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**Response to the Consultation Paper on Data Limits and Data Services
on Radio Multiplexes published by the
Department of Culture, Media and Sport - Broadcasting Division**

Submitted by



Virgin Mobile Telecoms Limited

Any questions regarding this response should be directed to:

Gwyn Roberts
Virgin Mobile Telecoms Limited
Tel: +44 7905 556888
Email: Gwyn.Roberts@virginmobile.com

Summary

As the United Kingdom's leading mobile virtual network operator, Virgin Mobile is fully supportive of proposals to allow television services to be carried on a radio multiplex and to raise the data limits on radio multiplexes from 20% to 30%. It would permit mobile virtual network operators, such as Virgin Mobile, to offer a more diverse range of services without being restricted to the technological limitations of the mobile communications technology of its network partner.

Virgin Mobile strongly believes that these proposals create a compelling opportunity:

- a) to stimulate DAB listening on a portable device;
- b) to broaden and enhance consumer choice by introducing the first digital broadcast mobile television service to the United Kingdom during the course of 2006, incorporating five television channels; and
- c) for United Kingdom companies from a wide range of sectors to come together and develop a global lead in the convergence of mobile telecommunications with radio and television broadcasting.

The proposals are also fully compatible with Ofcom's vision of liberalising spectrum, allowing innovation and market forces largely to determine the direction of application of such spectrum.

Virgin Mobile therefore strongly encourages the Department of Culture, Media and Sport to embrace this opportunity to support innovation and enhance consumer choice.

About Virgin Mobile

Virgin Mobile is the United Kingdom's leading mobile virtual network operator with more than four million customers. Virgin Mobile uses its strong brand, award-winning customer focus and differentiated approach to the market to distinguish it from its competitors and enhance its position as a major provider of mobile communications services in the United Kingdom.

Virgin Mobile's aim is to maintain its strong growth and broad recognition as a major customer-focused mobile communications provider by leveraging its brand and continuing to offer a differentiated approach to the market. In order to succeed Virgin Mobile and other operators need to establish customer loyalty and provide an excellent and innovative service to meet the customer's needs and ensure that both existing customers are retained and new customers obtained.

About the DAB Mobile Television Trial

Virgin Mobile was the sole mobile operator partner in a trial with BT Movio in 2005 involving approximately 800 consumers in the M25 area. No other trial worldwide has integrated broadcast mobile television and digital radio as a potential offer to consumers, so Virgin Mobile and the other companies involved in the trial can offer the best insight into the issues raised by this consultation.

The trial involved presenting DAB radio and mobile television services, easily accessed by an electronic programme guide, as an attractive service package on one portable device. The results of the trial suggested there was a clear demand for such services and that, while mobile television was more heavily promoted, DAB radio was equally as important to the consumer. Indeed, users consumed radio to a slightly greater extent in terms of minutes of use. Virgin Mobile therefore sees the two

services complementing each other, bringing digital radio programmes to a new audience.

The trial also showed that consumers used the electronic programme guide to explore both services, and therefore consume more of both television and radio services than would have been possible with the previously-available, scrolling programme information. Hence, Virgin Mobile believes there is a great consumer desire for a converged offer of television, radio and telephony on one device.

The trial indicated that a minimum of five channels was required for the mobile television offering to appear credible and to provide an acceptable degree of viewing choice to cater to a broad demographic audience. Virgin Mobile therefore believes the data limit needs to be raised from 20% for the proposed BT Movio service to succeed. Virgin Mobile agrees that setting a limit of 30% is a fair compromise which ensures that the DAB radio industry is sufficiently protected from DAB television services. This proposed liberalisation would also follow the general direction and vision advocated by Ofcom when looking to allocate spectrum in the United Kingdom.

Technological Issues

Many technological options exist for offering mobile TV, but a high quality, mass market service can probably only be provided using broadcast technology. Only DAB can offer an existing network over which to offer broadcast mobile TV. Alternative broadcast technologies will require both spectrum to be released and new networks to be built, representing substantial commitments in the context of a nascent industry.

Virgin Mobile strongly believes that this is the right time to use DAB technology for mobile television services, as a recent development of the DAB standard includes error correction, making the DAB platform suitable for commercial video broadcasting. Virgin Mobile has collaborated with BT Movio and other partners to develop an integrated DAB and GSM handset – a world first. A combination in the United Kingdom of technical know-how and a leading position in DAB service provision give us the opportunity to take a lead in providing commercially-sustainable, broadcast mobile television services integrated with mobile communications. Virgin Mobile anticipates that this will provide further benefits to consumers as this new medium is developed and its potential explored; for example, in the provision of personalised information and entertainment services, interactivity with broadcasters and new commercial models to fund innovative programming. This early experience will be invaluable to both public and private organisations when making decisions later on spectrum and capital allocation.

The radio industry has nothing to fear from supporting these proposals, since they maintain the number of radio services currently operating, while allowing a new, mobile entertainment market to be addressed. In addition, these proposals are likely to dramatically increase the DAB radio audience as the mobile television devices will also receive DAB radio. Radio broadcasters are already embracing multimedia and will no doubt benefit from these proposals by developing new services to a broader, potentially more engaged audience.

Conclusion

Virgin Mobile believes that this new use of an existing technology and communications network provides an exciting opportunity to provide a broader range of mobile entertainment services to consumers that they truly desire. Virgin Mobile therefore agrees with the proposals which would allow television services to be carried on a radio multiplex without the need for the radio multiplex to be reclassified as a television multiplex and also that data limits on radio multiplexes should be increased to 30%.