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Speech Notes:
Subscription Television, London, 1993

by

Maurice Smyth
SPEECH NOTES
SUBSCRIPTION TELEVISION, LONDON 1993

STAR TV IS, QUITE SIMPLY, A GOOD STORY. ITS ALSO A NEW STORY WHICH YOU WILL KNOW ONLY IN PARTS FROM WHAT YOU’VE HEARD OR READ IN THE TRADES. TODAY WE’VE BEEN INVITED TO SHOW YOU THE BIG PICTURE, AND WE’RE VERY PLEASED TO HAVE THE OPPORTUNITY.

MAY I PASS ON APOLOGIES FOR THE INABILITY OF THE PRESIDENT AND CHIEF EXECUTIVE, JULIAN MOUNTER, TO BE HERE. HE'S UNAVOIDABLY BEEN TO THE STATES FINALISING SUBSTANTIAL DEALS. I KNOW I NEED SAY NO MORE TO THIS AUDIENCE.

FIRST OF ALL, THE BUSINESS CONTEXT. STAR IS PART OF HUTCHVISION LIMITED. ITS SISTER COMPANY IS MEDIA ASSETS LIMITED, AN INVESTMENT ARM IN THE WHOLE INFRASTRUCTURE OF SOFTWARE TO SUPPORT STAR’S FREE TO AIR AND SUBSCRIPTION SERVICES.

HUTCHVISION IS A 50:50 JOINT VENTURE BETWEEN HUTCHISON WHAMPOA LIMITED AND A COMPANY OWNED AND CONTROLLED BY MR LI KA-SHING AND HIS FAMILY. WHAMPOA IS ONE OF HONG KONG’S BIGGEST COMPANIES, INVOLVED IN SUCH ACTIVITIES AS PROPERTY DEVELOPMENT, TELECOMMUNICATIONS AND CONTAINER SHIPPING - IT OWNS 75% OF THE PORT OF FELIXTOWE, FOR EXAMPLE.

MR LI KA-SHING IS HONG KONG’S WEALTHIEST BUSINESSMAN WHO STARTED OUT SELLING PLASTIC WATCH STRAPS AS A 14-YEAR-OLD. HE WAS PERSUADED BY TECHNICAL AND PROGRAMMING VISIONARIES TO GET INTO THE SATELLITE BROADCASTING BUSINESS. SO THAT'S THE BEDROCK ON WHICH WE STAND.
HUTCHVISION WAS CREATED TO PROVIDE SATELLITE DISTRIBUTION SERVICES TO THE ASIA REGION. AT PRESENT THE REACH IS 38 COUNTRIES - BUT MORE ON THAT LATER. IT DOES THIS THROUGH ITS WHOLLY-OWNED SUBSIDIARY - SATELLITE TELEVISION ASIA REGION LIMITED - STAR TV.

ASIASAT 1 WAS LAUNCHED IN APRIL 1990. IT'S OWNED IN EQUAL SHARES BY CABLE AND WIRELESS PLC OF THE UNITED KINGDOM, CHINA INTERNATIONAL TRUST AND INVESTMENT CORPORATION AND HUTCHISON WHAMPOA LIMITED.

ASIASAT 1 IS A HUGHES 376 SATELLITE WITH 24 C-BAND TRANSPONDERS. ITS ORBITAL POSITION IS 105.5 EAST. FROM THE DATE THE LICENCE WAS ISSUED BY THE GOVERNMENT OF HONG KONG, ALL FIVE FREE-TO-AIR CHANNELS WERE OPERATIONAL ON A 24-HOUR A DAY BASIS WITH ONE YEAR, A TREMENDOUS TECHNICAL ACHIEVEMENT. THE LAST THING DONE TO THEM ON THE GROUND IS TO SPLIT THEM THROUGH A STANDARDS CONVERTER INTO PAL FOR THE SOUTHERN BEAM AND NTSC FOR THE NORTHERN BEAM FOR PROGRAMMING PURPOSES.

WHAT ARE THE SERVICES? SIX AT PRESENT - NEWS AND INFORMATION, SPORT, MUSIC, CHINESE, ENTERTAINMENT AND A HINDI CHANNEL WHICH IS AN ASSOCIATE CHANNEL RATHER THAN A FULL STAR CHANNEL. WHAT HAPPENS IS THAT WE TRANSMIT FROM HONG KONG BACK TO INDIA ON OUR SOUTHERN BEAM. THERE ITS CALLED ZEE TV, A GENERAL ENTERTAINMENT CHANNEL SET UP BY AN INDIAN PARTNERSHIP. IT'S PULLING RECORD AUDIENCES, OFTEN OUTSTRIPPING THE DOORDARSHAN NATIONAL BROADCASTER. THEY GO TO THOSE 38 COUNTRIES I MENTIONED - FROM THE MIDDLE EAST TO JAPAN, AND FROM THE COMMONWEALTH OF
INDEPENDENT STATES TO INDONESIA..... 24 HOURS A DAY, AND THEY'RE FREE TO AIR.

LET'S LOOK IN A LITTLE MORE DETAIL AT EACH IN TURN, ESPECIALLY OUR PARTNERSHIPS, WHICH WE VALUE HIGHLY.


IT CARRIES AN INTERNATIONAL NEWS ROUND UP, BUSINESS AND WEATHER REPORTS, HEADLINE NEWS, ALL UPDATED EVERY HOUR ROUND THE CLOCK. THE BBC'S DOMESTIC TELEVISION NEWSCASTS IN LONDON AT 1, 6 AND 9 PM ARE ALSO BROADCAST AT A 30-MINUTE DELAY SO AS NOT TO DISRUPT THE PATTERN OF WORLD NEWS ON THE HOUR.

THE NEWS CHANNEL ALSO HAS PANORAMA AND HORIZON, LIFESTYLE PROGRAMMES, NEWS MAGAZINES AND BREAKFAST NEWS.

THE SPORTS CHANNEL IS THE RESULT OF AN AGREEMENT WITH THE PRIME NETWORK. AS MANY OF YOU WILL KNOW, ITS BASED IN DENVER AND IS THE WORLD'S LARGEST PRODUCER AND DISTRIBUTOR OF SPORTS PROGRAMMES..... MORE THAN 3,000 SPORTING EVENTS ANNUALLY.

CHAMPIONSHIP AT FLUSHING MEADOW IN NEW YORK. WE TOOK THE ENTIRE TOURNAMENT'S 110 HOURS.

MUSIC, THAT MOST INTERNATIONAL OF LANGUAGES, DRAWS THE THREADS OF OUR HUGE REGION PERHAPS TIGHTER THAN MOST. ON THIS WE FEATURE MTV, THE WORLD'S FIRST GLOBAL MUSIC NETWORK THAT HAS BECOME A HOUSEHOLD NAME IN THE AMERICAS, EUROPE AND AUSTRALIA - AND NOW ASIA. IT STARTED UP ON THE 15TH OF SEPTEMBER 1991 WITH THE ANNUAL MTV VIDEO MUSIC AWARDS. ASIA'S OWN VJS - VIDEO JOCKEYS - ENSURE THAT ASIAN ENTERTAINERS ARE GIVEN EXPOSURE LONG OVERDUE.


THE ENTERTAINMENT CHANNEL - KNOWN AS STAR PLUS. IT WAS FIRST SEEN ON THE 15TH OF DECEMBER, 1991. ITS A FAMILY CHANNEL, WITH DRAMA, MINI SERIES, FIRST RUN MOVIES, COMEDIES, SPECIALS AND CHILDREN'S AND LIFESTYLE PROGRAMMES...THE FINEST FROM NORTH AMERICA, BRITAIN AND AUSTRALIA.

THESE SERVICES CAN BE PICKED UP BY VIEWERS WITH DIRECT RECEPTION FACILITIES ON SYSTEMS WELL KNOWN TO YOU:

* BY SATELLITE MASTER ANTENNA TV (SMATV) SYSTEMS WHICH SERVE AN ENTIRE BLOCK OR ESTATE
THE-ONE-DISH-FOR-ONE-USER TELEVISION RECEIVE ONLY (TVRO)

OR DIRECTLY THROUGH MMDS, CABLE TELEVISION OPERATORS AND TERRESTRIAL BROADCASTERS.

THE SERVICES, AS I SAID, ARE ADVERTISING SUPPORTED. THEY GIVE CLIENTS THE FIRST TRULY REGIONAL MEDIUM TO REACH THE MOST AFFLUENT CUSTOMERS AS ONE HOMOGENEOUS GROUP IN THE ENTIRE ASIAN REGION. A MEASURE OF AFFLUENCE IS THE FACT THAT THERE ARE ESTIMATED TO BE 50 MILLION MILLIONAIRES WITHIN THE FOOTPRINT.

HOW MANY PEOPLE DO THEY REACH? IN FEBRUARY OF THIS YEAR, STAR ANNOUNCED VALIDATION RESULTS BY THE MARKETING AND RESEARCH CONSULTANTS FRANK SMALL & ASSOCIATES. THEY SHOWED THAT 11.3 MILLION HOUSEHOLDS WERE WATCHING THE PROGRAMMES. THAT'S MORE THAN 45 MILLION VIEWERS. IT REPRESENTED A 203 PERCENT INCREASE OVER FIGURES RELEASED EIGHT MONTHS EARLIER. FREE-TO-AIR'S POTENTIAL AS A BUSINESS IS HUGE. IN ITS FIRST FIVE YEARS, FROM 1992, IT IS ESTIMATED IT WILL WRITE BUSINESS UPWARDS OF ONE BILLION US DOLLARS. BY THE YEAR 2000, IT WON'T BE TOO FAR SHORT OF THAT IN ONE YEAR.

STAR'S PROGRAMMING IS UPLINKED TO ASIASAT 1 FROM HUTCHVISION'S STATE-OF-THE ART FACILITIES AT CLEARWATER BAY. THERE'S ALSO A BACKUP FACILITY IN THAILAND TO ENSURE NON-STOP TRANSMISSION IN THE EVENT OF TYPHOONS OR ANY OTHER NATURAL PHENOMENA.
A BRIEF WORD ABOUT MEDIA ASSETS LIMITED. IT WAS SET UP IN 1992 TO TAKE ADVANTAGE OF INVESTMENT OPPORTUNITIES THAT EXIST IN THE ASIAN MARKET FOR ENTERTAINMENT SOFTWARE - FILMS AND TELEVISION PROGRAMMING. IT'S STRUCTURED AS A SOFTWARE DISTRIBUTOR, AND CO-FINANCES, CO-PRODUCES AND COMMISSIONS PROGRAMMING, AND ALSO ACQUIRES FILM LIBRARIES.

MEDIA ASSETS HAS SET UP A COMMISSIONING SYSTEM TO PRODUCE MOTION PICTURES AND TELEVISION PROGRAMMES. ITS DISTRIBUTION OUTLETS INCLUDE CINEMA, VIDEO RENTAL, PAY, CABLE, TERRESTRIAL AND SATELLITE TELEVISION. THE SISTER COMPANY HAS LAUNCHED A NUMBER OF ACTIVITIES THIS YEAR. THEY INCLUDE THE BEIJING OPEN, A NEW INTERNATIONAL TENNIS TOURNAMENT. IT ALSO ACQUIRED DON BLUTH LIMITED, A LARGE FEATURE FILM ANIMATION HOUSE IN IRELAND AS WELL AS A NUMBER OF MAJOR CHINESE LIBRARIES. THESE WHICH WILL BE USED FOR OUR UPCOMING CHINESE MOVIE CHANNEL.

STAR INTENDS TO BE ONE OF THE BIGGEST AND MOST SUCCESSFUL PLAYERS IN INTERNATIONAL SATELLITE BROADCASTING. THE NEXT MAJOR PHASE OF EXPANSION IS INTO THE PAY TV MARKET. NEXT YEAR WE WILL LAUNCH ASIA'S FIRST COMPREHENSIVE SATELLITE SUBSCRIPTION TELEVISION SERVICE. AND THE FREE-TO-AIR CHANNELS WILL BE THE WELL-ESTABLISHED BARKERS WHICH WILL HELP DRIVE SUBSCRIPTION. THEY'LL CARRY WAVES OF WELL-PRODUCED SPOTS TO PROMOTE THE NEW BUSINESS.

THERE COULD BE AS MANY AS SIX PAY CHANNELS WELL BEFORE THE END OF 1994. CURRENT PLANS ARE TO START WITH A WESTERN MOVIE
CHANNEL, THEN A CHINESE MOVIE, CHILDREN'S AND BUSINESS CHANNELS, BOTH IN ENGLISH.

IN THE CHILDREN'S CHANNEL WE'LL HAVE AS PARTNERS THE BIGGEST PLAYER IN THE GAME. AFTER THAT, AN EDUCATION CHANNEL IN HARNESS WITH ONE OF THE WORLD'S LEADING EDUCATIONAL PUBLISHERS. THIS ONE WILL ALSO INCLUDE INTERACTIVITY BY THE VIEWER, AND LANGUAGE VERSIONING.

A HOME SHOPPING CHANNEL IS PLANNED ALONG WITH HINDI, ARABIC AND POSSIBLY SCIENCE FICTION.

DURING THE FIRST STAGE OF THIS EXPANSION, WE WILL BE TARGETTING ASIA'S MAJOR CABLE MARKETS AND THE EMERGING MMDS MARKETS OF THE MIDDLE EAST. IN THE SECOND STAGE, LATE IN 1994 OR EARLY '95, WE WILL COMMENCE DTH DELIVERY.

THE NEW SILK ROAD IS AN INFORMATION AND ENTERTAINMENT HIGHWAY WHICH IS NOW FAST AWINDING. LAST WEEK IN SAN FRANCISCO, STAR CONCLUDED A MAJOR HIGHTECH AGREEMENT WITH GENERAL INSTRUMENTS OF SAN DIEGO. GI HAS BEEN CHOSEN TO SUPPLY THE DIGITAL VIDEO COMPRESSION EQUIPMENT FOR THE REGIONAL PAY TV SERVICES. THE EQUIPMENT WILL GIVE THE SERVICES THE CAPABILITY TO BROADCAST FOUR DIFFERENT LANGUAGES AND SIX SEPARATE SUBTITLES CONCURRENTLY. IT WILL ALSO BE USED FOR DIRECT TO HOME.

DITIGAL COMPRESSION, OF COURSE, IS WELL KNOWN HERE. BUT I'D LIKE NOW TO RUN A SHORT TAPE FOR YOU TO SHOW YOU WHAT WE ARE SAYING WHEN WE REVEAL AND EXPLAIN IT TO OUR ASIAN PARTNERS.
TAPE - DIGITAL COMPRESSION

YOU MAY HAVE HEARD REPORTS, ON WHICH WE ARE NOT YET COMMENTING, THAT NEXT YEAR WILL SEE STAR INVOLVED IN A SECOND SATELLITE. WHAT I CAN TELL YOU IS THAT WE ARE AGGRESSIVELY-seeking additional transponder space to add to the 18 transponders we have on our new satellite ASIASAT 2, which reaches from Italy down to Australia and New Zealand, covering the two-thirds of the world's population to the East of that.

THE NEW TECHNOLOGY INVOLVED HAS NOT BEEN USED FOR COMMERCIAL TELEVISION PURPOSES ON SUCH A SCALE BEFORE. HUTCHVISION ALSO PLANS TO MARKET THE DECODERS NECESSARY TO RECEIVE THE PAY SERVICES.

STAR HAS NO INTENTION OF SEEING THE PEOPLE OF ASIA BEACHED ON THE SHORES OF HISTORY. IN REMOTE VILLAGES AND MODERN CITIES ALIKE, THEY MUST AND WILL BE ABLE TO SHARE THE BENEFITS OF THE NEW ERA OF WHICH THEY ARE A PART.

A GOOD EXAMPLE IS THE AGREEMENT REACHED LAST WEEK WITH THE NEW CABLE COMPANY IN HONG KONG, WHARF CABLE. WHEN IT GOES TO AIR LATE THIS YEAR, WHARF WILL CARRY SEVEN STAR CHANNELS, THREE FREE-TO-AIR AND FOUR PAY. HUTCHVISION, STAR'S PARENT COMPANY, WILL PROVIDE EXCLUSIVELY ALL INTERNATIONAL, NON-CHINESE PROGRAMMING ON THE CABLE SYSTEM. WHARF GAINS IMMEDIATE
ACCESS TO 300,000 HOUSEHOLDS AND HOTEL ROOMS WHICH RECEIVE STAR IN HONG KONG ON SMATV SYSTEMS.

WHARF HAS EXPRESSED DELIGHT AT SUCH A LOGICAL MOVE. STAR SEES IT CLEARLY AS THE BEST OPTION FOR HONG KONG.... A VERY GOOD DEAL ALL ROUND IN THE WAY IT ENHANCES THE QUALITY AND DIVERSITY OF VIEWING IN THE TERRITORY.

THE POTENTIAL IS THERE TO REACH A STAGGERING 100 MILLION PEOPLE WITH THE SUBSCRIPTION SERVICE. NOT ONLY DO WE WANT TO BE INTERESTING AND APPEALING TO ALL BUT LET ME END ON A COLOURFUL NOTE REGARDING THE SUNDRY AS WELL.

USING A RECENT CALCUTTA DATELINE, THE INFLUENTIAL WALL STREET JOURNAL RECENTLY REPORTED THAT STAR'S GROWING VIEWERSHIP INCLUDED THE DALI LAMA AND THE DRUG WAR LORD KHUN SAN.

THE PAPER ALSO SAID THAT AN AMERICAN TV NEWS TEAM, WHILE ON ASSIGNMENT IN THE BURMESE JUNGLES NEAR THE THAI BORDER, NOTICED A SMALL SATELLITE DISH BESIDE THE MESS TENT OF A BAND OF KAREN REBELS. THEY HEARD MUSIC AND WONDERED HOW IT FITTED INTO THE COMMUNICATION CHAIN.

IT DIDN'T. INSIDE WERE GUERILLA GROUPIES ENGROSSED IN THE GYRATIONS OF A BEVY OF BEAUTIES ON MTV. A SORT OF BOOM BOOM ROOM IN THE BUSH.
AND FINALLY, THE DAN RATHER STORY, A BROADCASTER WHO NEEDS NO INTRODUCTION FROM ME. ON HIS RETURN FROM AN ASSIGNMENT IN VIETNAM, HE WROTE A NOTE TO HIS BOSS SAYING "I HAVE TWO WORDS FOR YOU. STAR TV".

(HIT TAPE)

LADIES AND GENTLEMEN, MAY I CONCLUDE BY SAYING IT HAS BEEN AN HONOUR FOR STAR TO HAVE BEEN INVITED TO ADDRESS OF THIS INVIGORATING CONFERENCE, AND MY PLEASURE TO HAVE BEEN INVOLVED.

THANK YOU.