

BT's response to DCMS Consultation Paper on Data Limits and Data Services on Radio Multiplexes

This paper is BT's formal response to DCMS consultation issued on 24 April 2006.

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Executive Summary

BT welcomes and fully supports the DCMS proposals to amend the data limits and data services on DAB Digital Radio Multiplexes. It is appropriate to correct and amend the legislation which does not reflect the latest technological innovations.

We believe that recent technological advances and the extension of the World DAB standard to support TV and multi-media services necessitates the amendment to allow commercial services to be launched. Technological advances also enable radio services to achieve the same quality as previously but at lower bit rates.

We believe that the proposals will in fact stimulate demand for mobile DAB receivers and promote the consumption of DAB radio. Overall the proposals will be beneficial to DAB Digital Radio.

Introduction

BT welcomes the opportunity to comment on the DCMS Consultation Paper on Data Limits and Data Services on Radio Multiplexes (the 'Consultation'). BT believes that it is timely for the DCMS to review the legislation in the light of technological advances which have driven convergence. Moreover, in the light of the recent international pilots, commercial launches and the BT pilot service offering DAB Digital Radio and TV on a mobile phone, not only has technology evolved significantly but proven consumer demand now exists for mobile TV and radio services in the UK.

Following a successful pilot of 1,000 users in the M25 area during 2005, BT Wholesale has developed a mobile TV and DAB Digital Radio service known as Movio. The service uses a DAB multiplex which, from a technology perspective, could be deployed immediately. Movio is a wholesale service which will be available to all UK mobile operators, MVNOs and Service Providers, for sale to their retail mobile customers. At the intended launch date of summer 2006 with Virgin Mobile, Movio will make the UK a leader in this field.

DAB technology now provides an ideal platform on which to deliver a mobile TV service. Initiatives similar to Movio are taking place in Europe and in Asia - for example mobile TV services were launched in Korea in December 2005 and will be available for the 2006 World Cup in Germany using DAB. The technology is now available, and, most importantly, network coverage is available which enables consumers to enjoy this type of service. Movio is working in partnership with the D1, the national multiplex operator which has the capacity and the network available to deliver a mobile TV service across

the UK. BT Movio is funding the enhancement of this network to extend coverage to handheld portable mobile devices indoors. This coverage extension also benefits the radio stations on this multiplex.

BT's comments on technological advances

Recent technological advances in video codecs, digital rights management, error protection schemes, combined with the significant increases in the computing power and cost effective colour displays, now make TV delivered over DAB to handheld personal devices (such as mobile telephones) both technically and commercially possible. DAB technology was engineered from the outset to be optimised to provide a reliable audio service to mobile devices; recent extensions now allow TV and multi-media services to be reliably received on small personal devices.

ETSI will very shortly issue a revision to the core DAB standard, ETSI 300 401. The inclusion of a new error protection scheme in the standard means DAB is able to deliver the quality of service required for video and high quality data services.

When the Communications Act 2003 was enacted the extension of DAB to provide a reliable platform for mobile TV and multi-media was not predicted and restrictions on usage were imposed for valid reasons at that time. Section 241 of the Communications Act 2003 effectively precludes the use of DAB to deliver TV services when technologically it is now ideally suited to this role and is now starting to be used for mobile TV in many other countries around the world. These new services require appropriate changes to the UK legislation to facilitate market development and at the same time protect and indeed enhance DAB. Other similar rapid developments in other technology sectors, such as the internet, also have seen associated legislation evolve. Technology advances driving convergence often blur boundaries which were originally clear and precipitate the need to review the suitability of legislation.

We therefore see it as timely that DCMS should review the suitability of regulation and propose amendments without which innovation would be suppressed. The proposals will enable the creation of new markets that are complementary to, and which re-enforce the success of, the UK's DAB radio industry.

Impact of the proposals on DAB digital radio broadcasting

BT recognises that in making these proposals DCMS has to consider their impact on other services on the national multiplex as raised in Section 9 of the Consultation. We believe that the increased 30% data limit proposed is an appropriate level which will provide adequate protection to the number and quality of DAB digital radio stations and at the same time allow a mobile TV offering to be developed. Additionally, the understanding with Ofcom that there would be no reduction in the number of services would also seem a

sensible constraint. We believe such an understanding to be a sufficient safeguard to address any DCMS or industry concerns.

While BT Wholesale is actively participating in World DAB standards development for mobile TV and multi-media services, the global DAB radio industry is also developing and deploying mobile TV and advanced data services. These services add further value to the core radio service, such as extensions to the current scrolling text service (Talksport have already made available an early implementation of such a service). Other services also include the availability of slide shows to provide supplemental information for audio services, for example CD covers of details of the music being played and audio based electronic programme guides (EPG). The Movio launch device which will be the first to support the BT Movio service, also provides some of the functionality needed to support these extensions to the core DAB service. New devices will be developed as new services and standards are developed and adopted in the market place. All these services, which complement radio services, will consume data from the DAB multiplex.

The BT Movio pilot demonstrated consumers' fundamental demand for audio services on a mobile device but also the attractiveness of additional information to supplement their 'listening experience'. The amendments proposed essentially provide the broader radio industry with the flexibility to provide advanced radio services more fitting for the 21st century to further re-enforce the success of the DAB platform in the UK.

A key finding from the recent BT Movio pilot was that the users valued the ability to receive DAB digital radio as well as the ability to receive TV pictures. Indeed, most of the pilot users saw radio as an important part of the overall package; users listened to radio for an average of 95 minutes per week, and watched TV for an average for 66 minutes per week. Similar results have been obtained in other trials testing the market demand for mobile TV – proving that radio is at least an in equal demand to TV.

The pilot also demonstrated that the launch of Movio will drive consumer demand for DAB radio stations and also expand the minutes of listened radio. The former was driven by the ease of use of the BT Movio device while the latter was also driven by our support of the DAB EPG (which is now broadcast on most DAB multiplexes). The EPG enables exploration of the large range of DAB stations and the detailed descriptions of each programme, without the user necessarily having to listen to the full programme. Making it easy to find new stations and understand the content that is available will expand the listener base.

At launch the first BT Movio-enabled device will facilitate access to radio but will also address the relatively poorly supplied mobile DAB receiver market. The use of DAB for mobile TV also enables the user access to high quality digital radio on the move with a fully integrated mobile telephone/DAB digital radio. At present the vast majority of DAB radios are in kitchens as the existing mobile DAB radios have not been widely adopted due to their cost and competition for space in the consumers 'pocket'. By providing a DAB

digital radio in a range of mobile telephones we will provide a first true mass market mobile radio and TV device to the UK.

Despite the fact that the UK now has in excess of 3 million DAB receivers, the take up has been relatively slow, and even slower in the mobile segment. However, BT Movio by delivering a compelling mobile DAB TV and radio solution to the market will result in a significant increase in demand for DAB receivers in mobile devices.

If DAB TV is not delivered now, consumers will have to wait several years while alternative mobile broadcast TV solutions are developed and equivalent coverage to the existing DAB network is rolled out. Moreover, it is possible that alternative mobile TV technologies would not support the UK's DAB industry as they would require simulcast of the audio services. It is unlikely that all of the DAB radio channels would be simulcast and it is therefore unlikely that the consumer would get full access to all of the national regional and local DAB radio services. In the event that a non-DAB compatible technology were used then it would do little to stimulate the number of DAB radio consumers.

Section 11 of the Consultation notes the possible impact on potential mobile TV providers. As far as we are aware other potential providers are some years away from offering a national mobile broadcast TV platform. Consumers should not be denied the opportunity to acquire mobile broadcast TV services for several years while other providers investigate other technologies and roll-out national coverage.

BT Movio is a wholesale service available to all UK mobile and virtual mobile operator industry. Thus any mobile customer could potentially acquire the service if their service provider were interested in supporting it. As required by the D1 licence, the service will be offered on non-exclusive and fair terms to all parties.

DAB digital radio is, and will be, an essential service to mobile users with potentially higher consumer usage of radio services compared with mobile TV. Getting the right mix of audio, TV and other data services is critical to ensure mutual assured success for both BT Movio and the core radio offering of DAB — it is BT's view that this proposal provides this balance. DAB provides the opportunity to offer nationwide mobile TV services to a market that wants the service now and at the same time will further reinforce the success of DAB digital radio in the UK. The proposals will therefore be of benefit to DAB radio consumers.

Answers to specific questions

Q1 Do respondents agree that DCMS should introduce an order which would allow TV services to be carried on a radio multiplex without the need for the radio multiplex to be reclassified as a TV multiplex?

Yes. BT believes that current legislation does not now reflect the technological advances over the last few years and as a result it is preventing innovative new multimedia services being deployed.

Q2 Do respondents agree that the data limits on radio multiplexes should be increased to 30%?

Yes. We believe that increasing the data limit to 30% will allow a commercially and practical useful number of TV services to be delivered without disadvantaging the existing radio station on the multiplex. It will also offer the radio stations flexibility to add value to their audio services with the new advanced data services to enable a '21st century' radio service in the UK.