

## THE MONTH IN FOCUS

## NEWS LEADER

No one who has been subjected to the high-pressure sales techniques involved in selling extended warranties will be surprised that the OFT (Office of Fair Trading) has taken a dim view of the business in its latest report.

The OFT has called in the Competition Commission and, if the Commission finds a monopoly acting against the public interest, we can expect to see radical changes.

Of course, retailers could wake up and realise that this racket is giving them a bad name and sort out something more sensible that charges consumers for appropriate levels of support (see also Welcome, page 18, and ConsumerWatch, page 43).

## IN THE NEWS

## 22 Windows locked

Microsoft has ruffled the feathers of privacy advocates with plans to ringfence PC security in future versions of Windows.



## 25 Boredband

Broadband is still in the news this month. BT is still getting bashed for dragging its feet, but some interesting alternative broadband services for small firms are starting to emerge.

## 26 Linkage

PCAdvisor.co.uk has added a new area highlighting the best computer websites as voted by our visitors.



## Warranties in the dock

Competition Commission to decide whether sale of extended warranties is against public interest

The OFT (Office of Fair Trading) has condemned the sale of extended warranties on electrical goods as uncompetitive and baffling to consumers.

Following a 10-month investigation the OFT concluded that electrical retailers, such as DSG (Dixons Stores Group), which holds sway over nearly a third of the £500m warranty market, can not be relied on to regulate themselves.

Its report states that, in the OFT's opinion, competition is not effective, consumers are not sufficiently protected or informed, and that it will be referring the matter to the Competition Commission.

The Commission will consider whether the sale of warranties – which can add up to 50 percent to the overall price of a product – is against the public interest and whether a monopoly exists. It will report to the government in 12 months time.

In a PC Advisor website poll last November 87.1 percent of respondents voted extended warranties a rip off.

DSG, which owns high street chainstores PC World, Dixons, Currys and The Link, has unsurprisingly rebuffed the report. "Dixons Group regrets that the OFT has referred this matter to the Competition Commission. There is no justification for this expensive and disproportionate action," the group said in an official statement.

Other retailers were at pains to point out the difference between extended warranties and PC support contracts.

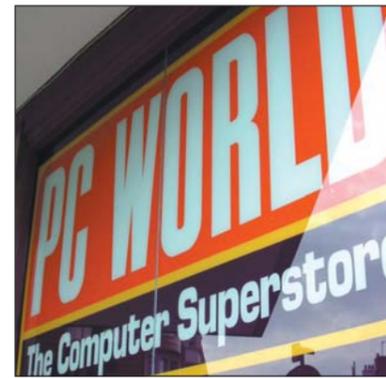
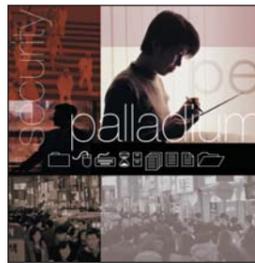
## Windows moves to secure market

Microsoft wants to change the fundamental architecture of the PC by adding its security hardware, Palladium, to a future release of its Windows operating system. Unsurprisingly, privacy advocates are against the move.

The new architecture, as described by Microsoft's manager for content security, Mario Juarez, would see an encryption security chip added to PCs creating a secure space, inaccessible to the rest of the PC, in which users will be able to run applications and store data.

"This system looks a lot like Hailstorm [a codename for an early version of Microsoft's .Net services]," said Chris Hoofnagle, legislative counsel for the Electronic Privacy Information Centre, a non-profit internet-user rights group based in Washington DC. "It's not good for consumers. Anything with verification and DRM [digital rights management] limits consumers' ability to control their behaviour," he said.

The technology needs to be widespread in order to be useful, so Microsoft will be working with other companies, both in the hardware and software markets, as well as listening to feedback from users, Juarez said.



"With PCs the warranty is not just there for repairs or insurance – it is there to provide user support," stated Colin Middlemiss, head of communications at Time, which owns the Computerworld chain.

Middlemiss continued, "Warranty support on PCs is value for money for certain types of customer. The dissatisfaction comes from warranties not being flexible enough or satisfying customer expectations. Companies need to provide much more flexible solutions to suit individual customers rather than a one-size-fits-all standard."

Electrical goods are almost always covered for a year by the manufacturer's warranty and by the Sale of Goods Act, which places responsibility on the retailer to sell goods that are "fit for their purpose".

## JVC tackles subnotebooks

JVC is better known for its home entertainment and camcorder ranges in the UK, but in Japan it has been shipping Windows CE-based handhelds for a while. Now it is taking a step up and offering its first subnotebook range, which will run Windows XP.

The new JVC MiniNote series is due for launch in mid-September. There are two models: the high-end device uses an 800MHz Mobile Pentium III processor, has 256MB of RAM and a 30GB hard drive, while the lower-end version is powered by a 650MHz Mobile Celeron, with 128MB of RAM and a 20GB hard drive. Both have 8.9in widescreen TFT (thin film transistor) displays which support a maximum resolution of 1,024x768, SoundBlaster Pro sound cards, FireWire and USB connectors, plus built-in ethernet and SD (secure digital) slots. The units measure 225x152x28mm; the low-end MiniNote weighs in at 880g, while the more powerful unit is 5g heavier.

The move into this market puts JVC in direct competition with Sony's Vaio C1. But with pricing due to be around the £1,000 mark for the entry-level model and roughly £200 more for the Pentium-based unit, the MiniNote is a lot cheaper. In terms of size the C1 is virtually identical, although it is slightly heavier and is powered by Transmeta's Crusoe chip. A new C1 model, the C1MHP, is due out imminently. It will use an 867MHz processor, 256MB of RAM, a 30GB hard drive and be priced £1,619.

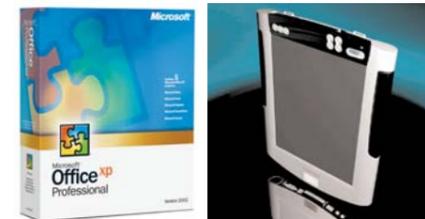


## Microsoft gives taste of things to come

Microsoft showed off some of its latest products, which will be available this year, at New York's TechXNY exhibition. It gave some information about the forthcoming update to Office, currently codenamed Office 11, as well as revealing that the long-awaited Tablet PCs, with proprietary operating system, should launch in November. The company also demonstrated the latest version of its Pocket PC handheld operating system, Windows Powered Pocket PC 2002 Phone Edition.

Office 11 is due to launch in the middle of next year, according to Jeff Raikes, Microsoft's group vice president of productivity and profits, and would be aimed at information workers.

Raikes demonstrated Tablet PCs from Fujitsu and Toshiba, while HP and ViewSonic have also announced plans to launch Tablet PCs. Prototypes that have been revealed so far don't take the term 'tablet' too literally, as all either include a keyboard or offer the option.



For example, the preproduction Acer TravelMate 100 is a subnotebook that can be converted into a slate by swivelling its 10.4in LCD (liquid crystal display) touch-screen 180 degrees and folding it back over the keyboard. The shipping date for Tablet PCs running the new Microsoft operating system is 7 November. Pricing and UK availability for these products has yet to be announced.

The final addition to the software line-up is Pocket PC 2002 Phone Edition, which is Microsoft's handheld software optimised for use with PDAs (personal digital assistants) that have integrated wireless voice and data capabilities. It's due for release in the US later this summer.

## PC TV licence

People who watch TV on a PC monitor could soon be forced to buy a licence, says government secretary Sue



Street. Street, a secretary for the Department for Culture Media and Sport, told the House of Commons Public Accounts Committee in a discussion about TV licence evasion, that the government is discussing extending the definition of a TV set.

"The bill takes a flexible approach to allow changes to be made to accommodate future services," said a spokesman at the DCMS. "At this stage we do not know what they will be or whether they will include PCs."

If PCs with TV capability do become liable for licensing then shows such as Big Brother, which runs 24-hour TV internet coverage, will be worst hit.

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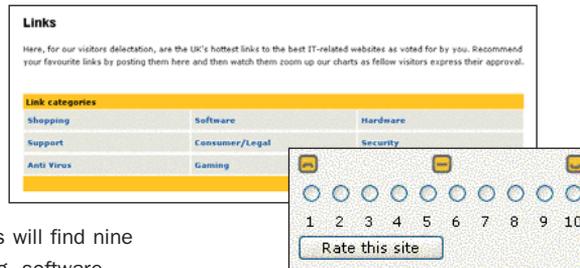


## PCA readers vote for top computer sites

The latest addition to PCAdvisor.co.uk provides access to the UK's best IT-related websites as voted for by you, the readers.

Surfers who pay a visit to [www.pcadvisor.co.uk/links](http://www.pcadvisor.co.uk/links) will find nine website categories: shopping, software, hardware, support, consumer/legal, security, antivirus, gaming and IT news. The most popular recommendations appear at the top of each category, ensuring that the most useful links get best visibility.

By simply selecting your preferred category you can then click through to sites that have been recommended by fellow visitors. And, if you want to add a must-see site to the list, just click on the Suggest a Link option.



On viewing a recommended link, visitors are also automatically invited to vote on how useful they have found it.

Links is part of the PCAdvisor.co.uk's Registered User Area, which is now home to more than 60,000 members. It includes the highly successful support areas, Helproom and ConsumerWatch. Helproom alone answers up to 200 technical queries per day and supports a search-friendly database of nearly a quarter of a million postings.

## Dell diversifies

Research released by analyst firm Ars speculates that Dell is planning its first foray into the handheld market. A report, written by handheld PC analyst Sam Bhavnani, says Dell has been negotiating with several Taiwanese contract manufacturers to produce a high-end product to pit against rival devices from Toshiba and HP.



Although Dell spokesman Cody Pinkston declined to comment on the rumours, he did confirm that the company has publicly stated that it is looking for opportunities in new markets like handhelds and mobile projectors and has plans to start selling Dell-branded projectors in the US next month.

Dell already resells a number of PDAs (personal digital assistants) from vendors including Sony, Handspring, Palm and HP. But, despite the recent launch of the Jornada 728, HP is said to be phasing out its Jornada range, in favour of Compaq's iPaq line of handhelds. Given that Dell and Compaq are long-time rivals, it is unlikely that Dell would want to resell Compaq-designed handhelds. According to the report, Dell is likely to aim its handheld at corporate customers and, as such, would launch a high-end device with wireless connectivity, perhaps using an XScale processor.

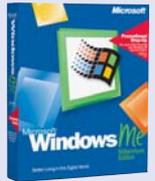
## FLASHBACK

### This time last year...

Professor Stephen Hawking warned that computers could take over the world if humans are not careful. In an interview with German news magazine *Focus*, Hawking said that there was a real danger of computers developing intelligence, as they double their capacity every 18 months. Genetic engineering is the answer to this, said Hawking, as it is vital to develop ways of keeping biological systems superior to electronic ones. He predicted that genetic engineers would be able to create humans with larger brains and an increased IQ.

### Two years ago...

Windows Me hit the shelves in September 2000 and promised improvements over Windows 98 in areas including PC maintenance, digital media, home



networking and internet access. Aimed primarily at home PC users, Windows Me was the last addition to the Windows 9x family of operating systems. Microsoft also gave vendors plenty of opportunity to update their drivers for their hardware, something that had been a problem with Windows 2000, by freezing the Windows Me code in June 2000.

### Five years ago...

Panasonic became the first manufacturer to release a notebook with an internal DVD drive. The CF-63 was aimed at technology enthusiasts eager to get one step ahead of their peers, as the prohibitive £3,999 ex VAT price tag would suggest. The CF-63's DVD-ROM drive doubled as a 20-speed CD-ROM and the device also boasted a 166MHz MMX Pentium processor and a built-in four-speaker surround sound system. As well as these high-end features it also sported a 13.3in LCD (liquid crystal display) screen capable of supporting resolutions up to 1,024x768.

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#### A smart and practical house

If you've got £1.5m to spare, then you might want to buy a Techaus home. This state-of-the-art abode features a security system, satellite TV, barcode readers that update your internet shopping list, and broadband internet connections in all 13 rooms. The house, in Shiplake, near Henley on Thames, has been 18 months in the making, the aim being to build a house that uses technology in a practical way.

#### Sharp launches 'world's lightest PDA'

Sharp has unveiled the next addition to its Zaurus range of PDAs (personal digital assistants). The device runs Linux and Java and is intended for business use. Sharp claims that the A300 is the world's lightest colour-screen PDA and, at 120g, we can't disagree. It uses Intel's XScale processor running at 200MHz, has 64MB of RAM and is due out in the UK later in the year.

#### Imitation is the fastest way to Java

Welsh software company Imitation has come up with a system which it claims will have you producing your own Java-based applications within half an hour. The software demonstrates in simple steps how to create a function, such as a flashing banner, quiz or animation, and then writes a Java program to create these functions. It costs £99, or £40 to students. For further information visit [www.imitation.uk.com](http://www.imitation.uk.com).

#### Debate about snoopers bill delayed

After a torrent of complaints from pressure groups and Tory MPs, the government postponed the debate about the addition of controversial amendments to Ripa (the Regulatory Data of Investigatory Powers Act) due to "timetabling difficulties". The proposed extensions would allow private bodies and some government departments to access private online information for "security purposes".