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OTTAWA BUSINESS NEWS

JULY 25 - AUGUST 7, 1992 / 17

Setting a technology standard leads to future business

Establishment of industry standards in coding, procedures, and hardware can require an investment, but the payback is worth it

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OTTAWA BUSINESS NEWS STAFF

SETTING AND following standards are the keys to success in the expanding world of new technology. But it can be a very complicated business, particularly in an industrial market which spans international borders.

In the world of advanced technology, where computers talk to each other as much as humans, a common language is of the essence. So standards are set on a variety of terms including coding, procedures and hardware to ensure high-quality access around the world.

James Carruthers is president of Ottawa-based Norpak, which set the North American standard in data broadcasting teletext products. He says companies "live and die" by standards. If a committee is actively setting a standard in an area in which your company does business, then it is essential to contribute. Though it takes a great investment of time, energy and effort, the payback is worth it.

"The competition for standards is really competition for business," said Carruthers.

Norpak's teletext products have been sold in the United States, Korea, and Taiwan and are currently being tested in Montreal and Toronto by Bell Canada. They are used for such interactive services as home-shopping, home-banking and electronic mail.

Carruthers says there are three standards allowed to be set in his area of technology: North American, European, and Asian. France has established a European standard for these products. As well, Japan created a system, though it has not proved as high-quality as those of its European and North American competitors.

Though regulations have kept the adoption of this kind of equipment slow in Canada, the international market is burgeoning. The potential for profit is incredible once a country decides which particular standard to follow. The Ko-

rean market alone is gigantic: a \$1-billion project is underway to put teletext capabilities in Korean homes. Already 70,000 terminals have been placed.

Carruthers says the real ramifications of standards-choosing is the business which transpires afterward. The follow-on business once a standard is adopted is extremely lucrative. Once Korea decides to buy the North American standard, the whole nation naturally follows suit. That means all Koreans will access North American databases, which carry information about North American businesses, which leads to further purchases of North American products. If Korea had chosen France's standard, clearly more than the initial purchase of videotext equipment would have been lost.

That's why Carruthers is intent on convincing the Japanese market to choose the North American — rather than the French — standard in teletext.

There are councils and committees at all levels, from regional to global, for input on standard establishment. The international bodies operate from Geneva and hold meetings around the world. These bodies include: the International Organization for Standardization (ISO) and the International

Electrotechnical Commission (IEC).

Well-known instances prove how vitally important it is that your product be established as the standard. Perhaps the most famous is the Phillips Beta videotape product. When the Japanese sidetracked the Beta and opted to create their own home videotape, it sounded the death knell for Phillips' market share. The Beta videotape eventually became obsolete.

When Phillips ventured into the compact disc market, however, the company was much wiser for the videotape experience. Through various development, production, and licensing agreements with other suppliers, Phillips has been successful in cornering its own seg-

ment of the compact disc market. Though being first to market with a new product may lead to that product setting the standard, that is not necessarily a guarantee. "Sometimes the standard precedes the products and sometimes the products precede the standards," said Dr. Jose Costa, who manages international standards co-ordination for Bell-Northern Research (BNR). "In the ideal situation, all of that is happening at the same time."

For example, the IBM proprietary personal computer dominated the market until the Apple Macintosh gained in market share and popularity. Neither could operate with the other's proprietary equipment so consumers were forced to choose and then stick with that product line. IBM and Apple are currently trying to merge their software for shared access.

This is what makes the risk of getting a product to market first so enormous. The costs of developing the product are great, and if another company's product becomes the standard, those research and development costs may not be recovered.

That means it can prove worthwhile to join services with competitors to set the standard on a new

development. Once one standard is set, the consumer will be more likely to buy. The purchaser's confidence level rises when the reliability and capabilities of the product are assured.

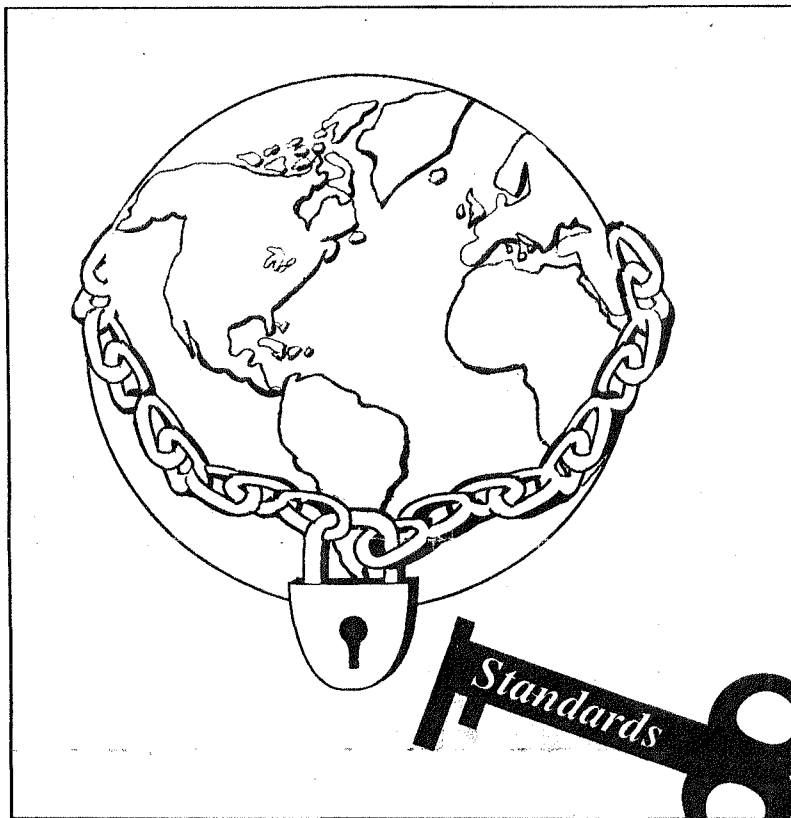
That co-operation can be seen with the Integrated Services Digital Network (ISDN), Open Systems Interconnection (OSI) and Electronic Data Interchange (EDI) which will all be instrumental in the demand for quality telecommunications capable of crossing every country's border.

The search for an international standard in High Density Television (HDTV) will also mean that once HDTV is in place, it will be available worldwide with dependable service in terms of picture quality and accessibility and with reduced operating costs.

Costa says participants to the committee he chairs on standardization for the multimedia, hypermedia, and videoimaging industry recognize the need to compromise. Companies will contribute through position papers or participation in working groups. Costa says entrepreneurs are obviously keen on getting their product out as the standard, but more importantly they recognize the need to modify, combine, and sometimes even trade off information to get a standard in place.

Since multimedia — or accessing of voice, text, and data via telephone lines and PCs — is the latest buzzword in advanced technology, international committees are already meeting to establish standards.

In April 1993 an international conference on technology and policy aspects of multimedia applications will be held in Banff. The conference will be hosted by Communications Canada, ED TEL, Hewlett-Packard and Unitel Communications Inc. Already, industry experts have been called on to prepare contributions to the conference regarding the markets and services, hardware and coding, and standards and regulations.



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