

28 May 2004

Tim Gardam
DCMS
2-4 Cockspur Street
London SW1Y 5DH

Dear Tim Gardam,

Thank you for the opportunity to contribute to your review of the BBC's digital radio services. I will limit my observations to the service known as BBC 7.

At the time of its proposed launch we made our concerns known to the DCMS and they remain the same:

We believe that the BBC's embrace of DAB digital radio has been of enormous value in promoting the new technology through new services and cross media publicity. We have ongoing doubts however about the necessity or desirability of BBC's ability to occupy every new platform and to compete with almost any initiative from the commercial sector.

In 1999 the Guardian Media Group together with Chivers Press and UBC Media Group proposed a national digital audio service using the catalogues of talking book companies in much the same way that music radio stations had always used the catalogues of the record companies. The most enthusiastic shareholder was Chivers Press led by their MD who had an electrifying vision of such a new idea's potential. The station went to air at the start of 2000 and received substantial critical acclaim. Its shareholders enthusiastically underwrote the costs even though it was not anticipated that any income would be earned for at least three years. In July 2001 however, BBC Worldwide bought Chivers Press, the MD went to work with Worldwide and their shareholding in Oneword reverted to USI, the Hong Kong based holding company that had controlled Chivers. At a stroke Oneword's most enthusiastic shareholder was replaced by a company who had no knowledge of radio or any comprehension of funding a radio station with few listeners and no revenue. Within weeks of this action Oneword also learned that the BBC was to launch something called Network Z with a stated aspiration that sounded very similar to Oneword's own. Indeed, Oneword's research shows that most of their listeners divide their digital listening between BBC 7 and Oneword. Whilst the relatively slow production of DAB radios has been the principal brake upon DAB's uptake, we are in no doubt that the actions of the BBC at least halved the likely consumption of Oneword's output.

By the end of last year, USI's willingness to continue their support for Oneword had evaporated completely. In an attempt to ensure survival of the venture, UBC agreed to acquire the other 50% of the company but were forced to reduce the staffing of the station dramatically and to search for a new partner. This effort continues to date whilst the station operates with a skeleton staff and a limitation on the production of new material.

There are of course encouraging ways in which the BBC's valuable resources such as Intellectual Property could and can be exploited without needing to weaken commercial initiatives in the same area. In our own experience for instance, UBC's research and development company 'Unique Interactive' is currently working with BBC Vecta to try and find ways in which a collaborative venture, using the synergy of the BBC with that of a wholly commercial organisation, might enable a world wide exploitation of resources that might otherwise be impossible.

BBC 7 provides a first class service exploiting the valuable resource that is the BBC's own archive of programmes, but we believe that resource could equally effectively have been made available through licensing deals with an existing broadcaster such as Oneword. At the end of 2002 my colleague Simon Cole met with Jenny Abramsky to discuss such ideas but in spite of a follow up letter his suggestions were never followed up.

Yours sincerely,

Tim Blackmore
Chairman, Oneword Ltd