Bringing it all together

A new approach to public service content in the digital media age

Response by British Telecommunications PLC to the
Ofcom discussion document published on 24 January 2007

BT thanks Ofcom for the opportunity to respond to the present discussion document, which identifies four main questions:

- The appropriate nature of intervention in the digital media age, and the balance between TV and non-TV forms of public service content distribution.
- The potential role of the PSP and its creative remit.
- The operating model – in particular, the approach to rights management.
- The scale of funding required.

BT's comments on all of these questions are made against the background of the firm's growing involvement in digital media developments. The recently-launched BT Vision service is currently the main pillar of this involvement.

Using a single set-top box, BT Vision delivers to the TV set pay-per-view (PPV) and subscription video on demand (SVoD) services, digital terrestrial free to air channels, communications and interactive services including, in due course, video telephony and instant messaging. The service is designed to be easy to use, bringing the next generation of TV technology within reach of a mass audience and putting the UK at the forefront of the development of digital TV delivery.

The service covers the range of 'traditional' programming such as first-run movies, older, classic library movies, high-profile UK and US episodic television programming, children's programming, sports and music. Customers have the opportunity to watch programming with complete flexibility, not only in terms of when and what they watch, but also how they pay for it.

The interactive nature of the service will also allow BT offer a wide range of diverse, speciality and niche programming to serve interest groups and communities that have hitherto been underserved or unserved by broadcast television. Communities and individuals will also be able to create content for others to view and interact with via the TV. We expect this to stimulate new forms of user-generated content, community-based programming and low-cost independent programmes.

Regarding the first of Ofcom's questions, BT fully agrees with the analysis presented in paragraphs 1.8 -1.22 of the discussion document. In particular:

- Since the importance of linear television relative to other delivery channels is likely to decline, the traditional approach to PSB may alone not be sufficient to secure the full range and extent of PSB output in the future.
- Any further intervention should include a significant digital media element rather than being limited to linear television. Such intervention needs to take account of the changing nature of content – notably, growing opportunities for interactivity.
- There is value in considering the creation of a new organisation with its centre of gravity in digital media and with a remit specifically designed for new forms of content provision.

Regarding Ofcom's three remaining questions, BT considers that it would be premature to offer firm views given that digital content markets remain at an early stage of development. Definitive conclusions should only be drawn when the topology of future markets is clearer. We would nevertheless highlight two points which are already evident and need to figure in future Ofcom reflections:

- The current PSB model poses significant challenges for new platforms such as BT Vision. Many of these issues have been indentified in Ofcom's recent Market Impact Assessment of the BBC's proposed new catch-up TV services.
- The current model unavoidably conflates public funding support for content production *and* distribution. There is no need for this approach to be maintained in the emerging technological environment, and analysis of a PSP's future role needs to address the issues of production and distribution separately.

BT looks forward to engaging further with Ofcom on this important issue as the shape of future markets starts to assume firmer definition, and the thinking of all stakeholders matures ■

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