



OFCOM Consultation on the Future of DTT

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Confidentiality: keep nothing confidential

I confirm that this document is a formal consultation response. It can be published in full on Ofcom's website and I authorise Ofcom to make use of the information in this response to meet its legal requirements.

Preamble

The specific questions raised by the consultation are answered below however they should be taken in the context of QVC's overall view of the topic which is detailed here:

The technological proposals made by Ofcom are sound and positive as far as they go and QVC would encourage Ofcom in their adoption. However, the whole focus of the consultation and the surrounding issues is PSB centric. This close focus denies the diversity of services which have grown up in the digital media world since the launch of Digital TV in the UK in 1998 and in particular since the launch of Freeview in 2002.

It is essential that the adoption of a technological road map for UK DTT is seen as part of a drive to encourage the development of as wide a range of digitally delivered services as possible from both the PSB and commercial sectors. This is particularly important for DTT which, following DSO, will be the most widely viewed digital platform in the UK and the 'default' means by which the UK public receive television.

There is a risk in simply looking at the PSB obligations that DTT become a 2 tier platform with "haves" and "have nots". In this 2 tier world the "haves" (largely PSB's) will gain the capacity to develop High Definition TV and extended services and the "have nots" will be land locked in standard definition with no development roadmap for some considerable time while their viewership leaches across to the HD channels as the HD market grows.

Careful implementation of the new technologies in conjunction with a review of network structure and other parameters presents a wider opportunity which should not be lost – it is therefore important to see the DTT technology road map as a part of a larger plan and not in isolation. Other areas which should be considered as a part of the plan may well arise as a part of the wider DDR consultation but should include a re-examination of the regional structure of UK DTT and the establishment of a clear specification for broadband connected DTT receivers to aid the development of hybrid services and content

Question 1: which services are most likely to drive take up of DTT consumer reception equipment using new technologies? In particular, are HD services the most likely to do so?

Take up of new reception devices in the home will be driven by services which have a clearly differentiated benefit to the consumer over and above the existing run of channels. In a pay TV market this can be achieved by delivery of exclusive content. There is clear public benefit in DTT remaining a largely free to air platform and in such a market, “made for purpose” HD content will be an effective driver.

Question 2: do you agree with Ofcom’s assessment that it would be beneficial for the DTT platform to begin to upgrade to new technologies – DVB-T2 and MPEG-4 - to make more efficient use of spectrum and to allow for the introduction of new services?

The adoption of DVBT-2 and MPEG-4 in conjunction with moves to a uniform standard of 64QAM represents part of a sensible technology development route for DTT both in the efficient use of spectrum and to provide the tools to enable new and innovative services. However these changes must not be seen in isolation as a solution in themselves and must be taken as the first step in a wider consideration of the future of the largest digital TV platform in the UK.

Other topics to be taken into consideration should include:

- a) a review of the regional structure of UKDTT which is significantly under utilised and therefore could be seen as wasting capacity
- b) The adoption of a lowest common denominator open platform specification for broadband connections to receivers

NB it is assumed here that any debate on the allocation (or otherwise) of additional spectrum will be conducted in the forthcoming DDR consultation

Question 3: Ofcom is particularly interested in hearing from multiplex operators and programme providers as to whether they are interested in using DVB-T2 and / or MPEG-4, and whether Ofcom should consider permitting their use on DTT?

QVC has no comment to make on this question as it is not a multiplex operator

Question 4: do you agree that the earliest possible availability and adoption of the technologies is in the interests of consumers and citizens?

The timetable for adoption of the proposed new technologies will be dictated by a number of factors, not least of which will be the volume availability of suitable silicon devices. In setting the timescale for this introduction all risk factors must be taken into account including the significant risk of destabilising Digital Switchover by the introduction of unreliable or inconsistent devices to the market

Question 5: do you agree with Ofcom’s view that DVB-T2 MPEG-4 reception equipment could be commercially available in time for DSO in Granada region in late 2009?

Beyond re-iterating the comments regarding risk made under Question 4 we have nothing to add here.

Question 6: do you agree that some form of intervention is required in order for the DTT platform to commence an upgrade to new technologies without delay?

It will be necessary for the regulator to set a timetable for the introduction of new technologies and modulation standards in order to prevent the platform from fragmenting and to even out the influence of major players

Question 7: Do you have any proposals for launching MPEG-4 services on a DTT multiplex using DVB-T in advance of the proposed 2009 timetable and if so can you provide details of how such a service would not undermine the proposed MPEG-4/DVB-T2 launch in 2009?

QVC has no such proposals

Question 8: do you agree with Ofcom's proposed approach for adding SD and HD versions of MPEG-4 and DVB-T2 profiles to the list of permitted standards for DTT in the spring, and that Ofcom's consent must be sought prior to adoption of these standards?

It is wholly appropriate to add the new technologies to the list of permitted standards

Question 9: do you agree with Ofcom's proposal that Multiplex B should be cleared and upgraded to new technologies?

Given the low density of TV channels and the general low occupancy this seems to be the most practical route. It is appropriate that a "public service multiplex" should be cleared, firstly because of relative coverage but also because the PSB's are generally the least efficient users of DTT capacity and stand to gain the greatest benefit from the proposed rearrangement.

Question 10: do you agree with Ofcom's proposal that all multiplexes should be required to upgrade to 64QAM at DSO in order to make the most efficient use of spectrum (ie that the mode change should not merely be optional)?

Making this change mandatory is the most practical route to gaining the efficiencies proposed. Use of 64QAM modulation is permitted now but only some of the operators have adopted it so experience suggests a voluntary regime will be ineffective

Question 11: do you agree with our proposals for accommodating Five, S4C, TG4 and GDS on Multiplex 2?

Yes

Question 12: do you agree with our assessment that nine SD services can operate on Multiplex 2? If not, do you have an alternative proposal?

The number of services which can be accommodated in a given multiplex will depend on the type of content covered. However, the example of Multiplex A suggests that, given the use of 64QAM coding, the figure of 9 is achievable.

Question 13: do you agree with our proposals for the reorganisation process for the existing multiplex services set out in the central case scenario?

The proposed process seems achievable as described. However QVC does not have access to the detailed operational plans of the various multiplex operators and therefore cannot comment further.

Question 14: do you agree with the principles / conditions that Ofcom proposes to use to evaluate counterproposals for the reorganisation process?

Yes, provided all impacted parties are considered rather than just “key parties” as described in the document

Question 15: Do you have an alternative proposal for the reorganisation process? If yes, please provide details.

No

Question 16: do you agree with Ofcom’s assessment of the options for allocating the upgraded capacity?

QVC broadly agrees that it will be necessary for this to be an Ofcom led process in the circumstances. However, as noted in the preamble to this response we believe that the whole exercise carries with it the risk that a two tier DTT platform will result and that the use of the allocated spectrum will not be as efficient as it might be.

Question 17: do you agree with the proposal that HD broadcasting on the DTT platform should use the more efficient progressive format, rather than the interlaced format?

From a purely technical perspective it is clear that the ultimate goal should be to use the progressive standard for the delivery of HD broadcasting. However, careful consideration should be given to the existing population of displays in the UK audience when deciding the introduction timescale.

Question 18: do you agree with the proposal that Ofcom should not mandate the use of the capacity for any particular service type (SD or HD) but allow the broadcasters to make proposals?

As noted elsewhere one of the key consumer drivers for the adoption of the new receivers will be free to air content differentiated by being presented in HD. One of the main driving forces behind the rearrangement of the platform is to release capacity to allow (initially) the PSB’s to move to HD transmission. It would therefore be counterproductive to allocate the additional capacity only to have it used for yet further variations of SD channels from the PSB’s With this in mind we believe that Ofcom should mandate the capacity for the introduction of HD services

Question 19: do you agree with the proposal that the capacity should be allocated in three UK-wide blocks initially, rising to four blocks at DSO?

As noted in the preamble we believe that the regional structure of DTT in the UK is under utilised and therefore spectrum inefficient. We therefore welcome the proposal that the new capacity should be allocated in UK wide blocks. The exact sequence will be dictated by the practicalities of DSO but the principle is sound.

Question 20: do you agree with the proposed criteria for the comparative selection process?

Given that the target applicants are all PSB's the criteria seem sensible with regard to Ofcom's obligations here with one caveat: The criteria mention the target of 80% UK originated material being shot in HD by 2012. While this is an admirable target it is not clear whether this would apply to all UK based broadcasters or only to the public service sector. In any event the introduction of such a quota should be carefully judged against the available HD production facilities and the available HD distribution, both of which will directly affect the feasibility of the quota and the economic effect on the production community.

Question 21: do you have any comments on Ofcom's proposals for the upgraded multiplex?

Given the restriction of the multiplex to the public service sector Ofcom will need to consider the potential effect of vertical integration in the operation and pricing of the capacity on multiplex B

Question 22: Do you agree with Ofcom's impact assessment?

Ofcom's Impact assessment reflects the benefits of releasing capacity on the UK DTT platform. It also addresses the benefits of moving to the new technologies described in the consultation. However, it does not adequately address the risks inherent in the migration of a successfully operating mass market platform to new technologies in a short time scale. As noted by Ofcom the proposed conversion of Multiplex B to the new technologies is made possible by the small number of channels currently carried on it; in other words the process is made possible because the current operation of multiplex B is less efficient than some of the commercial multiplexes (multiplex A for example). There is a risk that, once the less efficient multiplexes (1, 2, B) have been converted (possibly before) there may be insufficient flexibility or "swing space" to enable the conversion process for further multiplexes. This would lead to two potential impacts:

- a) If the adoption of new standard receivers is slow such that economic considerations dictate simulcasting SD and HD as the desirable route for channel providers the attendant capacity requirement will render it impossible to convert the last 3 multiplexes resulting in a two tier DTT platform.

- b) If adoption of new standard receivers is faster channel and multiplex operators will be faced with the question of whether to sacrifice the SD audience for the HD one

Question 23: Do you agree with Ofcom's assessment of the potential benefits, risks and mitigations strategies relating to the impact of these proposals on the DSO programme?

In general we agree with the potential benefits of the proposed technology changes as described by Ofcom. However, these should be seen as the first stage benefits in a longer development roadmap for DTT. With regard to the risks these will largely centre around the availability of reliable receivers for the new standard which in turn will depend on availability of silicon.