Digital Radio Working Group

Stakeholder Meeting

10 March 2008

Agenda

- Introduction to the Digital Radio Working Group
  - John Mottram DCMS

- Overview of the key sub-groups:
  - Mark Friend BBC
  - Peter Davies Ofcom
  - Laurence Harrison Intellect
  - Barry Cox DRWG Chair

- Q&A session with Panel

Introduction to the Digital Radio Working Group

John Mottram
DCMS

Background to the DRWG

- Supported by the DCMS and Ofcom
- Independent group
- To produce a set of recommendations for Government, Ofcom and the related industries
- Report to the Secretary of State by the end of 2008

Scope DRWG

department for culture, media and sport

- The group to consider:
  - How to make digital radio the predominate platform for listening to radio in the UK?
  - What are the barriers to this?
  - How can these barriers be overcome?

Make-up of the DRWG

- The main group includes representatives from:
  - BBC
  - Commercial radio
  - Community radio
  - Two national mux owners
  - Transmission Operator
  - Consumer Experts Group
  - Manufacturers
  - Government/Ofcom

department for
culture, media
and sport

First Phase Work Programme

- Two phase programme

- First phase to report by the beginning of May. Includes:
  - Analysis of current state of the market
  - Wider take-up across Europe

- Four sub-groups to consider specific issues.

Second Phase

- To consider interim findings
- Likely to include a cost benefit analysis of proposed recommendations
- To report in the late Oct/Early Nov

department for
culture, media
and sport

How you can feed into the process?

- A number of stakeholder meetings
- Radio Festival
- Email: DRWG@Culture.gsi.gov.uk

DRWG
Briefing on Technology sub-group

March 2008

Some of the issues we'll address

1. The DAB market in the UK

2. How to improve DAB's performance e.g. indoor reception, in-car?

3. Other complimentary technologies i.e., analogue, DAB+, DRM, Wi-Fi, etc.

4. What new services will audiences most value?

5. Industry perception of digital radio
6. Pan-European 'digital' market

There is no international standard for digital radio

- **Countries supporting DAB**
- UK
- Denmark
- Finland
- Norway
- Sweden
- Germany – but mooted move to DAB+

- **Countries supporting DAB+**
- Australia
- Italy
- Malta
- Switzerland
- Canada?
- Czech Republic?
- Hungary?
- Israel?
- Malaysia?
- New Zealand?

- **Countries supporting DMB** (compatible with DAB)
- France (although rumours of DAB+ trials)
- Singapore
- South Korea

Some alternative digital radio platforms

Internet	• Greater interactivity and functionality, but - • Not universal coverage • UK capacity limited • High cost to serve • Reliability low • Not portable • In-car not viable in near term
Wifi	• Coverage focused on hot spots – unlikely to gain universal coverage
3G	• High cost to serve • Not universal coverage • Reliability low • High cost to end user (at present)

Many DAB products are available in the UK

320+ DAB products in the market

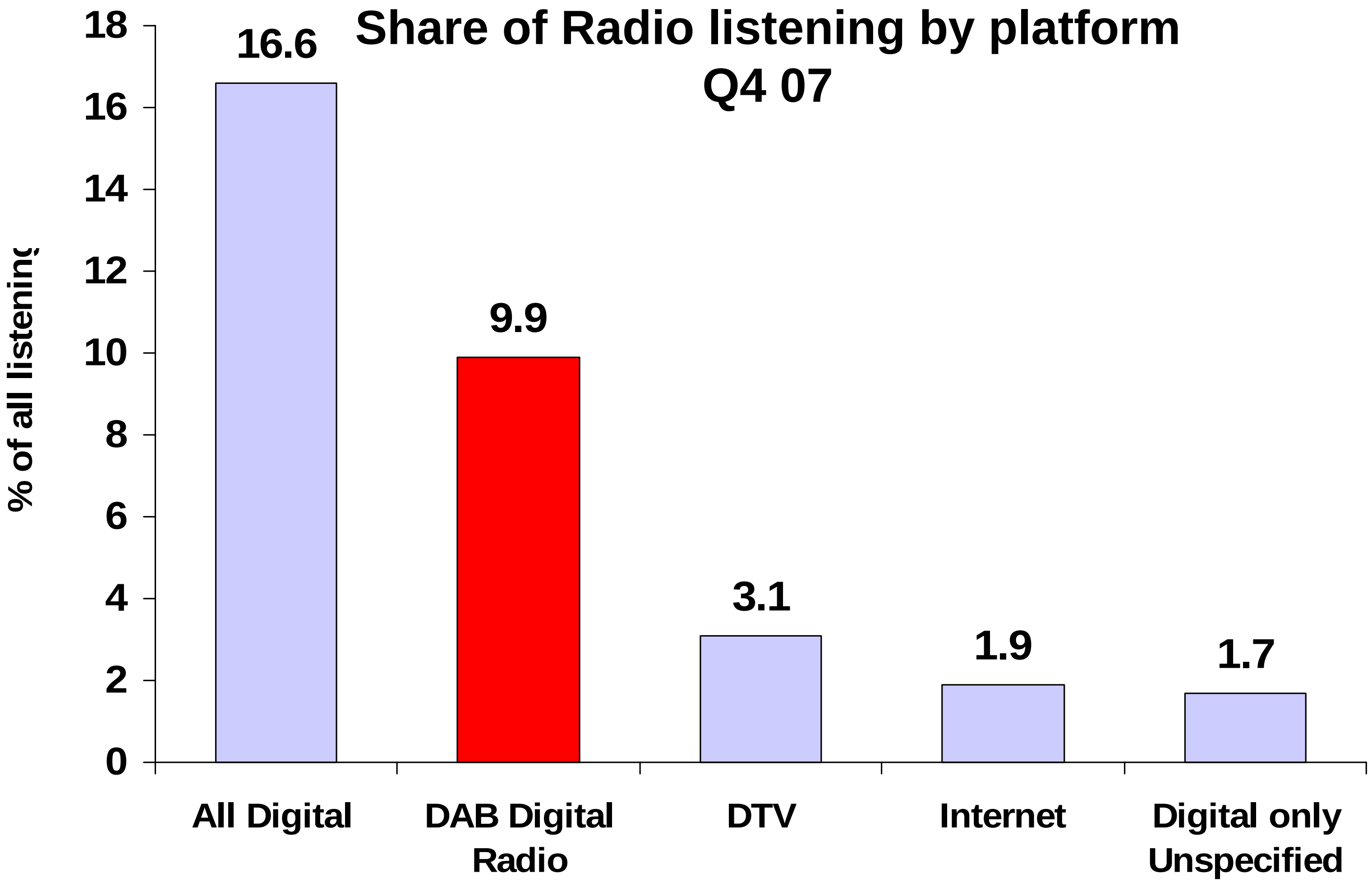
Full range:

109 kitchen portables
60 micro systems
37 clock radios
24 tuner separates
11 handhelds
6 boomboxes
19 handheld with MP3 or MP4
12 home cinema/AV systems
13 in-car radios
15 Docking station
3 Dect phones
4 DAB 'adapters'
1 desk top DAB
1 DRM/DAB radio
1 LCD TV
1 PC adapter
1 record player

Some DAB products cost as little as £20

As at Q4 2007

DAB significant & growing, analogue dominates



Source: Rajar Q407

Terms of Reference

- **1. Analysis of the available technologies**
  - Robustness of audio delivery
  - Tuning time
  - Backwards compatibility
  - Spectrum requirements
  - Portability/mobility (esp. in-car and mobile)
  - Energy efficiency
  - Indoor reception
  - Conformity with an open European technical standard
  - Suitability for free to air reception
  - Flexibility to offer different consumer propositions

Terms of Reference

- **2. Consumer proposition offered**
  - What’s most valued by listeners?
  - Potential for text and multimedia services
  - Range of content & networks
  - Range of on demand content
  - Potential for backchannel services (e.g. data transfer, recommendations etc)
  - Services on the move
  - EPG potential
  - Device replacement cycles (for different audiences)

Terms of Reference

- **3. Delivery of core needs for radio in the UK**
  - Number of stations required (national, local)
  - Community radio requirements
  - Universality requirements for selected services
  - Big technology bets or constant change

- **4. Business Models**
  - Viable commercial services at local & national level
  - Advertiser requirements
  - Platform operator requirements e.g. mobile
  - Consumer pricing
  - Impact of lack of common European standards

Terms of Reference
Working closely with the other sub-groups

- **1. Relative distribution costs** (led by spectrum sub-group)
  - Cost of building coverage to (a) 90% and (b) 98.5% of UK population (and geography)
  - Ongoing cost of transmission for radio stations at these levels
  - Cost of delivering all existing UK listening using each technology

- **2. Probabilities of take-up** (led by manufacturer sub-group)
  - Likely availability of receiving equipment at a reasonable cost
  - Impact of migrating to new technologies
  - Forecast take-up analysis
  - Cost of software licences (where relevant) and impact on shop price of radios

Spectrum Sub-Group

Peter Davies

Ofcom

Manufacturers Sub-Group

Laurence Harrison
Intellect

Outline of the group

- Chaired by the manufacturers trade association Intellect
- Tasked with developing recommendations about how best to tackle the problems facing manufacturers in developing Eureka 147 technologies
- Particular focus on problems facing car manufacturers
- Participants from across the value chain
- Report and make recommendations by early May

Focus areas: **Barriers to growth and solutions**

Eg:

- In-car: Criteria, drivers and timelines to get DAB as standard line-fit
- Supply chain messaging: Clear DAB PR and Marketing messages
- DAB evolution: Licence royalties

Focus areas: **Further questions**

- How to ensure the DAB platform remains a success in the short term
- How to manage the possible transition to new platforms
- Could manufacturers support Switchover?

[redacted]

- Questions?

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Mechanism for growth Sub-Group

Barry Cox

DRWG Chair

Test of Success

- Criteria to be met before switchover criteria could be set.
- New cars to be fitted with DAB sets as standard.
- Commercial sector increases its digital commitment

Questions to group members (1)

- What are consequences of DAB failing?
- What kind of hybrid solution do you envision?
- How do we deliver local and community stations in digital era?
- How do we improve signal quality? Extend coverage?
- How do encourage car manufacturers to fit Digital radio as standard?

Questions (2)

- What might switchover scenarios look like?
- How do we get exclusive content for DAB?
- Can industry improve its marketing and coordination?
- What kind of reorganisation of licences and ownership would help drive the market?
- What kind of public subsidies are desirable/achievable?

Q&A with Panel

Barry Cox

Mark Friend

Peter Davies

Laurence Harrison

John Mottram

Next Stakeholder Meeting

3 July
14:30 – 16:00
DCMS