

Representing:

Self

What do you want Ofcom to keep confidential?:

Keep name confidential

If you want part of your response kept confidential, which parts?:

Ofcom may publish a response summary:

Yes

I confirm that I have read the declaration:

Yes

Ofcom should only publish this response after the consultation has ended:

You may publish my response on receipt

Comments:

Question 1: Do you agree with Oxera's approach to the valuation of Sky's intangible asset base? :

Yes

Question 2: Do you agree with Oxera's approach to assessing Sky's profitability?:

Yes

Question 3: Do you agree with our assessment of Sky's weighted average cost of capital? :

Yes

Question 4: Do you agree with the conclusions we draw about Sky's aggregate profitability? :

Yes

Question 5: Do you agree with the conclusions we draw about Sky's profitability at a disaggregated level? :

Yes

Question 6: Do you agree with our characterisation of the relationship between high wholesale prices and retail pricing? :

Yes - Sky's wholesale prices are not fair and are so to limit the number of providers who provide their channels. Personally, I think splitting Sky up into two companies would easily solve this issue:

Company 1: Operates the satellite TV service

Company 2: Operates the TV stations

This creates an incentive to make wholesale prices fairer

Question 7: Do you agree with our view that it would not be more appropriate to proceed in relation to some or all of the matters in question under CA98?:

I agree that there are competition issues with Sky

Question 8: Do you agree that a wholesale must-offer is in principle the best way of answering our concerns around restricted distribution of Core Premium channels? :

Yes

Question 9: Do you agree with our proposal not to apply a remedy to wholesalers without market power?:

Yes

Question 10: Do you agree with our proposal not to extend a remedy to retailers on Sky's own platforms? :

Yes

Question 11: Is it necessary for us to set the prices of a wholesale must-offer? :

I say negotiate prices first and if a 'fair' price can be found that way it is preferable. If this is not possible, Ofcom should step in and set a 'fair' wholesale price

Question 12: Do you agree with our overall price-setting approach of using retail-minus, with a cost-plus cross-check?:

Yes

Question 13: Do you agree with our proposal to include HD and primary interactive sports content in a remedy?:

Yes but with some exceptions. See my answer to question 21 about how I think this should be dealt with when it comes to DTT

Question 14: Do you agree with our views as the concerns relating to commercial premises? :

Yes

Question 15: Do you agree in principle that our retail-minus calculation should start from Sky's retail prices and deduct the retail costs of an efficient entrant?:

Yes

Question 16: Do you agree with our proposal to set simple linear prices per subscriber, allowing flexibility for other pricing structures?:

Yes

Question 17: Do you agree with our proposal for wholesale prices to evolve over time according to a 'ratchet' approach and how should these prices track retail prices over time?:

Yes

Question 18: Do you agree with the principle that the same price for a 'factory gate' product should apply to all retailers regardless of their scale and choice of distribution technology?:

Yes

Question 19: Do you agree with our approach for deriving starting retail prices given the complexity of retail bundling?:

Yes

Question 20: Do you agree with our calculation methodology to deduct retailing costs ? in particular the use of a discounted cashflow analysis, deduction of incremental and pro-rated fixed and common costs, and the use of Sky's costs as an efficient retailer?:

Yes

Question 21: Do you agree with our proposal to focus on deriving prices for a 'large' entrant scale retailer using DTT transmission and what are your views on our range of prices?:

My personal opinion on the issue of Pay TV on DTT is that it should not be included on current multiplexes as most people are used to having Freeview - free channels. This will most certainly further confuse people and there are many people at present who do not

understand why they cannot receive ESPN, Gold, Home, etc... when they purchase a 'Freeview' box. There is far too much confusing advertising which does not help this either as broadcasters say their channels are available on Freeview, when in fact they mean pay-NTT via Top-Up-TV. In addition to this, Freeview and the digital switchover was sold to the public as offering them more services, replacing these with pay NTT is against what they public was sold Freeview and the Digital Switchover and therefore it should not be permitted to remove Free services for pay services to replace them.

However, in the upcoming auctions I have no objection to companies bidding for frequencies to launch pay services on new NTT Multiplexes. Main advantages of this would be that the multiplexes could be set up in DVB-T2 and could offer pay SD and HD premium services, but services should be regulated strictly by Ofcom to ensure that they offer good value for money, they are marketed outside of 'Freeview' branding and ideas and that companies like Sky are not allowed to operate these services as I already feel they have monopoly over the pay-TV market. I feel that as Virgin Media only have a small market share they should not be excluded from operating pay NTT services. Any newly launched pay services should be made available through their providers and made available through top up tv and bt vision, otherwise, there will be several providers with different offerings and there will never be competition for Sky.

Despite what I have just said, I personally would prefer for pay services not to be allowed on NTT and use it for free SD and HD services. I see that for pay services, the models of Tiscali TV and BT Vision should be combined to allow for on demand and linear channels to be delivered over the internet by the new high speed broadband networks that Ofcom and ISPs/BT are now starting to set up. For those in rural areas, this may stop them receiving pay channels over the internet, but again, these people will most likely still receive the PSB multiplexes, hence they would not receive pay NTT services in any case, and would need to use satellite services for pay TV channels in any case.

Question 22: Do you agree with our approach to deriving a wholesale price for HD services and what are your views on the resulting range of prices?:

Yes, but see question 21 when it comes to NTT

Question 23: Do you agree with our proposals for non-price terms ? in particular on Minimum Qualifying Retailer, Minimum Security Requirements and a Reference offer?:

Yes

Question 24: Do you agree that a wholesale must-offer remedy is unlikely to contribute significantly to the administrative costs currently incurred by Sky?:

Yes

Question 25: Do you consider that our impact assessment above supports our view that it would be appropriate to impose a wholesale must-offer obligation in the form proposed in order to ensure fair and effective competition?:

Yes - Sky have become far too big and there is currently no competition

Question 26: Do you have any comments on the draft wording of this condition, in light of the positions we have set out in the previous two sections?:

No

Question 27: Do you agree with our proposed approach to addressing concerns about the restricted exploitation of SVoD movies rights? :

I think the future of this is through services like BT Vision where they can be pay per view and included in a viewing pack if wanted

Question 28: Do you agree with our proposed way forward on FAPL?:

Yes

Question 29: In particular, what remedies do you believe we should consider on FAPL, if any?:

Companies should be encouraged to follow the BT Vision example and Sky should be banned from operating such a service as this would just increase Sky's power