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VIDEOTEX MOVES INTO GEAR

Peter Bartram reports on a technology which, after years in the slow lane of the data processing world, is beginning to make an impact.



Car dealers find videotex a valuable sales tool.

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Videotex, the Cinderella of information technology, may at last be going to the ball. After years of being treated as an outsider by many data processing professionals, attitudes are changing.

Too often derided as a kind of toy technology, videotex is at last about to be whisked into the whirligig of IT. With something like eight years application history behind, videotex now has a track record that can stand comparison with other information technologies.

As a result, senior managements are more ready to consider videotex as part of a strategic solution to communication problems. And data processing managers will now consider videotex more seriously as an option.

That represents a sea-change in videotex's acceptance. "In the past the people who have been the protagonists of videotex have almost always not been DP people," says Mike Aldrich, chairman of the Videotex Industry Association.

"The DP specialists found the intellectual challenge inherent in videotex

isn't very great because the technology is not complex," says Aldrich, who also heads ROCC Computers.

"The change in mood has happened in the last three years," says Cornelia Varney, of management consultants Butler Cox which has produced a giant study called "Assessing Videotex".

"Data processing people have come to take videotex more seriously because to make it work well it needs better budgets, proper systems management and procedures that are well established in systems departments.

"As data processing managers have changed their views about videotex, it has become more like DP, and frankly it is very similar."

In the past year the estimated number of videotex users in Great Britain has jumped 30 per cent to 130,000. There are now more than 500 videotex services in the country, many of them private. This number is expected to grow to about 1,200 by 1990.

The Videotex Industry Association talks boldly about videotex being a real alternative to traditional on-line computing. The Association believes

that much wider use of the technology could benefit UK economic performance, employment and exports.

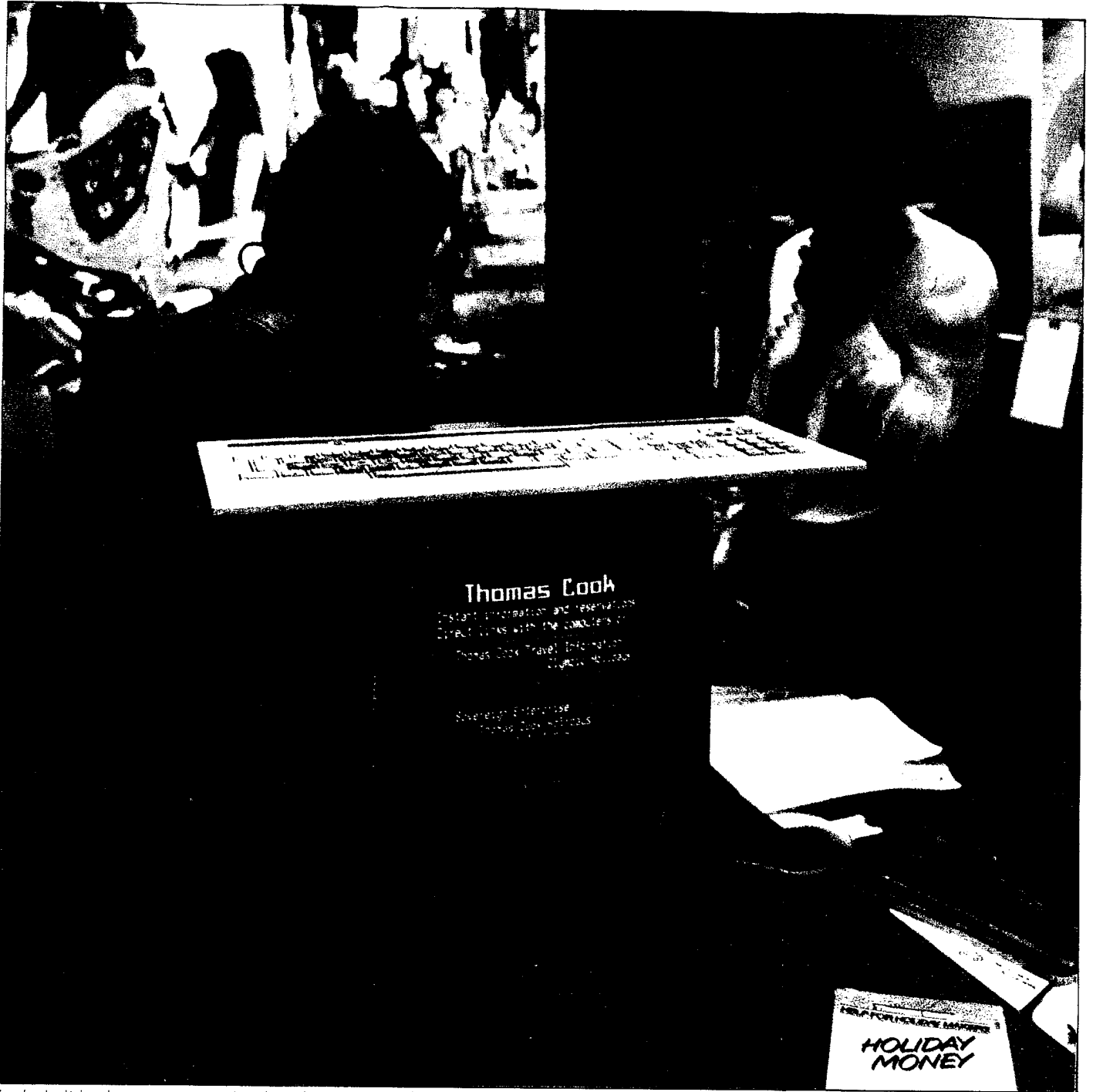
Yet even if that is a hyperbolic claim, it is certainly true that videotex has the capacity to change the way an industry carries on its business.

Audi Volkswagens for instance, has operated a videotex system with 350 dealers since 1982. The benefits have been "tremendous" according to Richard Knott, systems development manager.

The service covers vehicles, parts, service, accounts and insurance. Using the terminal dealers can get instant data on what is in stock, what is on order and where it is in the pipeline. Similarly they can obtain comprehensive information about parts and warranty claim submissions.

Knott says that the company has gained two main kinds of benefits - cost/efficiency and revenue generating. "If you can locate your stock quickly - either a vehicle or a part - you stand a better chance of making a sale," he points out.

Some of the savings have been



In the holiday business, the technology has re-focused attention on product marketing.

substantial. Knott estimates the network has saved £100,000 a year by turning warranty claims round faster, for example. On parts ordering, the error rate has been cut by between a half and a third by on-line validation of parts numbers.

Overall the videotex system, called Dialog, has given the whole operation a more professional and sophisticated image.

The central computer is currently a DEC PDP but that will in time be replaced by direct communication with

the company's mainframe.

The system uses Computex software, and, the insurance part of the system was supplied by IMC, using Microscope's Videotex technology.

The travel trade is another fertile breeding ground for Videotex applications. Thomson Holidays introduced its pilot videotex booking system in 1981. By the following year it had 3,000 travel agents on line, and today all its 4,500 agents use the systems to make 95 per cent of all bookings.

The Thomson experience demon-

strated vividly the impact videotex can have on vertical markets. Within a year or two, the Thomson success had other tour operators tumbling into the technology, sometimes with catastrophic results.

What some of the other competitors had failed to realise was that by being first, Thomson had set the *de facto* videotex standards for the travel industry. Other tour companies, like Horizon, that had developed their own systems found travel agents simply would not use them.

COVER STORY

and in-house electronic mail.

But Butler Cox also found that once a company has installed a network for a principle application, it tends to develop subsidiary applications, such as communication with local offices.

More than a quarter of the respondents in Butler Cox's survey said the need for a low cost communications solution was the main motivator for choosing videotex.

The need to gain a competitive advantage or attract end users were the next two most important motivating factors. Others wanted to experiment with technology or make operational improvements. Only small numbers said they were driven by market demand or because competitors were using videotex.

Videotex also scores exceptionally high marks for user satisfaction. Nearly half of the users in the Butler Cox survey said their systems had performed better or much better than expected. Only eight per cent said the system was worse than expected.

Yet high satisfaction should not blind users to the trip wires that lurk in any new application. Apart from the holiday trade, insurance, banking and the public services have had some spectacular failures.

"Companies have sometimes failed with videotex because they wanted the information presented in their own way," says Claire Forrest, marketing manager of Istel, a videotex solutions supplier.

"You've got to understand how the end user will work with the system – that might not be how you would like them to work," she says.

ILG's Cogan says the holiday trade bears that out. "Too many systems are put together by people sitting in ivory towers," he says.

The videotex industry predicts a rapid growth in its market in the next three years. But of more importance to users will be new application areas, technologies and management techniques for implementing videotex.

ROCC's Aldrich sees videotex providing more and more solutions where the need is for discontinuous on-line processing. "The world is full of people who want on-line electronic transaction processing," he says.

Aldrich sees videotex's strength over the personal computer, as being able to provide access to a complex application in a simple way.

New technologies will increase the range of possible applications. Secure printing linked to videotex will mean that security conscious documents, like contracts or legally binding order forms, can be printed at remote locations via a protected Ascii line.

Alpha-photographics – using colour photographs rather than mosaic or geometrically constructed screen images – will improve presentation techniques. That will open up new application areas in which a picture is crucial to the success of the tasks.

Among users it is already well integrated with data processing. But although in most companies the data

processing department is responsible for the videotex system, according to the Butler Cox survey, the driving force for application comes from user departments.

Videotex, once branded a solution looking for a problem, could at last have found its role.

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Thomson forced its rivals to make expensive mistakes in system development



The agents' staff had already learnt the way the Thomson system operated and they wanted other systems to follow that approach. Horizon eventually scrapped its own system and adopted one that was not much more than a Thomson look-alike.

Since then the holiday business experience has been replicated in other vertical markets like financial services and pharmaceuticals. The pattern is that one company steps in to grab a competitive advantage by using videotex, and competitors are forced to follow - often with copycat systems.

Mike Cogan, vice chairman of the ABTA technology committee, believes videotex has changed management attitudes right through the industry.

Cogan, system director at ILG Travel which has Intasan, Global and Club 18-30 among its holiday firms, says: "The impact of videotex has re-focused management attention from administration and infrastructure questions on to marketing and product issues.

"Management has also been able to drive more vigorously for improved market share without the concern of whether there is enough administrative back-up to support the new business."

The holiday trade have discovered two of the key benefits of videotex.

The first is that communication between a business and its customers is greatly improved. The customer has access to the company's corporate database. It can get what information it wants, when it wants it, without going through layers of staff.

This creates what the salesmen like to call "shared understanding", a feeling of empathy between a customer and his supplier that is conducive to a sale.

But videotex does more. It helps to lock the customer into the supplier. By agreeing to participate in the technology, the customer makes a long term commitment to his supplier that it is not easy for competitors to shift.

The second benefit comes from the supplier's ability to transfer much of the clerical work of dealing with his customer actually on to the customer. This sounds like an administrator's dream come true.

But because the customer can enter orders, check deliveries, send messages, access catalogues, even check own credit limit, office costs associated

with these often time consuming tasks are not borne by the supplier.

Apart from these administrative benefits, the holiday trade experience also points up a change in marketing strategy. Because the tour operators have much more information about the profile of sales than ever before, they are able to put together products that match market demand and deliver them through videotex. This means the business can react very quickly to changing market demands.

Cogan estimates that 70 per cent of all holidays available in Britain can now be booked through videotex, and that more than 50 per cent actually are.

"Technology is creating the change in the market and it is the means of

delivering the products demanded as a result of that change," he says.

Butler Cox, in its survey of the videotex market, reached a similar conclusion. "Increasingly it is users who are shaping the market by exploiting applications that in turn determine the pattern of growth in the videotex market," it says.

The consultants found that videotex is achieving most success in financial and business services, public authorities and retailing and distribution. Manufacturing industry has so far found less successful applications.

In terms of applications, the most common one is transmitting orders from sales force, retailers and wholesalers to the sales office. This is followed in order of popularity by information services, telebanking

The language of videotex

For an easy to use technology, videotex seems to cause more than its fair share of confusion among users. This confusion is partly terminological.

According to the International Telecommunications Union, which invented the term, videotex is a means of displaying computer-based data on a television screen.

That information gets to the screen by one of two routes, either by telephone line (sometimes called viewdata) or by broadcasting channel (teletext).

Viewdata is sometimes called interactive videotex because the user can send information back to the central computer. Teletext, called broadcast videotex, is not interactive because the user can only receive data.

There are three main choices for delivering interactive videotex. The first is via the public-switched telephone network (PSDN) - British Telecom's lines.

The second is through a privately leased line, possibly using multiplexing or packet switching. The third is over a value added network (VAN) or value added data network (VAD), which may use the PSDN but incorporate techniques like Gateways, X.25 or packet switching.

Interactive videotex systems are

most commonly in business and there are three kinds. Prestel is the British Telecom - delivered public service with almost 70,000 users.

Prestel look-alike systems, Plaks, are private systems that ape the Prestel network and consist either of software to run on general purpose computers or specialised hardware and software systems.

Super-videotex systems are private systems like Plaks, but are capable of being integrated into other information and communication services and can be tailored to provide other information technology services.

Plaks and Super-videotex are sometimes called private videotex systems.

The user can receive videotex data in three main ways. One of the most common is through an ordinary colour TV adapted to receive either telephone transmitted or broadcast videotex.

Interactive videotex can also be received by a desk-top terminal with little or no local intelligence - a dumb videotex terminal.

A smart videotex terminal is a purpose built terminal or a personal computer with its own computing capacity and storage facilities.

Within the UK, the *de facto* standard for alpha-mosaic generated Prestel displays is CEPT/Prestel. Other standards exist for emerging alpha-geometric displays (NAPLP) and alpha-photographics (Picture Prestel).