The BBC’s Distribution Strategy and Draft Distribution Policy

**techUK response.**

**Introduction**

techUK represents the companies and technologies that are defining today the world that we will live in tomorrow. More than 950 companies are members of techUK. Collectively our members employ more than 700,000 people, which represents nearly half of all ICT sector jobs in the UK. These companies range from leading FTSE 100 companies to new innovative start-ups. The majority of techUK’s members are small and medium sized businesses.

This response is primarily made on behalf of techUK’s radio and television device manufacturing members whose business activities can be heavily influenced by BBC strategy and policy.

We believe that it is a mistake for the BBC to only consult on the Distribution Policy document and not to also consult on the Distribution Strategy document. Proposals contained within both documents are intrinsically linked and cannot be considered in isolation. Comments in our response span both BBC policy and strategy as we do not believe that they should or can be considered independently. techUK call upon the BBC to consult on both documents as part of this consultation and review. We believe that this is of such critical importance that techUK and its members cannot support the proposals in the BBC Distribution Consultation without a linked review of the Distribution Strategy document.

**Comments and Recommendations**

1) Distribution of BBC Services

techUK fully support the ongoing requirement for the BBC to ensure that they do all that is reasonable practical to ensure that audiences are able to access UK Public Radio and Television Services and, in particular, the BBC services the viewers and listeners pay for via the licence fee.

**IP Distribution Strategy**

We note, with some concern, the following statement in the BBC’s Distribution Strategy.

30. “while preparing for a future where all content experiences are delivered over the internet….the BBC needs to prepare for that future to arrive early in the next Charter period.”
This statement clearly sets out a BBC position where Free To Air (FTA) distribution of content may cease within the next 15 years. We believe that such a change in distribution strategy fundamentally changes the relationship between the BBC and the audience that funds it. This strategy, whilst lacking any practical information, begs the question “Is a Public Services Broadcaster (PSB) still a PSB if they no longer broadcast?” and “Does an IP only approach render the licence fee funding method inappropriate?”

Whilst this statement does not appear in the draft distribution policy, only in the distribution strategy document, it is of such importance relating to the future distribution of BBC services that it would be unacceptable for the BBC to refuse to consider the impact of this statement in the context of consulting on Distribution Policy.

A timescale in the region of 15 years is not a long time in the context of the required market investment and infrastructure provision for such a significant change and impacts the device and distribution supply chain significantly. An absolute focus on IP as the near term future sole distribution platform raises significant questions as to impact this would have on public sector broadcasting, impacting on every UK citizen. Due to the impact on the wider radio and television distribution landscape we do not believe that the BBC should be able to make a unilateral decision to move away from DTT transmissions. This should be a matter for Ofcom/DCMS and a public consultation should be held as part of any decision making process.

We see contradictions between a desire to move away from digital terrestrial distribution (DTD) in possibly 15 years and a reluctance to support a commitment to move forward with the migration of many radio services from analogue FM to DAB as we near the achievement of the digital switchover criteria as laid down by Government. DTD networks are robust and provide near universal reach in the home, work place and on the move. They have a particular benefit if the need arises to communicate public safety information.

Currently only 1.2% of radio listening in-car is via IP/online distribution, and if we look at in-car digital listening, only 3.8% is via IP/online.

Schedule 3 (regulatory obligations for the UK Public Services) BBC Charter Framework agreement (Document Cm9366 December 2016) states that ‘The BBC must not charge any person, either directly or indirectly, in respect of their reception in the UK, by any means, of its Public Services.’ We call upon the BBC to explain how they will continue to meet this requirement if content is only available via IP.

Other current BBC Charter clauses of note that we draw your attention to:
Clause 45 [Digital radio]: ‘The BBC shall continue to use all reasonable endeavours to support the transition from analogue to digital radio,’ We would argue that
continued investment and support for digital radio and a digital switchover is a requirement of this clause.

Clause 67 (Defence and Emergency Arrangements): 'If it appears to any Government Minister that an emergency has arisen, that Minister may request that the BBC broadcast or otherwise distribute any announcement or other programme.' We call upon the BBC to explain how they expect to continue to meet such a requirement should they abandon digital terrestrial distribution.

In particular we have a number of comments/questions:

i) Around 110 million DTT receivers have been sold since Freeview launched in 2002 and over 25 million DAB radios sold. This installed device base has created a huge legacy and we have major concerns about the BBC’s commitment to broadcast delivery in view of the policy statement about a complete transition to IP delivery. Urgent confirmation and a clear strategy is required for any large scale transition away from broadcast distribution. A key part of this strategy and statement must include a guarantee that a core offering of broadcast delivered PSB content will be available to listeners and viewers for the life of these 135 million digital devices. Consideration also needs to be given to the DTD based devices that will be sold in the future, over 6 million digital televisions and radios that utilise DTD as their primary content delivery source are sold in the UK every year.

ii) The receiving of content via IP is not free to access for viewers and listeners; they have to pay for fixed line, fibre and mobile IP data services. Terrestrial services are free at the point of reception for licence fee payers. We do not believe that the current approach of a fixed licence fee could apply if services are delivered via paid for IP data services serving individual user demands.

iii) Terrestrial distribution is both universal in terms of reach and robust in terms of reliability. Whilst the provision of IP and high speed data delivery is constantly improving we question whether it can match the universality of terrestrial within this time frame. Bandwidth requirements are not equal when considering different delivery methods. For example, 40Mb/s of DVB-T2 bandwidth at an aerial is not the same as 40Mb/s bandwidth at a router and therefore it is important that the relative bandwidth capacities and requirements of the alternative content delivery options are considered as part of future strategy and policy.

iv) Terrestrial broadcasting provides a reliable and robust network with which to communicate with UK citizens in times of emergencies. What though has the BBC given to ensuring that such emergency methods of communication would remain if the broadcast infrastructure and receiving devices no longer exist due to a wholesale move to an IP environment.

v) Hybrid content distribution models, combining the best of digital terrestrial distribution (radio and television) and IP, appear to offer the correct balance between free access, robustness of delivery and options for enhanced
content offering. It is disappointing that the BBC do not make a greater reference to the opportunities that investing in Hybrid distribution can deliver licence fee payers.

vi) The BBC appears to be now focussing on IP as the only distribution technology worthy of longer term investment and this raises serious questions as to the commitment to maintain and invest in the DTD networks where the majority of television and radio content is consumed. We expect IP to continue to grow its share, but believe that DTD content distribution will remain the reception method of choice for consumers for decades and that those who choose this method of reception for the services that they have paid for will be increasingly disenfranchised as investment in DTD for radio and television is sacrificed in preference for IP/ iPlayer delivered services.

vii) Any change in emphasis and investment on platforms of distribution can have a significant and potentially market distorting commercial impact on those that provide distribution services and devices (Televisions and Radios for example). It is of high importance that any changes in distribution focus are discussed in advance of changes being made with those in the supply chain who support the viewer and listener reception of Public Service broadcasting. We have concerns that specific developments on DTT broadcasting may be shelved. In particular we call on the BBC to follow through on support for the following:

a. Regional HD services to avoid ‘Red Screening’ when watching local content (e.g. News on BBC1 HD). In a world where UHD content and viewing is growing fast many viewers find it increasingly frustrating that they are forced to watch BBC content on large screen TVs in SD quality. This is contrary to the quality statement that content should be of a high quality (comparable to objectively similar platforms), including picture quality. Comparable platforms are now HD and UHD.

b. Digital Radio Switchover (DSO). We are fast approaching the criteria where Government will start the process of a review on switchover. We are concerned that the BBC appear to be reducing support for a DSO, intending to continue to simulcast FM and DAB for the life of terrestrial broadcasting. We do not believe that bearing the additional costs of simulcast broadcasting acts in the interests of licence fee payers and call on the BBC to work with industry in reaching a DSO position at the earliest opportunity.

c. DVB-T2. The lack of any plan to further maximise the efficiency of the DTT network using well proven up to date more efficient DVB-T2 technology again illustrates a market distorting imbalance between investment in DTD and IP delivery (e.g. CDN distribution costs). Other more advanced EU territories have shown that such moves and transitions are readily achieved to the benefit of the consumer.

d.
iPlayer Compliance and activation on devices.
3.13/3.14. Refers to Quality/Compliance requirements of devices in being enabled/approved to access iPlayer services.

Currently the BBC require certain devices that provide access to BBC content via iPlayer to undertake a testing and certification process to demonstrate compatibility before the BBC will allow these devices to enable iPlayer access. This certification applies to devices such as Televisions, Set Top Boxes and Personal Video Recorders. Compliance requirements for these devices is far more onerous than for devices such as tablets and smartphones. Treating these devices differently distorts competition.

We recognise and support the need for a testing and compliance regime to ensure that devices deliver content via iPlayer in a way that meets the specification requirements of the content provider. However, there is a balance to be struck between the demands of the BBC and the responsibility of the device manufacturer to ensure compliance. Currently this testing regime is amongst the most complex and costly compliance procedure for any content application enabled on a reception device. We see frequent examples where the testing protocols and scope of the testing change mid-way through a testing cycle, requiring the manufacturer to re-start the testing process at high cost to themselves and creating delays to product manufacturing and launch schedules.

These concerns have been raised directly with the BBC distribution team. We recognise that the BBC are reviewing the policy and process with regards to testing and compliance and have made a commitment to engage with the manufacturing community with an objective of agreeing a new process and set of requirements that provide a more efficient framework within which manufacturers can operate.

We would ask the BBC policy contains the requirement that BBC testing and compliance procedures are proportionate and in line with other content providers and that restrictive compliance procedures are not put in place that can negatively impact commercial partners within the supply chain.

We would also request that these testing and compliance procedures are managed and overseen by independent third party self-certification bodies, as has historically been the case for PSB TV services and technology. We believe that the current BBC process and control distorts the market. The impact of these compliance and certification requirements gains increasing importance and opportunity for market distortion as the share of content consumption via iPlayer and IP increases.

General Distribution Policy
techUK have led previous discussions relating to distribution policy in relation to device manufacturers. The BBC's conditions for Distribution, Prominence, Editorial Control, Branding and Attribution, Quality, Data, Free Access, Value for Money are
very similar to the BBC’s draft distribution document published early in 2016, which techUK responded to in April 2016. We believe that our previous recommendations remain valid and therefore re-state these below.

i) Prominence

Device Manufacturers should retain control of how services and content ordering are managed within the device User Interface. UIs are often designed to work in multiple territories and device manufacturers must have the option to consider global service provider agreements and UI positioning with partners on an individual basis should they choose to do so.

Content and Service providers may make recommendations, as opposed to requirements, as to prominence for their services and may choose to discuss this with individual device manufacturers on a one to one commercial basis.

The basic premise here is one of recommendations. It is not appropriate nor acceptable for content providers and PSBs to mandate explicit prominence rules for devices from a TML or compliance basis. This is particularly relevant where such rules are a pre-requisite for conditional access permissions to BBC content and services that impact the users of such devices who have paid the BBC licence fee. Device manufacturers are concerned that it could be anti-competitive practice, and/or an abuse of a dominant market position should the BBC deny access to content and services if requirements for prominence are not met. Device manufacturers acknowledge that it is very important that popular and sought after BBC content is surfaced to the consumer as easily as possible and therefore it is not expected that device manufacturers would make it difficult for their customers to access the content that they wish to watch.

ii) Attribution

It is recognised that content owners have the right for their content to be attributed as such. Content owners are currently able to clearly show attribution for their content; we see examples of this, such as the use of logos, within BBC content today. The BBC should not seek to control the user interface of horizontal market devices.

iii) Technical Enhancements

The BBC must have awareness of the requirement to make its content & services suitable for the platforms on which they are distributed and to recognise the natural product lifecycles of such platforms.

It is critical that any change to technical specifications are discussed with device manufacturers before finalisation and implementation. This is to ensure that devices will be compliant with the proposed changes and to ensure that
due consideration is given to the range of legacy devices in the marketplace and the variance in performance that legacy devices may have in response to any proposed changes.

Reasonable consultation should be defined as an absolute minimum requirement to discuss and share proposals on changes with all manufacturers that place products onto the marketplace that may be affected by these changes. Part of this process should be to agree mutually acceptable sunrise periods.

As a first principle, technical developments and enhancements should be built on open platforms.

Better consideration should be given to the impact on viewers where services are discontinued or technical specifications change resulting in legacy devices being unable to deliver previously offered services, including for example moving broadcast services away from DVB-T/S/C to IP.

Consumers expect a continuity of service when purchasing hardware and the removal of current services on legacy devices can create a high level of viewer discontent resulting in reputational damage to both the service and device provider. It causes significant consumer dissatisfaction should a viewer lose access to BBC services received on a current device as a result of non-backward compatible updates or technical changes. The BBC must develop platforms with legacy requirements in mind, negating the need for subsequent legacy device software updates in order to enable new services.

We observe situations of an inconsistency in approach. For example, within the DTT environment, secondary MHEG services are maintained and supported for a lengthy period whereas switching off primary broadcast channels and dropping support for some versions of iPlayer has happened very quickly.

iv) Data

3.16. The BBC expects platforms to facilitate the timely and accurate collection of data to enable the BBC to monitor and understand the usage of its content and services.

Manufacturers have no obligation to provide the BBC with consumer usage data. In addition, as data processors, any data collected by manufacturers via device usage will fall under GDPR regulations and this may impact/ restrict how customer data can be shared with other organisations.
V) Value for Money

It is expected that the BBC will come under increasing pressure to implement additional cost savings and cost efficiencies. We expect that these pressures may result in significant changes to how the BBC develops and supports distribution platforms.

The BBC has a remit to provide universal access to its services. We recommend that the BBC should not focus finite resources on policing access to & the prominence of these services. The BBC should focus on content creation and making such content available as easily as possible across a wide range of platforms and devices.

General Comments

i) 1.4 (c). The BBC must have particular regard to the effects of its activities on competition in the UK. The BBC must seek to avoid adverse impacts on competition.

techUK fully support this policy. We agree that the BBC must engage and consult with industry on all planned activities that can have an impact on competition, and on the supply chain in particular. We ask that consultation should occur before decisions are made by the BBC on all matters that impact industry stakeholders and partners.

ii) 1.4 (d). The BBC must promote technological innovation and maintain a leading role in research and development.

techUK supports the BBC in continuing to develop, promote and refine technology innovation. We encourage a continued approach to open standards that have global implementation relevance. We do require the BBC to follow through with the implementation of these more effective and efficient technologies for both DTT and IP content delivery. It does not support the market if the BBC use licence fee payers’ money to invent state of the art technologies and then do not launch/ implement them.

All the above needs to be considered in the context of the global R&D nature of radio and television device technology development and implementation. Technology evolution must fit the timescale and development roadmaps of the respect devices and manufacturers to allow a joined-up approach that works in the listeners, viewers and licence fee payers best interest.

iii) 5.3. The BBC is required under the Charter to promote technological innovation....from time to time it may conduct time-limited tests...in such circumstances, it may not be proportionate to follow all aspects of this Policy.
The BBC must give detailed notice of any tests which will result in test content being received by devices in the market place. Failure to engage with device manufacturers to evaluate any market impact of such tests could result in failure of service delivery to viewers and listeners, resulting in negative cost and reputational impact on both content providers and device manufacturers.

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