

DIGITAL TV STANDARD SHOULD BE ADOPTED WITHOUT FURTHER DELAY;
COMPUTER LOBBY'S OPPOSITION BASED ON FALLACIES AND FALSEHOODS



Nearly a decade of privately-funded R&D and an unprecedented degree of inter-industry cooperation have produced the world's most advanced digital television technology.



Based on an innovative system developed by a "Grand Alliance" of leading companies and research institutions, this technology was recommended -- without a single dissenting vote -- by the Federal Communications Commission's own blue-ribbon advisory committee in November 1995, and awaits final approval by the FCC to become the U.S. digital standard for over-the-air television broadcasting.



But eleventh-hour opposition from a handful of computer companies seems to have persuaded the Clinton administration to abandon its previously stated support for the proposed standard. Eager to placate computer interests in elector-rich California, the White House in August forced the Commerce Department to equivocate in its support, which had been conveyed to the FCC just four weeks earlier. At the Commission, meanwhile, Chairman Reed Hundt, a close ally of Vice President Al Gore, continues to block a vote, even though the other three commissioners -- Susan Ness, Rachele Chong and James Quello -- back the standard and seem prepared to vote for it.



Computer Myths

While a handful of big-name computer firms have succeeded, at least temporarily, in delaying final action on the digital



Digital TV Backgrounder/2

television (DTV) standard -- and its centerpiece application, high-definition television (HDTV) -- their arguments lack credibility, are at best disingenuous, and seem driven less by a sudden concern for consumers than by an anticompetitive agenda.

If this rear-guard lobbying effort is allowed to succeed, it will effectively deny the many benefits of this breakthrough technology to America's nearly 100 million TV households. In addition to its stunningly clear digital images and CD-quality sound, the Grand Alliance system offers access to a host of new information and interactive services. In effect, computer interests are asking the FCC to play fast and loose with a 50-year tradition of free, universal, over-the-air television broadcasting.

The emerging medium of digital television is simply too important to entrust to computer executives, let alone information-age monopolists. The alternative to today's easily affordable TV sets, which you can literally "plug and play" anywhere in America, would likely be PC-style incompatibility, undue complexity of operation, and a product life closer to the PC's 18 months than the TV receiver's decade plus.

Need For A Standard

Among the myths propagated by the computer coalition is the notion that the FCC need not mandate a DTV standard.

Microsoft argues in its submission to the FCC that adopting a DTV transmission standard would be a public policy mistake, and that the marketplace, not the government, should determine a standard. Although this approach may be commonplace in

the world of computer software, and has allowed Microsoft to dominate that sector, the FCC has been less than successful when it comes to delegating its authority to the marketplace. Contrast the success of stereo TV (in which the Commission adopted a standard based on the industry recommendation) with the AM stereo fiasco (in which the FCC "let the marketplace decide").

Mandating a DTV standard is the sine qua non of the digital television age. FCC adoption of the much-awaited transmission standard is expected to unleash a new wave of investment and job creation. Without the certainty of a U.S. standard, broadcast equipment makers are unlikely to produce digital transmitters, encoders or cameras; broadcasters are unlikely to convert to digital or to broadcast in the new medium; and consumer electronics manufacturers are unlikely to retool for the production of digital HDTV receivers, semiconductors and picture tubes.

In short, failure to mandate the recommended standard could well kill this proven, world-leading technology in the cradle.

Computer-Friendly System

Another fallacy surrounding the digital TV debate is that the Grand Alliance-based standard is somehow contrary to the needs of the computer industry. Anticipating a substantial degree of convergence between TV receivers and personal computers, five of the new standard's six HDTV formats employ progressive scanning, while only one is interlace. ("Interlaced" scanning is a display technique used throughout the world by broadcasters. "Progressive" scanning is the preferred technique within the computer industry.)

Not content with the plethora of progressive-scan, square-pixel formats, or with what is undeniably the most computer-friendly broadcast TV standard ever devised, the computer lobby insists that the interlace approach be eliminated altogether. Quite aside from this display of arrogance on the part of a group of companies only peripherally involved in over-the-air broadcasting, removing the interlace option could well gut the system and hinder the transition to DTV broadcasting.

The FCC advisory process was both open and inclusive. Participants included not only broadcasters and receiver manufacturers but the computer, motion picture, cable, satellite and telecommunications industries. The new standard is fully compatible with computers and seeks to accommodate a host of different, and often competing, interests. Unfortunately, some computer firms preach interoperability but fail to recognize that the concept is a two-way street, that their technology must also be interoperable with the products and services of others.

Cost To Consumers

Of all the charges leveled against the DTV standard, the most egregious is that products built to its specifications will limit consumer choice and cost consumers "\$91 billion over a seven-year period," whereas adopting a computer industry alternative involving standard-definition television (SDTV) would cost \$44 billion, thus saving consumers a whopping \$50 billion.

Building on completely erroneous premises and then using totally unrealistic unit sales forecasts, the computer lobby

next multiplies one set of contrived numbers by another set of bogus numbers to reach, not surprisingly, a wildly inflated figure. These estimates are grossly in error, and imply that massive costs will be imposed on American consumers.

In point of fact, consumers will not only have a number of choices on how best to convert from analog to digital, but will be given at least a decade to make the transition.

As for the prices of HDTV receivers, it is expected that first-generation sets will involve premium of about \$1,000 to \$1,500 above a comparable analog model. As we learned with \$1,400 VCRs and \$1,000 CD players, however, the pattern in consumer electronics is that prices plummet as demand increases and manufacturers achieve production efficiencies through economies of scale.

Grand Alliance

Formed in May 1993 at the urging of the FCC's Advisory Committee on Advanced Television Service (ACATS), the Digital HDTV Grand Alliance created a "best of the best" system upon which the digital standard is based. Members of the consortium are General Instrument Corporation, Lucent Technologies, MIT, Philips Electronics North America Corporation, the David Sarnoff Research Center, Thomson Consumer Electronics and Zenith Electronics Corporation.

#

#

#

For additional information on this backgrounder or on Grand Alliance Digital HDTV generally, contact

John Taylor at 847/391-8181 (john.taylor@zenith.com) or
Allan Schlosser at 703/684-8900 (PotomacPR@msn.com)