

To: DCMS.
Subject: Response to the BBC Application for Digital Curriculum Service
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Author: Andrew Hall, CEO, Crocodile Clips Ltd
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On the Verge of International Success

Introduction

For me, it started 17 September 1992. Prior to then, I felt constrained by the tame culture of large corporations and wanted to put my technical & creative skills as a designer to better use. So on that inspirational day, I decided to sell my flat and use my savings to start an educational software company. The early years were tough, with no business experience, no external finance and a basic wage.

On incorporation in 1996, Crocodile Clips was just a handful of employees. Today we have a staff of 30 and export more than half of what we sell. Technical innovation, our key strength, was recognised by a Queen's Award for Innovation in 2000. This was for a virtual physics lab that is used in schools in over 40 countries.

Gorilla

Within the investment world, if one player controls the technology within a particular market it is called the "Gorilla". Microsoft is the Gorilla of the operating system market.

The BBC's proposal is a logical step for this successful British institution with a reputation for producing educational television programmes and respected online production. With a proposed £150m of R&D expenditure, the BBC will produce a volume of content that will dominate the electronic classroom of tomorrow.

The BBC will in turn control the technology for delivering educational content in two ways. Firstly through its learning management system and secondly the composition of its content will define the technologies installed on millions of end-user computers. The BBC will therefore become the Gorilla of the educational content market.

Non-Gorillas in a market are forced to maximise the compatibility of their own proprietary technology with the Gorilla technology. This increases the investment costs for non-Gorilla's and severely limits the pace that technical innovation can take place within the market. The misuse of Gorilla power is central to the anti-trust case in the US against Microsoft.

Misuse of Gorilla power may be inadvertent. For example, it is likely that the BBC will standardise on Macromedia Flash for delivery of animation within its content. We're not convinced that Flash is the best for all education animation, but the BBC project will force Flash to be installed on all computers sold to schools and school children making it very difficult for a challenger to create competitive animation technology.

Retaining Talent

The effect on Crocodile Clips is already apparent. Since the BBC press release in December 2001, some teachers and regional broadband consortium have stopped purchasing content awaiting the outcome of BBC's application. If it was not for very significant overseas success, Crocodile Clips would now be facing the prospect of redundancies.

The DfES has offered limited financial protection to the market via the Curriculum Online initiative. Although this will help companies like Crocodile Clips to survive, the fund will have little effect on the energetic spirit of the industry. Our best creative-staff want to make an impact on the education of children. The BBC's proposal has led them to question the viability of long-term development projects. We do not want to work for the BBC and do not want to be constrained by the technically conservative standards that the BBC will create.

Conclusion

If the BBC goes ahead, technical innovation incompatible with BBC technology will be difficult to establish, irrespective of educational benefits. To believe otherwise is to misunderstand the effect of a Gorilla in a technology market.

Whether the market grows or contracts depends on the level of ring-fenced expenditure from the DfES and other regional governments. Ironically, size of the market is comparatively unimportant, as the project will kill the creative spirit of the industry leading to inevitable loss of talent.

Along with many other British companies supplying this market, we are on the verge of international success. Please stop this proposal so that a promising creative industry can deliver for Britain!

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