplink facility to distribute dozens of new services, initially to the home-satellite-dish market. Patterned on the satellite-distribution center now operated by GI, TCI's uplink facility is to be open to other programmers at cost, said TCI.

But last week's events went beyond satellite and headend all the way to the home. TCI agreed to buy up to 1 million GI and AT&T set-top terminals, which Malone said will be available in basic and more sophisticated versions, receive both digital and analog signals and pass high-definition television signals through to an HD receiver.

In what TCI Executive Officer J.C. Sparkman called "a very complex but fair deal to everybody," GI and AT&T will gain significant revenue for development of the technology and be required to license it to Scientific-Atlanta, North American Philips and other manufacturers.

"This is an historic event," AT&T Vice President Robert Stanzione said of the cooperative development and licensing agreement. "To have TCI deploy it on a high-volume basis I believe is a turning point."

Convinced digital service and quality will grab consumers, Malone said, "We will be manufacturing-limited, not demand-limited."

Sparkman estimates manufacturers can produce about 100,000 boxes a month by March 1994 and double that amount by the end of the year. But one source estimated it would take nearly six months to reach 50,000 units per month and that TCI would, in any case, outfit no more than 10% of its subscribers over several years.

Nevertheless, said Mike Luftman, Time Warner vice president of corporate communications, "the deal absolutely accelerates compression into the here and now. It means vendors

NCTA ASKS FCC TO DENY DIALTONE TEST REQUEST

Citing potentials for discriminatory access, non-common-carrier practices and cross-subsidy, the National Cable Television Association asked the FCC last Friday (Dec. 4) to "clarify or, in the alternative, to deny" C&P Telephone's application to conduct a video dialtone trial in northern Virginia next summer, using a Bell Atlantic video compression system. It is the first such application on file since the FCC's dialtone ruling last August.

NCTA argues the current C&P/Bell proposal leaves open possibilities C&P/Bell will step over the common carrier line, selecting programmers, dealing directly with customers (the test will use C&P and Bell employees) and/or setting prices or terms of video service. NCTA also reminds the FCC of the commission's earlier promise to revisit cost allocation and state versus federal jurisdiction over common voice/dialtone facilities. NCTA also notes its continued appeal of the FCC's ruling that video dialtone requires no franchise authority.

Acknowledging C&P plans only an experiment, the cable association says it fears a grant with "wide latitude...will be cited as precedent in the future." Executives for Bell Atlantic could not be reached. —PDL

will be making the equipment." Concurring, Wilt Hildenbrand, vice president of technology for Cablevision Systems, believes "it will focus the vendors on solving real-world implications," including critical compatibility issues.

Some insiders are confident the Motion Picture Experts Group will embrace both the GI/AT&T and Scientific-

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Atlanta entertainment compression applications in new worldwide MPEG 2 computer-industry standards to be settled next March.

Malone believes GI/AT&T adoption "will very rapidly be a North American cable industry decision. It allows for improved algorithms, improved transition from hardware to software implementation."

However, while TCI, HBO, PBS and programmers in Canada, Mexico and Hong Kong have adopted the GI/AT&T technology, the Viacom networks adopted Scientific-Atlanta's compression system for their SMATV and hotel services last month.

"I think MPEG 2 is almost an industry mandate," said Edward Horowitz, chairman and chief executive, Viacom Broadcasting. Also confident MPEG will accept the S-A and GI/AT&T algorithms as they are, Horowitz indicated

that S-A, GI and AT&T must make them acceptable. "If it costs several dollars more per box, the price penalty is de minimis compared with the benefits of interoperability with other technologies."

Conceded Malone, "We still have to make sure this will be MPEG 2 compatible."

For now, "the cost of digital and analog headend equipment can soon be approximately equal," said HBO's Zitter. "That is what is enabling us to get started now." Current analog IRD's run \$10,000 each. GI is to make digital headend receiving equipment immediately available to HBO affiliates seeking the digital HBO and Cinemax services. An upgrade from initial DigiCipher to the joint GI/AT&T compression system (to be completed in 1993) will require circuit-board swap-outs.

Maintaining its four analog feeds of HBO and Cinemax (East and West), HBO will begin with 4-to-1 satellite compression of the additional signals "to maintain state-of-the-art quality" at the headend, said Zitter. Once cable subscriber terminals are in place, HBO will also offer higher compression rates to systems wishing to pass signals straight through—rates Malone places at 6- or 7-to-1. Eventual use of 10-to-1 ratios would make 500-channel systems a reality. ■

For More Late-Breaking News, See "In Brief," Pages 68 and 69