

Sony Corporation

Broadband creates a completely new lifestyle image

Customer Story

Broadband permits totally new lifestyle choices.



Introducing a company that practices advanced e-business.

Products like Playstation and VAIO have made Sony a worldwide household name. They have also positioned it as a company well placed for the development of home networks. Now under the "bit-drive" brand they are entering the communication business.

The support of streaming broadcasting by Fujitsu's PRIMEPOWER servers is enabling some of the main features of Sony's "bit-drive" business.

We asked three people from Sony Corporation's Communication Network Systems Solution Company about their broadband strategy.

Aiming to be No.1 in the Wireless Market



First we asked **Mr Kanda** to give some details of the "bit-drive" concept.

Last year the "bit-drive" brand was introduced to target both Internet connection and application services business.

Sony is using its strength in hardware and content provision to enter into the telecommunications and content business. It believes that for true product and service synergy to occur, it must push the development and spread of broadband

connections as the medium for linking its product offerings.

Based on the '*it is connected*' concept started about three years ago, progress towards broadband inside the home has been advanced from work we have done with i-LINK and Memory Stick; in particular, the connection of VAIO and Handy-cam.

The next important stage is looking at broadband connection to the outside world of the Internet as well as inside the home. Then, in that format, we can offer both content and hardware to achieve more richer and rewarding experiences.

It was with the background of a need for conversion of the 1st one mile from the home to the broadband trunk, to broadband, that resolved us to enter this market.

Initially we are offering a wireless Internet connection for corporate customers. Around a year ago with DSL, cable television, optical fibre, and radio etc., coming out, Internet connection services diversified.

But in the future, it is profitability that will drive extension of these services and not necessarily their amalgamation. For us, radio systems allow easy expansion of the service area and of customers inside the area. There is therefore a greater possibility for the spread of broadband networks.

Separate application services are also being offered. A "bit-promotion" service provides contents production in support of broadband use. It provides for the production of rich web content and its delivery. This includes animated pictures and the download of photo material and the like. Such production can be either by users or as a paid service. An "e-presen(t)" service for the creation of Home pages is also included. A second service called "Mega-Channel," a broadcast transmission system, is also on offer. Sony's Mr. Fujihira describes this in the next section

Broadband Internet use: Mega-Channel

In positioning "bit-drive", Sony has shaped a solution, which includes selling both the connection and the application.

Just selling the connection has no meaning for us. But offering broadband applications simultaneously with the connection, allows us to provide a much valuable experience to the customer.

THE POSSIBILITIES ARE INFINITE

Sony Corporation

Broadband creates a completely new lifestyle image

Customer Story

The coming of age of broadband will be driven by animated images, and direct services based on Internet broadcasting, don't you think?



In Japan Mega-Channel was started in August 2000 offering direct services based on Internet broadcasting at 1Mbps, currently it is one of the few services so provided.

Left: Mr. Fujihira

The concept of the service provides 20Kbps to 1Mbps connection to any users requiring fast transfer of many different file types. Normally 200Kbps is the limit, but for customers requiring more, higher bandwidth services are possible.

What kind of business model is it?

Basically it is a transmission platform. Customers like travel agency JTB and car manufacturer OPEL, give us tapes of material. We encode, author and transmit such material and present the customers with the relevant log reports.

At the beginning it seemed that such business was difficult. But now the trend is more towards Internet based broadcasting and we are seeing an improved customer response.

There are currently 25 Channels and can see a gradual increase to 30. Initially content was mostly rebroadcast of existing public programming, whereas now Internet broadcasting of private content has increased.

However simply reusing existing broadcast content is not ideal. It is often long and chopping it up is difficult. Choosing an Internet broadcast model more like that of the DVD provides more choices and points of view. Plus you can change it to match the taste of specific customers. This may finally raise the curtain on Internet broadcasting in the truest sense.

How's the response?

It has been good, especially after the first year, business has been accelerating. Last year when we were starting and the idea was new, customers had difficulty seeing the need for such services. But in this second year there is a rapid increase in customers wanting to have high content flow. Last year was the so-called stream broadcast inaugural year, but we should probably expect to develop quickly this year.

The impression is that last year, broadband conversion didn't advance?

The original plan was only for enterprise users. So we only envisioned the need from inside enterprises. Plus with enterprises already adopting the broadband environment we wanted to use such circumstances. So we targeted our content at 30 year old business men.

So when we started broadcasting in August last year DSL had not arrived. However last autumn this situation changed and DSL adoption quickly developed. This broadband like technology aimed at consumers increased the need for Mega Channel like content services. While strictly not called broadband, DSL more accurately provides the consistent connection method needed for such services

As availability spreads won't other Broadcast media become competitors?

Broadcast media does not do special multi-casting for enterprises. Whereas Mega-Channel is in every way Internet Broadcasting, bringing individuals their own favorite content - very directly. For example specific English conversation classrooms using the Internet in the way that home study abroad has been done. But normally while the lesson is going on you need to be sat in front of the terminal. But with us the user can download the lesson and archive it for use at any suitable time. Each person will also generate many questions, so it is necessary to provide an ongoing real-time Q&A interactive application as well. This sort of service is another differentiator.

I believe you have chosen Real Networks as your business partner this time?

When we began this business Real Player was not dominant. It was about the same as Media Player and Quicktime was more popular. But we still chose it because it allowed us to not only show pictures but also have an interactive component to the broadcasts. In this area Real Networks has superior capability.

Are you going to continue to develop the relationship with Real Networks?

Real Networks continually offer us new technology. Future development also includes a range of languages and applications. Plus they provide us with functions that we require and are influencing and helping us in our developments. In return we can test bed new Real Networks technology and keep on building our relationship.

PRIMEPOWER supports Mega-Channel

As users increase, doesn't the demand on the hardware become very high?

Sony's Mr. Moriya answers:

Sony Corporation

Broadband creates a completely new lifestyle image

Customer Story

It meant that as part of the design we asked Fujitsu to build a platform that could handle animated pictures. For the ultimate end solution perhaps, unlimited amounts of money may be required. But we are an enterprise and our budget is not limitless. So to meet our circumstances we looked for ongoing expandability.



Left: Mr. Moriya

Honestly speaking, we don't know what will happen in the future. So we only think expediently about now.

For example, looking at us now, we are doing MAX streaming content transmission at 1Megabits per second, but we don't know yet how much the bandwidth will keep

spreading. Also when the home circuits are 100M and we connect to such networks it's basically insufficient. So when this occurs a shift to mega-class networks is needed. But we think that IP-V6 rollout will start in the near future. So how to take account of that? It's not clear is it?

Under the circumstances you need to ensure continued customer service and support satisfaction and not bother your head too much, on a daily basis, concerning future expansion.

So what kind of detail was used in the equipment selection?

Initially SONY made requests to suppliers that we would like to do streaming on this scale. The vendors returned their details based on that. We then looked at those that corresponded to our demands, but on budgets we couldn't come to terms, no matter what (laughing). In such circumstances we kept selecting the places where the balance of price and performance was good. Plus we

were inclined to seek stability using Solaris as the single operating system platform. By weighing all these primary factors we arrived at PRIMEPOWER as our selection.

After practical use, what are your thoughts?

Honestly speaking, we had some initial worries about the operational use of PRIMEPOWER. Basically we had no operational experience of PRIMEPOWER within SONY and our timescale was tight; with selection starting in May, installation construction in June and system introduction in July. Giving us a scheduling problem. We too needed Internet speed! During this period we couldn't look at performance but the nuance was that it would perform. Now a period of one year has elapsed and up to the present there has been no problem. It is operating securely.

What is expected of Fujitsu?

Solaris is performing well and under present circumstances is satisfactory. Plus, boldly speaking, Internet investment has leveled off. Companies are also following herd instincts with winners and losers and public disclosure shows the losers are many. So we are concentrating on the initial performance of the hardware and software. So we are looking for an integrated solution package that will allow us to keep growing and be able to share the profits between our companies.

So far image media has been used in a "passive" way. Looking at "bit-drive's" aims, it is not just about using TCP/IP protocol and providing applications and network communication. It's about offering "Active Content" that is part of the user's lifestyle. With Broadband as the basis, we anticipate that "bit-drive" will deliver "great expectations" in lifestyle products.

Partners Comment: Real Networks Inc. Marketing Mr. Hitoshi Honda

We appreciate SONY's selection of our company as one that excels in the development of rich interactive capability through our RealPlayer SMIL. Our future is not only in the area of PCs. We are also tackling the development of technology and services which are directed at streaming playback in new areas such as Mobile phones, Mobile information terminals, Home appliances, Games, etc. Ongoing cooperating with Sony in these kinds of fields is something we desire to continue.

Published by
Fujitsu Limited
Global Marketing
Business Development &
Marketing Division
Computer Systems Group
Tel. (+81) 44-754 3210
Fax. (+81) 44-754-3321
World Wide Web:
<http://www.fujitsu.com>

Specifications are subject to change without notice. For the latest detailed information, contact your local representative.
All brand names and product names are trademarks and registered trademarks of their respective holders.
Copyright © Fujitsu Limited 01/2001;
Printed in Japan

Company stamp

Order no.