THE COMMON GOOD

RESPONSE TO THE INTERIM DIGITAL BRITAIN REVIEW BY EJIRO EJAIFE

Introduction

The key finding of the Caio Report is that in the short term, the case for a major Government intervention in NGA is weak. However, the socio-economic context in which The Report was drawn up has changed beyond recognition. Commissioned in February 2008 and delivered in September of the same year, The Report does not take into account the extreme nature of the global economic downturn. Lehman Bothers collapsed in September and the GDP for that quarter fell by -0.6%, these were the first public alerts to the pending crisis. Despite its contextual displacement and consequent loss of relevance, The Report's findings form the basis of the Interim Digital Britain Review's approach to NGA.

The severity of the downturn has changed everything. The Digital Britain Programme ought to be the catalyst for recovery. If the Government gets it right, it will also be a springboard for re-election. The objectives of The Review, its targets and deadlines, ought to be reset accordingly.

I am pleased to have my input formally recognized and examined by the Steering Group. However, my concerns are how long will this process take and is there the will amongst members of the Steering Group to revisit the key finding of the Caio Report and revise the pace and priorities of the Digital Britain Review?

Public Service Content

Convergence and multi-service networks open a vast and rich new world of commercial and creative opportunities for providers of public service content. It is an area that requires oversight of competitive concerns and Government support in stimulating innovation, but not intervention in support of a specific business or sector.

The scale of the collapse is such that whole sectors and businesses in all industries are looking to Government for bail outs and support. Expectations must be managed across the board to minimise discontent and the risk of industrial unrest. The traditional media sector was facing structural change and decline brought about by societal change and advances in ICT for years prior to the crisis. The recession has merely thrown into focus the extent to which senior management in UK media have prepared their organisations for change over the past five to ten years. It is not too late.

Please consider the following snapshot of the PSB landscape:

On one hand, ITV would like to shed its public service obligations to deliver local news and children's content. But children's programmes create a wealth of commercial opportunities around parenting.

Furthermore, children's programmes give providers a competitive advantage in the Life Time Value Management of entertainment services allowing them to brand quite literally from the cradle. It is a position of the utmost trust and its value in a world of ever increasing competition for time spent consuming media cannot be overstated. Which eight or eighteen month old is not in the thrall of the Teletubbies? And look at the merchandising opportunities. An informed communication and business development strategy will engage and evolve with customers meeting their needs and serving their interests throughout their lives, from the cradle to the grave.

News is a major need fulfilled online, online is a powerful transactional medium and the local level of service provision is where the virtual and real worlds merge through applications that fulfill the needs of communities pre-defined by proximity driving social cohesion and local economies. Local news is a key strand in reaching out to and retaining users of municipal portals, slide 7 Interfaces and Infrastructure and Needs and Networks. The monetisation of municipal portals will benefit from and contribute to the economies of the communities they serve.

In seeking to be freed of its PSB commitments, ITV, not for the first time, is shooting itself in the foot.

On the other hand, the BBC has closed its environment web site and is reconsidering the proposed launch of several special interest portals including parenting due to complaints to the competition authorities. The BBC's plans for a network of local news portals were shelved last year for the same reason. The last decade or so has seen the BBC propose and abandon innumerable commercial projects because of opposition from commercial media who rarely show the same vision and understanding of the changing media landscape; remember the BBC was an ISP. What is the annualised cost of the BBC's abandoned projects over the past ten years including Kangaroo? Is it time for the BBC to be unburdened of the license fee and liberated to follow its natural instincts to compete as a commercially funded public service media provider? It would start its commercial life with the inestimable advantage of having one of the most recognized and trusted brands on earth and a top class executive team supported by highly competent technology and commerce managers.

In the meantime, Channel 4 has warned of a funding deficit and lobbied vigorously for public subsidy. The management team seem unable to devise and unwilling to consider a trading solution to the channel's funding shortfall that will secure jobs, grow revenue, maintain independence and fully deliver on the existing or a more contemporary public service remit.

The crude 'top slicing' of the license fee has rightly been rejected but the idea has been reborn as a 'partnership' between Channel 4 and BBC Worldwide. Strongly resisted by the BBC, the 'partnership' is also unlikely to survive the scrutiny of national or European fair trading authorities and there is no guarantee that such an artificially constructed entity would succeed in any case. Indeed, Channel 4 has not faired well in the emerging digital networked economy. From the fall of Kangaroo, to the flight from DAB, to the flop of 4OD, the broadcaster's Windows only download catch-up service, and to the failure of the top slicing lobby, there is scant ground for confidence in those charged with securing Channel 4's commercial viability in the converged media world or its important role in UK society.

This snapshot of the UK PSB landscape reveals a scene of blind panic and helplessness as evinced by Kangaroo and the initial mass adoption by all UK broadcasters of the Kontiki Codec and the Windows only download solution for their on-demand services. The challenge that all UK media face is to identify where the value lies in their business and to develop it in line with the internet. The BBC's value is in its brand and database. ITV and Channel 4 do not have a similar database and their brands are not as strong, their value lies elsewhere within their respective businesses. Erik Huggers, Director of the BBC Future Media & Technology, has articulated a rich vision for the BBC in the converged media world, ITV and Channel 4 must do the same.

The proposed 'partnering' of Channel 4 and BBC Worldwide to create a new public service organisation that offers scale and reach alongside the BBC is confusing. Like the Caio Report and the Interim Digital Britain Review, from which it is drawn, the proposal does not take into account the extreme nature of the global economic downturn. Projected levels of borrowing mean that there is likely to be a downward pressure on public spending and an upward pressure on taxation for some years to come. It is a stark fact that life is going to be harder in the UK for most households. Against this background, every penny the license fee paying public invests in the BBC must deliver optimum value. BBC Worldwide was set up to help achieve this. The BBC and Channel 4 have different cultures and different strengths. What works for the BBC will not necessarily work for Channel 4.

When considering the future topology of PSB in the UK, license fee payer value must be paramount and inviolate. If aligning the license fee with investment in Next Generation Networks for some years before returning it to fee payers, as recommended in Interfaces and Infrastructure and Needs and Networks, is considered too far-reaching and not best value, even in what may prove to be the most austere of times, then at least its rationale is clear, well founded in economic reality and in the interest of the common good. The same cannot be said of the proposed arranged marriage between Channel 4 and BBC Worldwide which only appears to benefit Channel 4's management.

Channel 4's business may be under threat but plurality in public service content provision is not in danger. National and local newspapers have fulfilled a public service role for generations and will continue to do so in new ways as publishers acquire mixed media skills. The Caio Report consulted widely across industry but failed to consult the publishing sector, newspapers or magazines. Sly Bailey of Trinity Mirror points out that the Interim Digital Britain Review makes only passing reference to newspapers – the word is used just four times in the dense 80 page document. If publishers feel undervalued by the Review process, it is understandable. The newspaper sector, like broadcast, is in decline. The challenge that all UK media face is to remodel their businesses identifying where the value lies and harnessing their strengths to those of the internet. The internet is the gateway to the vast and rich new world of commercial and creative opportunities for providers of public service content.

The DCMS has invited organisations that believe they may have a role to play in the future architecture of PSB in the UK to come forward with proposals that include:

- an outline of the resulting organisational structure and any new governance arrangements required to secure the delivery of a public value remit in an accountable and transparent manner while at all times ensuring value for money.
- an outline of how the proposal would contribute to the delivery of an updated remit likely to include a core TV channel, complemented by multi-platform (including online) capability, providing high quality news and current affairs, and original UK production from a wide range of independent producers, including, but not restricted to, documentaries and films, with the prospect of providing children's content, news in the Nations, and regional news; and a continued contribution to innovation and diversity.
- business model: scale, sustainability and flexibility.

The letter went out on 17.02.09 and submissions must be in by 06.03.09. The DCMS is expecting media owners to solve the structural challenges facing PSB delivery in the

UK in less than three weeks, something they have not been able to do in the last 5 to 10 years. Is this reasonable?

The DCMS believes that, in order to have the potential to play a credible role, an interested organisation should be of a sufficient size to invest either capital or assets at a significant level and have a proven track record and profile in content production or broadcasting on an international scale. However, the open architectures of Next Generation Networks enable anyone to build applications, not restricting creativity to established players. In the IP communications world, it is not expensive to experiment and size is no longer a guarantee of success. If the internet is the gateway to the vast and rich new world of commercial and creative opportunities for providers of public service content, then knowledge is the key. Channel 4 has both the scale and the capital, what it lacks is knowledge.

'I think opening the ability to create applications to others will help bring about those elusive killer applications we all desire…and I believe many will come from unexpected places. But all (both large and small companies) will need the power of the network to function and deliver the experience.' ***– Paul Reynolds, ex-CEO BT Wholesale****.*

Agility will be a vital quality for success in the digital networked economy. New, agile enterprises born in recession and of convergence, unencumbered by legacy systems and an analogue culture, will lead the way. Traditional media companies must acquire agility. This can be achieved through regeneration or retrenchment. The Interim Digital Britain Review's lack of ambition and contextual relevance may be leading to an attempt to preserve the past which will only succeed in lengthening and deepening the recession. Government must provide leadership through knowledge and infrastructure, a knowledge infrastructure, if you will. This translates to immediate and direct investment in Next Generation Networks. Ironically, the pickaxe and shovel are the enabling tools of the knowledge economy.

Next Generation Networks

The Interim Digital Britain Review is not ambitious enough and its scope is too broad. Issues of piracy, censorship, IT skills, public service content, etc, are important, however, at the present time, Government's focus must be on Next Generation Networks, if only out of self-interest. The economy will determine the outcome of the next election and it is the Network that will fuel the economy. A unique opportunity to engage, challenge and inspire the UK media and public has been missed.

I am an innovator. I challenged Erik Huggers, Director of BBC Future Media & Technology (FMT), to understand my paper, Engage Empower Explore, attached. He did. And to his credit, he understood it better than anyone else I sent it to. Engage Empower Explore has reset the FMT's development strategy. It focuses on the digital media economy and the creative and commercial role of content and connectivity in building communities. It is perhaps more easily understood in the context of my second paper, Interfaces and Infrastructure and Needs and Networks, also attached, which looks at the digital networked economy and the broader implications and potential of convergence against the background of the recession/depression/worse economic downturn in a hundred years.

Interfaces and Infrastructure and Needs and Networks is a network-centric action plan for growth that is in line with the best of current thinking on sustainability, globalisation and societal change.

Will Hutton, Director of The Work Foundation, has called for the creation of 250,000 new jobs within the next three months through Government initiated make-work programmes as a measure to combat the recession. Starting with London, some of this manpower should be used to dig up the roads and lay the fibre optic foundation of the economic turnaround and the future prosperity and wellbeing of UK society.

Attacking the Recession: How Innovation Can Fight the Downturn, NESTA:
It is because networks are so vital that one of our central recommendations is that the government should commit to deliver universal, ultra-fast broadband access to all parts of the country. That will help job search, business efficiency, community cohesion and international links. It will also send a bold message that the UK intends to invest in the future through the recession to emerge stronger.

This recession may prove to be a critical, creative turning point for the country. Attacking it with an ambitious and far-sighted programme of action will enable the UK economy to emerge both stronger and better able to meet pressing social challenges. Failure to respond effectively will create social and economic costs for decades to come.

Next Generation Networks and the new businesses and business models they support, particularly in the digital media economy, offer the most immediate growth potential. They will empower and unleash the UK's existing strengths in the creative industries to create and conquer new markets. Next Generation Networks are an enabling infrastructure for growth and it is the digital media economy that will do most in the short-term to make up for the shortfall in revenues from the financial sector. It is therefore vital that all UK media companies rapidly come to terms with broadband and the IP revolution.

There are trading solutions to the PSB funding issues but they require a deeper understanding of how we consume communications and how the diverse properties of previously distinct media and mediums can best work together across domains and devices than has been displayed by traditional broadcasters and publishers. These same solutions, and the high capacity networks that support them, will catalyze the digital networked economy and recovery.

The Interim Digital Britain Review is predicated on the Ciao Report. Interfaces and Infrastructure and Needs and Networks highlights some of the failings of the Ciao Report and outlines an effective immediate response to the economic crisis and a long-term development strategy for UK business and society.

Not only does the Interim Digital Britain Review display a lack vision, the whole process is taking too long. The OFT's review of local media ownership is a part of the Digital Britain Review. Stakeholders are being canvassed for views on the key issues the review should focus on. Following this, a steering group will engage with stakeholders in detail on how the current media merger regime is operating in both protecting competition for relevant audiences and advertisers, and maintaining media plurality. A full discussion document on the review will be issued in mid-March. The OFT plans to complete the review by mid-April, and submit findings to government to fit the timescale for the publication of Lord Carter's final Digital Britain Report, which is due in early summer.

We are in a war against economic collapse and if we are to limit the length and depth of the recession and its social impact, the level of debate must be higher and move on rapidly. Convergence in technologies leads to convergence in competition but converged networks also support collaboration. In the digital networked economy, a competitor may also be a partner, client or supplier making trust and integrity critical to success in the 21st Century.

Multi-service Municipal Portals and Monetisation (slide 7 Interfaces and Infrastructure and Needs and Networks) is a blueprint for a collaborative framework for the sustainable delivery of local media in which everyone can participate, contribute to and benefit from, public service broadcasters, commercial local media companies, local authorities and other public sector bodies that provide news. We can gain more through collaboration than can be glimpsed through competition. The multi-service municipal portal platform also supports the delivery of non-media based services and pre-configures a potential reformation in regional government. The economy is shrinking at an unprecedented rate; we can't afford to wait until the summer for the publication of the full Digital Britain Review which in any case is based on the flawed premise of the Ciao Report and consequently is not far-sighted enough.

NESTA has called for a £1 billion fund-of-funds to support high-potential innovative firms recommending that the Government uses £500 million of public funding to leverage matched private sector funding:

High-potential, innovative new firms are central to the UK's future economic prosperity. They drive employment growth, with 4 per cent of surviving start-ups responsible for 50 per cent of the jobs created by all new firms ten years later. ***– NESTA***

The fund-of-funds for innovative start-ups and the make work programmes focusing on the roadwork's phase of the comprehensive introduction of Next Generation Networks are crucial measures in attacking the recession and ought to be actioned immediately.

At its heart is a simple idea: this is a recession brought on by the ultra-networked character of the modern economy and the solutions will be more effective if they work with and reshape those networks. Networks are the key. Responses to the recession that work through networks are more likely to be effective than either purely state or purely market based remedies. The causes of the recession lie in malfunctioning and poorly regulated financial networks. The remedies will lie not in retreating from global networks but in reforming and managing them more effectively.

The UK needs a strategy to attack the recession to spur innovation. That attack will depend on how we mobilise networks.

Accelerating the connection of the entire country to universal, ultra-fast broadband networks should be a major public works programme for the recession, providing 100Mb or more connection speeds far in excess of the 8Mb common today. – ***NESTA***

In an interview on the BBC's Politics Show of 01.02.09, the Prime Minister spoke of systems that were meant to spread prosperity around the world but instead spread contagion. Networks are a modernizing force for good, but left unregulated, they will reveal the worst excesses of human behaviour. The Prime Minister, more than any other world leader, has understood the critical role of global networks in the modern world and recognised the need for the effective regulation of the global financial networks. Once regulatory policy and procedure have been agreed, to what extent can the new regulatory process be encoded to form an application that will aid compliance? This is a future consideration. In the same interview, the presenter, Jon Sopel, challenged the Prime Minister thus:

Jon Sopel: *You have sort in this interview to say that you have a clear strategy for the way ahead for the UK economy..?*

Gordon Brown: *First of all we had to deal with the collapse of the banks. Secondly, we had fiscal and monetary policy…interest rates down, real help to family and businesses now, and we see it right across the board, higher pension, higher child benefits, more investment in public works, cuts in VAT and cuts in tax allowances. The third thing to do was to deal with the problem of the extension of lending, banks have got to lend, we had to recognise that there was loss of banking capacity in the system, so we've had to do far more. We are proposing with America, Germany and Holland, how we isolate the bad assets of the banks so the good parts of the banks can get on with the lending that they can perfectly easily do, that's the third stage. All of this depends on international cooperation, so this plan starts from getting the banks working again, puts money in people's pockets, encourages new investment through the funding of new investment and that is the key to the recovery.*

To date, the focus of the strategy has been fiscal and monetary policies which have given rise to a plethora of initiatives characterised by the press and opposition parties as 'initiativitis'. The policies and the measures drawn from them are yet to have any effect, more time is required. They can be seen as defensive measures that fall within the holding on/fighting disintegration and internally focused energy phase of the Transition Curve in Profiling Economic Crisis, slide 3 Interfaces and Infrastructure and Needs and Networks. We need to move on, to let go and start testing and experimenting – attacking the recession through innovation.

The key to recovery is ultra-fast broadband access, Next Generation Networks and the new businesses and business models they support. The public works the Government has actioned, the building of schools and hospitals, are important but do not deliver the best value at this time. We need to start digging; Next Generation Networks support health, education, social cohesion and the whole of the economy. Such an ambitious and far-sighted programme of action will help restore confidence and accelerate the realization of the desired outcomes of the monetary and fiscal measures.

Conclusion

According to the DCMS, the core ambition of Digital Britain is to 'accelerate the rate of growth, and cement the UK's position as a world leader in the knowledge and learning economy'. Japan, Korea, Sweden, Denmark, Norway and a host of other countries are all ahead of the UK in NGA deployment. Far from leading the way, the UK is playing catch-up.

My own venture, www.dontmagazine.com and www.dont.tv, falls within the testing and experimenting phase of the Transition Curve and is made possible by the open architectures of Next Generation Networks, their separation of the transport layer and the signalling layer of the network, slide 6 Interfaces and Infrastructure and Needs and Networks. It is at the cutting edge of IP media and demonstrates what can be done with limited resources but the necessary know-how. Size is no longer a factor. Some capital is of course necessary, but our horizons are only limited by our creativity, courage and the capacity of the networks.

NESTA's paper, Attacking the Recession, correctly identifies the scope and the direction of the digital Britain debate. A more far-sighted digital development programme will give the country hope and greater confidence in the Labour Party. We are running out of time and options. The danger is that a whole generation will grow up in the shadow of recession. To avoid this, well informed action must be taken now. Interfaces and Infrastructure and Needs and Networks is a roadmap for Digital Britain that correctly focuses on the network. Its recommendations are far-reaching, slide 16, but they need to be in order to engage, challenge and inspire the media and the public.

Confidence is essential and it is all about mood. We must change the mood of the country. The roadwork's phase of the deployment of Next Generation Networks, though disruptive, will unite the country in a common purpose and, along with the Digital Festival of Britain recommendation, will lift morale. As it stands, the Digital Britain Review will be a disaster for the country and Party.

ejiro ejaife: design strategist. e: ejiro@dontmagazine.com t: 020 8673 3430 m: 07748 875547

interfaces and infrastructure & needs and networks:

a network-centric plan for regeneration in a time of recession and structural change

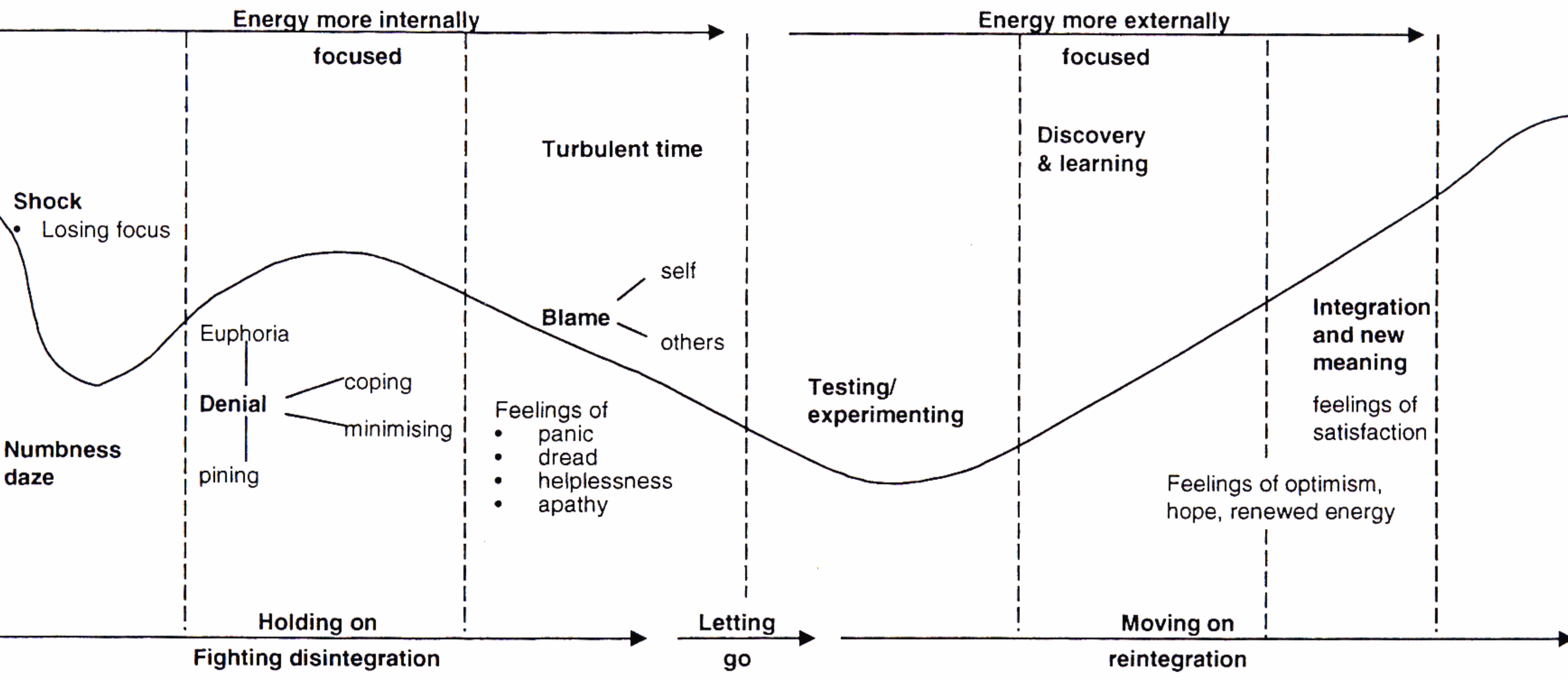
contents

ejiro ejaife: design strategist: **e:** ejiro@dontmagazine.com m: 07748 875547

DIGITAL NETWORKED ECONOMY

profiling economic crisis

TRANSITION CURVE © Businesshealth Group Plc

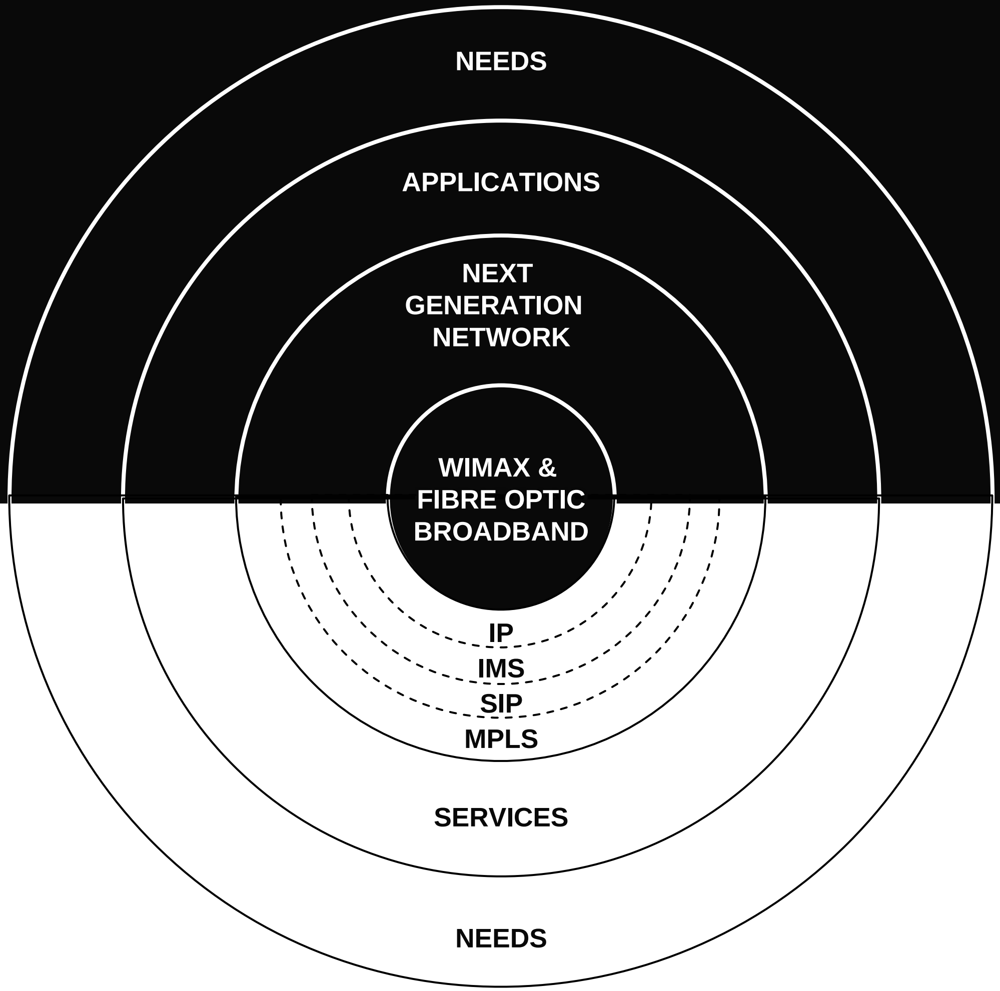


Based on the work of Elizabeth Kubler-Rosse, the foremost authority in the world on transition, The Businesshealth Transition Curve profiles the impact of large scale change such as M & A on organisations. Here we apply it to the wider society and economy at a time of deep crisis. UK society and business are through the initial shock of the near total collapse of the banking system and are passing from the denial phase of pining for the past, ‘the nice decade’, to turbulent times of panic and blame as the economy continues to decline. The challenge is to let go of the past and move on as quickly as possible to testing and experimenting. The network and the new businesses and business models it supports are key to testing and experimenting and future growth and well being. There will be further job losses and business failures but the downturn can be minimised through the learning and discovery the network enables and by bringing forward the hope and renewed energy of turnaround in clear and credible vision statements of Networked Britain as we work towards its full realisation.

ejiro ejaife: design strategist: **e:** ejiro@dontmagazine.com m: 07748 875547

‘The network will sit at the heart of society. It will be the nervous system that fuels the economy, government, business and human relationships.’

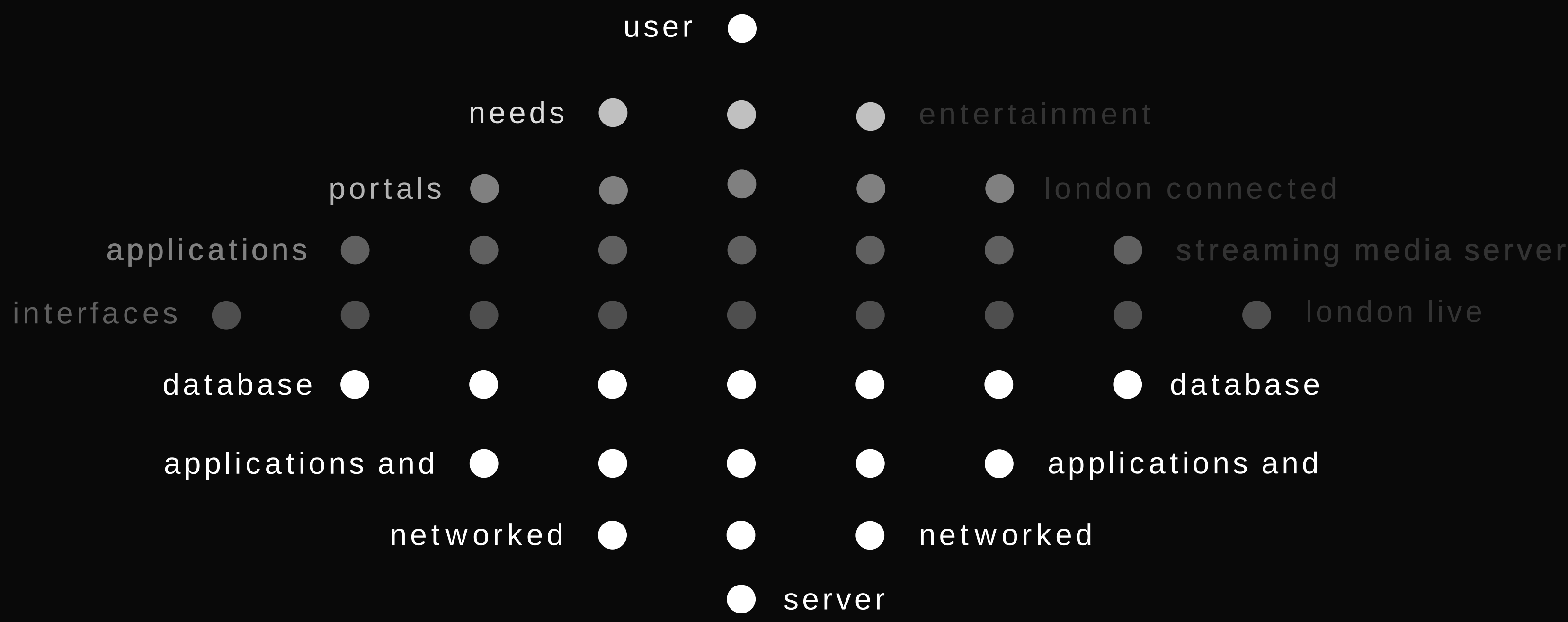
Paul Reynolds, BT Wholesale, ex-CEO, 2005



Needs range from entertainment to education, etc, to accessing and fulfilling rights and requirements of citizenship as devised and delivered by Government. Our needs are increasingly met online through applications. Applications are services in the digital networked world. Next Generation Networks are advanced, multi-service broadband networks based on intelligent systems, Internet Protocol (IP), IP Multi-media Subsystem (IMS), Session Initiation Protocol (SIP) and Multi-Protocol Label Switching (MPLS). To support multi-tasking, bandwidth heavy applications and the needs of the 21st Century society and economy, broadband will require a fibre optic and Wimax infrastructure.

ejiro ejaife: design strategist: **e:** ejiro@dontmagazine.com m: 07748 875547

integration + multi-service networks



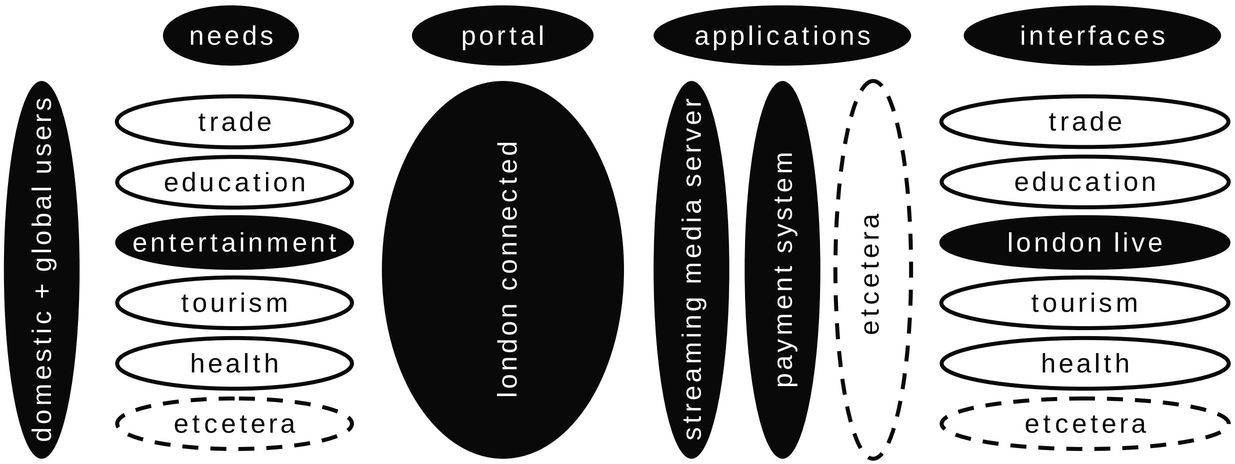
Our needs, be they social, cultural, emotional, statutory, mercantile, etc, are increasingly fulfilled through portals and interfaces by applications that run on multimedia devices. Any number of needs can be addressed through a given portal and its interfaces depending on its design and its strategic scope and a single application may serve more than one need across any number of interfaces and portals depending on its power and purpose. IP technologies, the building blocks of Next Generation Networks, allow limitless combinations and customisation of service offerings and innovation through integration.

IP acts as an end-to-end transport protocol for all types of communication and applications. The IMS adds a common standardised session layer on top of the IP network layer to support many different applications, voice, data, video and audio. It is access agnostic, running over fixed, mobile, WiFi and WiMax; user centric, storing the user's profile once for all of the applications he/she uses allowing a single database for multiple services, and intrinsically mobile, supporting nomadic usage and terminal mobility. The IMS also provides a common API to all applications that run on top of it. SIP allows control of the communication activity for authentication, authorisation and accounting. MPLS enables the efficient designation and routing of IP traffic flows assigning different services their own portion of the capacity on the network and for that portion to be given the appropriate prioritisation. The API of the IMS and the separation of the transport layer, MPLS, and session control, SIP, creates open architectures challenging existing business models and making it possible for thousands of new buinesses to 'experiment' with new and traditional services that can be launched quickly and relatively cheaply. In the Digital Networked Economy, innovation and new service creation will only be limited by our imagination and courage.

ejiro ejaife: design strategist: **e:** ejiro@dontmagazine.com m: 07748 875547

multi-service municipal portals + monetisation

PLAN: Regional and city portals to drive local business activity, skills and learning, regeneration, health and social cohesion, offering local news, rich media community forums, training, remote health and education support, locally produced entertainment and a cultural shop window to the rest of the world and co-ordinating the output of national and local government and their agencies and business for growth.
PLATFORM: Municipal portals will be an engagement platform through which government can empower businesses of all sizes liberating a spirit of creativity and entrepreneurial dynamism throughout the nation and ushering in a new age of cultural and commercial endeavour.

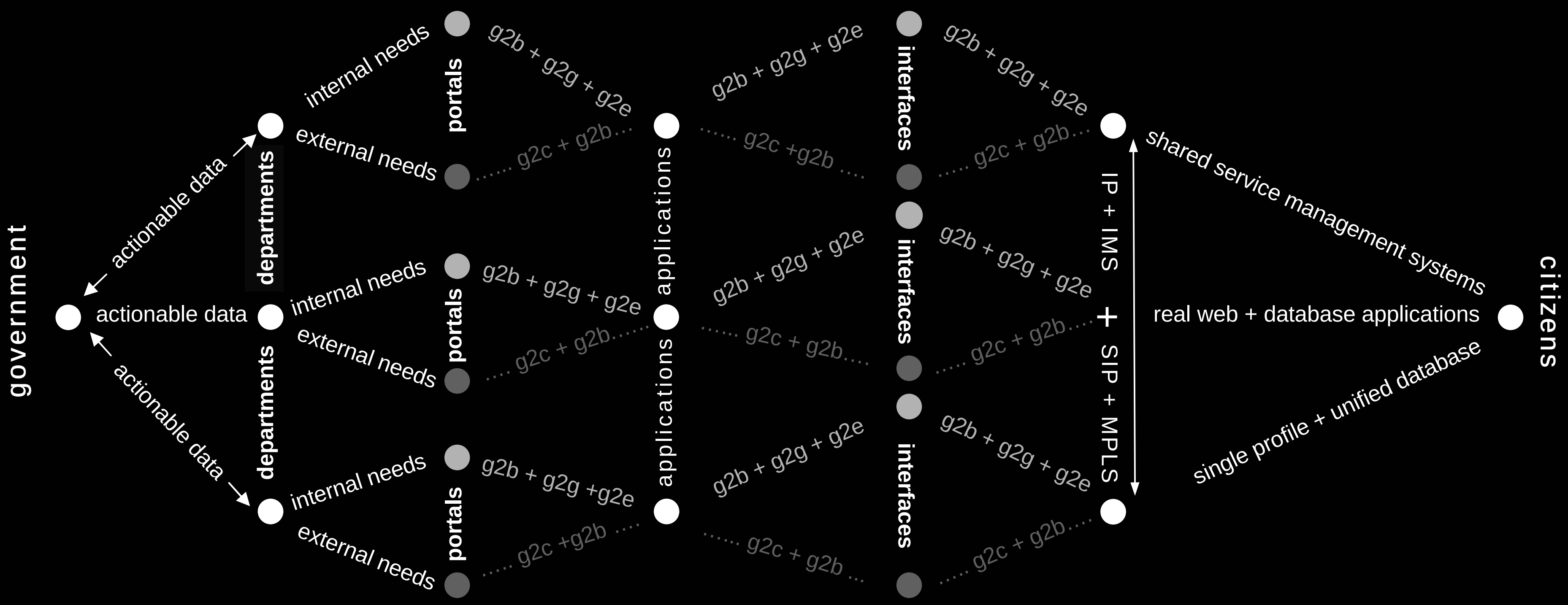


PRODUCTS: A concrete example, London Live, a pay-per-view and subscription based live streaming service for London gigs that will open a new revenue stream for London's artists, labels, venues and promoters. London is brimming with bands and the creative industry, of which music is an important part, is the capital's second largest business sector accounting for 1 in 5 jobs. Most bands have Myspace and or Hi 5 profiles connecting them to fans and friends across the world. However, their fans outside of London and the UK cannot experience their live gigs. London Live will enable them to do so on a paid for subscription or on-demand basis. The live gigs will also be recorded and archived for paid-for-long-tail viewing. London Live will open new revenue streams and markets, generate foreign earnings, create new businesses and promote new skills around the filming and marketing of live gigs, help define a new business model for the music sector which has been adversely affected by online and create a searchable by genre contemporary compendium of London's live music scene. London Live will help position the capital at the forefront of the digital media economy. Once proven in London, the live gig streaming service will be rolled out across the UK and globally. London Live is just one product of one strand, music, of one channel, entertainment. The necessary strategic vision and planning will see an education channel offer live and on demand remote learning from the same streaming platform minimising costs by removing duplication from development. Video integrated with connective features will enable students to collaborate – chat, post comments and discuss coarse work. What would a tourism channel offer? London is the engine room of the UK economy, Networked London ought to be a priority. Municipal portals, starting with London Connected, will help unlock the potential of the network for the good of all.

ejiro ejaife: design strategist: **e:** ejiro@dontmagazine.com m: 07748 875547

DIGITAL NETWORKED ECONOMY

networked government



The network is bringing about a step change in the way governments create and deliver services to citizens by (a) automating processes, enabling the remote delivery of services and supporting self-service to strip cost and complexity out of service delivery; (b) moving government closer to citizens and business opening up opportunities for everyone to participate, benefit and contribute through improved communications and (c) moving government closer to partners promoting greater transparency, accountability and responsiveness across supply chains on a real-time collaborative platform. The internet and IP are inherently citizen-centric, however, the IP network layer and the intelligent systems that run over it create a secure platform for shared services (applications) and service management systems across departments, portals and interfaces and a secure unified database of citizenship with access and monitoring protocols for all users (citizens, employees and partners), removing duplication from development and ensuring data integrity. In the broadband, multimedia networked world, government need not transfer data on CDs, USBs and laptops; data and any communications service can be accessed from any device from anywhere. Security, reliability, service continuity and resilience are paramount to networked government and the digital networked economy. Given the strategic importance of the network to government and the economy and its benefits to society, government must have a strategic stake holding in the network, a degree of ownership and control. Only government has the size, scale, investment strength and policy authority to fully realise Networked Britain for the good of all overseeing the harmonisation of the network within society, minimising any initial commercial, legal or cultural concerns. The network has the power to transform society and with great power comes great responsibility.

ejiro ejaife: design strategist: **e:** ejiro@dontmagazine.com m: 07748 875547

GOVERNMENT

multi-service municipal portals and monetization, slide 7, pre-configures a potential reformation in regional government and outlines a low cost development infrastructure and low risk business model for its realization. Effective strategy will remove duplication across departments and regions in development by provision of a common Content Management Solution, wholly customisable templates and a shared Content Delivery Network, and on implementation strip cost and complexity out of public service delivery and build a secure national database of citizenship from the local level as a precursor to the introduction of bio-metric ID cards..

BT estimates that on completion, 80% of its customers will choose to interact directly with its next generation network, 21CN. If this level of take-up can be achieved by municipal portals in their provision of public services, the savings will cover and go beyond the world class provision of services by traditional means for those who, for reasons primarily of age or health, can not access the network.

The network and networked governement have many far-reaching implications for society, its culture and commerce, the economies that underpin them and for Government itself.

CONSUMERS

Convergence of technologies leads to convergence of industries and understandably, this has been driven by IT. Next Generation Networks being IP platforms based on open standards allow software companies and new software-centric businesses of all sizes to compete to deliver services that were once the sole preserve of the giants of traditional telecommunications and broadcast.

In the traditional world, services such as broadcast required their own discrete networks with discrete infrastructure, systems, management and services to support them. In an IP world, services are applications and broadcast becomes one of many applications running on a common platform and the systems, services and management processes are shared.

Will this converged network prove to be the preferred means of accessing broadcast? Yes, and rapidly so. Our rate of adoption of new technologies is increasing, look at the phenomenal growth of social network sites, the iPod, MP3s and downloading. The network supports new, multi-directional communication experiences, the future formats of social media, that are not possible on the linear silos of traditional broadcast, appendix 1.17; users engage with content, not technology per se and they want to participate and talk to themselves. Convergence will strip cost out of every home, call charges on converged, end to end IP networks are substantially lower if not free and it is this threat that is driving change in the telecommunications sector. The threat to the revenue models of traditional broadcast is as immediate and of the same scale.

The network will deliver

more choice, more

flexibility and greater

freedom and lower for

costs for consumers

ejiro ejaife: design strategist: **e:** ejiro@dontmagazine.com m: 07748 875547

BUSINESS

In the converged world of broadband and broadcast where does the value lay? The case for broadband is overwhelming and easily made; broadband subsumes broadcast and is its future, appendix 1.18. The implications of this for public funded PSB are clear. The license fee must follow the value.

Steve Balmer, CEO Microsoft, stated in 2008 that all media will be delivered on an IP network in the next ten years. Broadcast's IP transformation will be much sooner because the business model of traditional commercial broadcast predicated on a one to many communication experience to a solely domestic audience is no longer tenable or desirable in the new global context of competition for time spent consuming media and with ubiquitous IP across the world lowering the cost barrier to competition and new markets, appendix 1.19 and 1.20.

If we run the history of telecommunication alongside that of television, we see that television has always been behind in terms of its delivery technology, Telecommunications has moved from manual switchboards and heavy copper cables to analogue communications with auto-mechanical switching to digitalisation and the eventual overlay of service specific technologies including ATM and IP to emerging end to end IP. Televisions journey has seen it migrate from electro-mechanical systems to electronic broadcast to pending full digitisation and emerging IP. The time lag has closed. It's called convergence. As with voice, once broadcast content could be digitised, its IP future was sealed. Broadcast can bypass digital delivery and move straight to IP, appendix 1.21.

If BT's 2005 feasibility study of fibre to the home had been successful, DTT would have been rendered largely obsolete at birth. The 2012 switchover from analogue to digital broadcast has attracted all the headlines, but DTT is a silo, it has no back path, and as a single service platform, carries the cost burden of the traditional dedicated service management infrastructure. The trend is towards convergence. The focus must be the network. The imperatives are fibre to home, the switch off of the PSTN and the introduction of end to end IP and software driven switching.

In the Digital Networked Economy, innovation and new service creation will only be limited by our imagination and courage.

BUSINESS

Convergence has been with us for a while, the wireless IP home is a reality and all electronic equipment today has the potential to be a network device, televisions, hi-fis, fridges, etc. The world has become irreversibly network centric. Computing and particularly wireless IP technologies have given us the active layer of the network, the other co-beneficaries of Networked Britain, Government, citizens and telecommunication and broadcast companies must collaborate to deliver the passive layer, the high capacity wire line and wireless infrastructure. BT's fibre to the home trial and financial modelling needs to be revisited with a greater understanding of the role and nature of content and socialisation, appendix 1.17, 1.21 and 1.22. BT has no dedicated content portal. The challenge for traditional telecommunication and broadband companies is to join IT at the vangaurd of convergence rather than continuing to be victims of it.

Opposing views contend that no dramatic growth or ROI has been achieved in countries such as Japan, Korea and Sweden that have reasonable fibre coverage and that the take-up of next generation network type services has lagged, concluding that the case for any major public intervention in the UK at this time is weak at best and that the market is delivering investment in Next Generation Networks and should be left to do so.

This view does not take into account the role and nature of content, how an effective integrated communication and business development strategy will accelerate the take-up of next generation network type services and the inestimable advantage that the English language gives the UK in competitive global markets, particularly of the knowledge economy.

Holders of this view believe that the development of Next Generation Networks is not just an upgrade of a digital infrastructure that makes a user's web browsing speedier, but they concede that this on its own will be welcome to many. Enough said already. The case for Government intervention and subsidy has been made.

To support multi-tasking,

bandwidth heavy applications

and the needs of the 21st

Century society and economy,

broadband will require a fibre

optic and wimax infrastructure.

ejiro ejaife: design strategist: **e:** ejiro@dontmagazine.com m: 07748 875547

BUSINESS

The web browser was crucial to the rapid uptake and usage of the internet as it enabled a superior online experience. It was a catalyst and remains so. The online end-user experience has gone from basic HTML pages to ones with simple functionality enabled by script, to database connections for real web applications and finally to rich internet applications; rich clients embedded in browsers that talk to application servers. They fuse the broad reach and low cost deployment of the web and the fast performance and immediate feedback of the desktop with integrated communications, voice, audio, video and chat. They have further enhanced the end-user experience. The many users that would welcome speedier web browsing are demanding it.

Networked Britain is a converged broadband multimedia world where consumers have direct control over the way they choose, use and change the services they use, when they want to. Services can range from communications, health, education, etc, but the end user experience will be the same, simple and complete. This contrasts with the current confusion in the UK where consumers are confronted by an array of competing digital platforms for communications and entertainment. Multi-platform strategies like ‘on television, on radio and online’, have multiple costs. A network-centric strategy offers choice of service to the terminal of choice from the same platform stripping cost and complexity from delivery. The plethora of platforms has held back the growth of the digital networked economy by misdirecting focus and investment from the network and saddled consumers and business with the cost of obsolescence, e.g. DAB and 3G licenses. Choice in platforms is an absence of informed decision making.

In the converged multimedia broadband world, media is no longer defined by platform or device, but by the experience. Its now all about optimizing the end user experience through speed, design and strategy. We live in an experience economy and richer experiences will yield richer earnings.

‘The network will sit at the heart of society. It will be the nervous system that fuels the economy, government, business and human relationships.’

BUSINESS

Virgin Media's deployment of high speed services on its network and target of up to 50 Mb/s available to around 12.5 million homes by 2009 is commendable but not a gold standard. The pricing of the 50 Mb/s product is prohibitive to most and the packaged offering, like so many mobile and fixed line offerings is confusing.

Virgin is only taking its high speed network to the cabinet, not to the home, and yet the wireless IP home is a reality. Household A's online experience should not be affected by whether household B's teenage children are online downloading films and engaging in multi-user video chat and the other households on the street are gaming, making low/no cost VoIP calls and watching television. This scenario will lead to a diminished online experience for everyone.

Those who oppose immediate and direct Government intervention accept that demand for bandwidth and internet traffic continues to exhibit strong growth and that particularly at peak times, UK consumers experience a reduced level of service. However, they suggest that this is more likely evidence of a bottleneck in the backhaul, rather than proof of detriment to the end user experience due to a lack of an extensive next generation network.

Given the scale of the investment and what is at stake, decisions can not be based on likelihoods and probability where fact can be established. If the problem is upstream, it needs to be addressed, otherwise whatever we do downstream will make no difference. The most common current experience is that if user A has a 24 Mb/s connection and user B has an 8 Mb/s connection, user A will have a superior online experience which suggests that the problem rests with the network

Virgin's deployment only focuses on leveraging the 'bronze' capabilities of DOCSIS 3.0 with no compliance to downstream and upstream requirements and encryption and security elements. Encryption and security are vital for networked government and users want to upload speedily as well as download. Empowered networked citizens are no longer passive consumers of mass broadcast, they are broadcasters uploading their own rich data to open access social media portals and increasingly streaming live from their desktops and mobile phones.

The network has the power to transform society and with great power comes great responsibility.

BUSINESS

We are living in the media reality of the 21st Century where the boundaries between the real and virtual worlds are increasingly blurred. Virgin, BT and other telecommunication companies are naturally beholden to their shareholders and not the greater good of UK society. There is a near-term need for Government intervention and direct investment in the passive layer of next generation networks to secure the common good.

The network has the

power to transform

society and with great

power comes great

responsibility.

ejiro ejaife: design strategist: **e:** ejiro@dontmagazine.com m: 07748 875547

The highly visible road works phase of the network's deployment will galvanise the nation alerting the public to change and uniting it in the common purpose of laying the fibre optic foundation of Modern Britain.

The road works can be seen as a large scale public works project that will counter recession in the short term. They will be disruptive, but so are the IP technologies of the active and service layers of the network and Next Generation Networks are an enabling infrastructure for long term growth. Faced with recession, the depth of which may yet be unknown, the challenge is to accelerate the deployment of next generation networks and harness their potential for economic growth and social cohesion. It is a challenge for Government as it will require complex orchestration and is vital to UK interests.

The data generated by various think tanks, task forces and forums can be interpreted for and against intervention and subsidy depending on strategic priorities and vision. This paper focuses on the network in the belief that once we have a clear understanding and vision of the nature and potential, and therefore priority status, of high capacity, multi-service networks and the applications they support, decision making will be better and faster. We will be better able to address related issues of spectrum, public service broadcasting and independent production, etc.

Many of the ideas dreamt up during the dot com bubble are starting to become real. They required broadband and still require a preparedness to let go of the past and embrace new learning and discovery, slide 3.

This paper's initial recommendations relate to funding and ownership of a national fibre to home network. They will require further evidence and elucidation. The hope is that in these extraordinary times, there will be a willingness to think outside the box and use this opportunity that history presents to refit Britain for the global challenges of the 21st Century.

RECOMMENDATIONS

1. ***Privatisation of Channel 4***
2. ***Sequestration of license fee within a year for 3 years prior to its abolition***
3. ***Move BBC to commercial funded status within a year maintaining public ownership***
4. ***Break up BT decoupling wholesale from retail division***
5. ***Part nationalise de-merged BT Wholesale***
6. ***Top slice budgets of Regional Development Agencies***
7. ***Volunteer road work units from Job Centre Plus clients***
8. ***Volunteer or compulsory road work units from HM Prisons***
9. ***Share road work costs with other utilities***
10. ***Autumn 2009, launch year long Digital Festival of Britain across domains and devices and the built space modelled on 1951's Festival of Britain***

ejiro ejaife: design strategist: **e:** ejiro@dontmagazine.com m: 07748 875547

• engage • empower • explore future formats & new communication experiences of convergent strategy

Broadband mimics and subsumes all media and mediums ever invented. For the first time, previously distinct media and mediums can be accessed on the same device and their diverse properties used to create new formats and communication experiences the nature of which will in part be determined by the end device but not defined by it.

		desktop	television	radio	handhelds	
broadband	television	●	●	○	●	video + audio + animations
	radio	●	●	●	●	music + speech
	print	●	○	○	●	text + pictures
	outdoor*	●	○	○	●	outdoor
	telephony	●	○	○	●	voice calls
	post	●	○	○	●	post

This gives rise to two types of content, (1) pre-configured content from existing media and mediums that sees broadband as one of many delivery platforms and (2) original content that is native and exclusive to the new medium; user generated content (UGC) is a manifestation of this combining, as it does, mass content creation tools with connectivity within communities. As well as enabling the creation and sharing of UGC through open access and exposed URLs, web-literate publishers can gain a competitive advantage by innovating, creating future mass participatory mixed media formats that will reinforce brand values, differentiate offering and accelerate uptake of new data services, devices and technology by showing what is possible

www.dontmagazine.com fuses audio, animation, text, stills and video to create what has been called 'a new grammar for the multimedia space' – Simon Andrews, Chief Strategy Officer Mindshare. The mobile phone and handheld devices will give the magazine the portability of print and radio. www.dont.tv fuses video and chat to create new, multidirectional, asynchronous communication experiences, one to one, one to many, many to many and many to one. E.g., on a live chat show, perhaps via webcam, users can comment and chat amongst themselves and with the interviewer and interviewee..

The desktop is the fulcrum of an effective integrated communication and business development strategy and its pivotal role is mirrored, given mobility and monetised (perhaps as part of a bundled offering) by handhelds; mobile phones are mini-computers. The ease of radio's migration to all end terminal means that radio as a standalone, mono-purpose device is unlikely to survive. However, radio as an audio based content service has great commercial and creative potential on multimedia IP devices.

* Internet projectors and IP screens allow us to take online content outdoor and data code technology integrates outdoor posters (and print) with handhelds.

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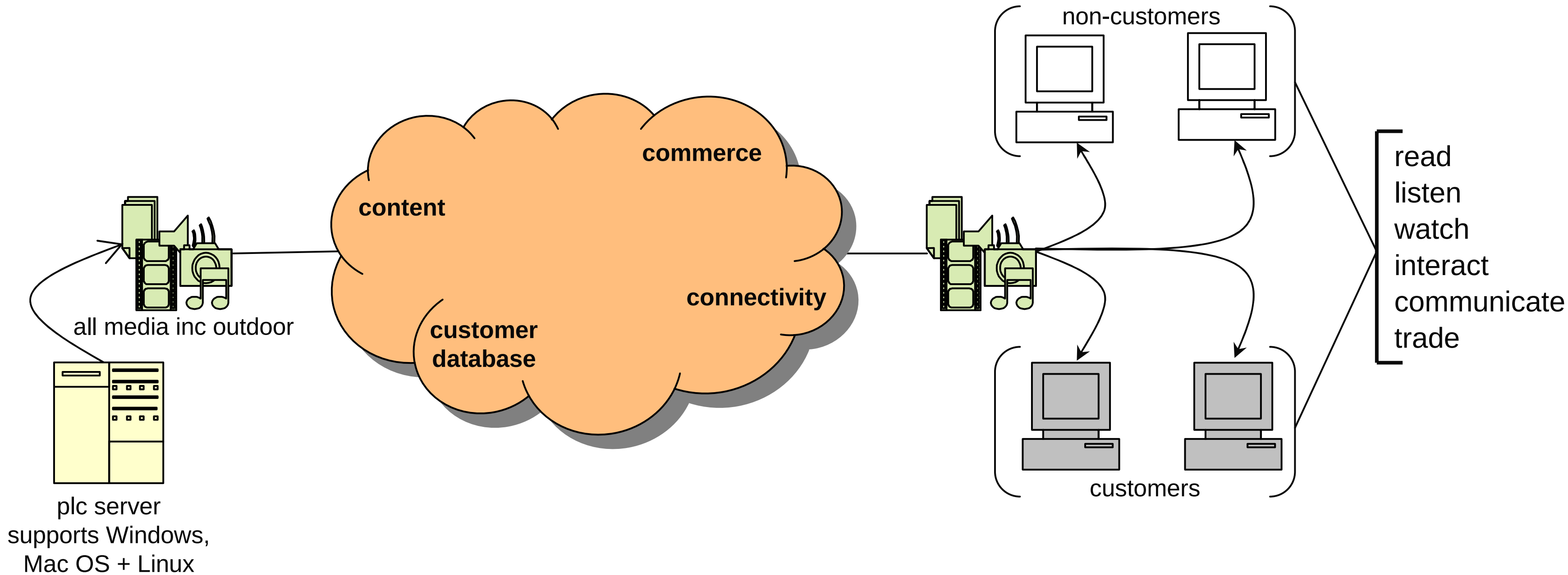
ejiro ejaife: design strategist: **e:** ejiro@dontmagazine.com m: 07748 875547

• engage • empower • explore

strategic value of online and online content

integrated communication and business development strategy



Online (1) integrates CRM and marketing in a transactional and connective medium that subsumes and 'mimics' all world media, newspapers, magazines, radio and television; and mediums, print, broadcast, outdoor, post and telephony, (2) supports p2p and b2c transactions and (3) supports one to one, one to many, many to one and many to many communication experiences.

Online content (1) impacts on transactional activity directly, advertising, and indirectly, editorial, (2) can be a part of brand communication and or the product itself, (3) allows for new formats and new asynchronous, multidirectional communication experiences that will reinforce communities when harnessed to connectivity and (4) will populate customer databases when integrated with connectivity, the immediate feedback of the desktop and the inherent low cost, wide reaching (viral) marketing features of social networks.

Online, online content, connectivity and the socialisation of customer databases can create a rich and dynamic platform for Lifetime Value Managagement and open new revenue streams (a) turning existing billable customers into fans and growing customer numbers and (b) turning audiences (reader-viewer-listener-fans) into databases and eventually into billable customers.

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risk profile of traditional business models: media + telecommunication

	music	*newspapers	*magazines	**television	***radio	****telcos	*****sky
existing billable customers	X	X	X	X	X	✓	✓
existing tools to drive traffic	X	✓	✓	✓	✓	X	✓
dual revenue model	X	✓	✓	X	X	X	✓
'as is' digital delivery	✓	X	X	✓	✓	✓	✓
risk factor	**high:** rapid calamitous decline	**high:** gentle irreversible decline	**high:** gentle irreversible decline	**high:** rapid irreversible decline	**high:** rapid irreversible decline	**high:** rapid irreversible decline	**low risk:** high potential growth

* Newspapers and magazines do have subscriptions but the majority of sales are newsstand. Magazine sales, readership and advertising revenues have a slower rate of decline than newspapers because magazines deliver a richer, more personal experience. Print will have a slower rate of decline than broadcast because of portability and issues surrounding navigation and visualisation.

** Initially less affected by online than print, the advent of broadband and the readily digitisable nature of broadcast content will mean that traditional television will suffer a rate of decline that is more inline with that of the music sector.

*** Radio's role of secondary medium, we consume it while doing something else, its portability, its phone-in formats and visual potential on IP networks, make it an exciting starting point for future mixed media and connective formats. However, in the convergent IP world, increased competition will severely disrupt the business model of traditional broadcasters.

**** Telecommunication companies are already building new, non-voice revenues leading with broadband and following with fixed and mobile convergence (FMC) and data services Local Loop Unbundling gives them full ownership of a key home service relationship.

***** NewsCorp's ownership of Sky and newspaper interests and its acquisition of Easy Net and Myspace show a real, commitment to convergence and the Sky Broadband offer is powerful but the parts remain separate and incomplete.

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digital convergence + evolution benchmark

	bebo	orange	o2	bt vision	C4	C5	itv	sky	virgin
existing billable customers	X	✓	✓	✓	X	X	X	✓	✓
dual revenue model	X	X	X	X	X	X	X	✓	✓
content publisher	✓	✓	✓	✓	✓	✓	✓	✓	✓
content producer	✓	X	X	X	X	✓	✓	✓	X
fixed line offering	X	✓	✓	✓	X	X	X	✓	✓
mobile offering	X	✓	✓	✓	X	X	X	X	✓
as is digital delivery	✓	✓	✓	✓	✓	✓	✓	✓	✓
full social network	✓	X	X	X	X	X	X	X	X

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ejiro ejaife: design strategist: **e:** ejiro@dontmgazine.com m: 07748 875547

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engagement + lifetime value management platform

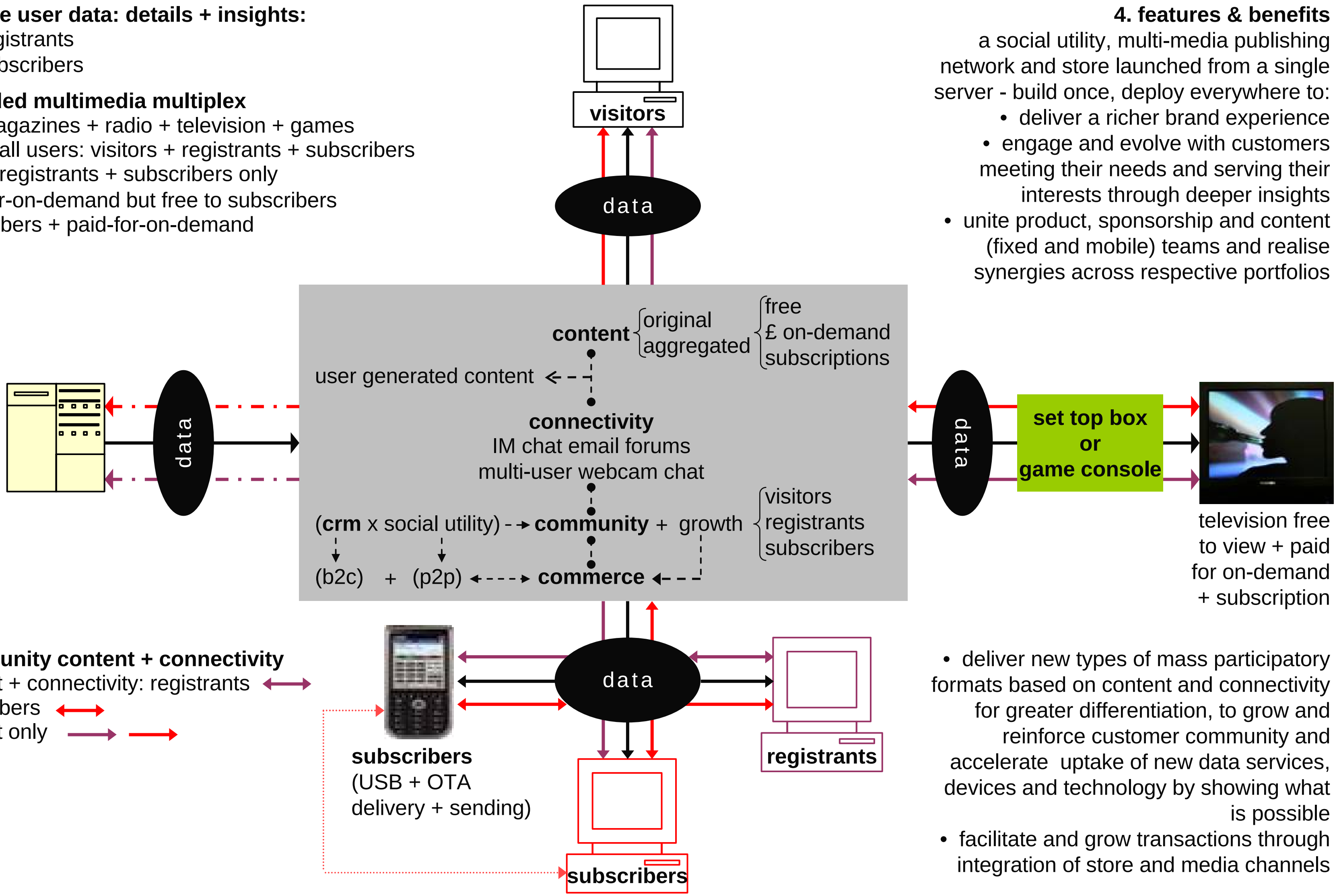
1. secure user data: details + insights:
- registrants
- subscribers

2. branded multimedia multiplex

magazines + radio + television + games
- free to all users: visitors + registrants + subscribers
- free to registrants + subscribers only
- paid-for-on-demand but free to subscribers
- subscribers + paid-for-on-demand

4. features & benefits

a social utility, multi-media publishing network and store launched from a single server - build once, deploy everywhere to:
- deliver a richer brand experience
- engage and evolve with customers meeting their needs and serving their interests through deeper insights
- unite product, sponsorship and content (fixed and mobile) teams and realise synergies across respective portfolios



3. community content + connectivity
- content + connectivity: registrants
  subscribers
- content only

- deliver new types of mass participatory formats based on content and connectivity for greater differentiation, to grow and reinforce customer community and accelerate uptake of new data services, devices and technology by showing what is possible
- facilitate and grow transactions through integration of store and media channels

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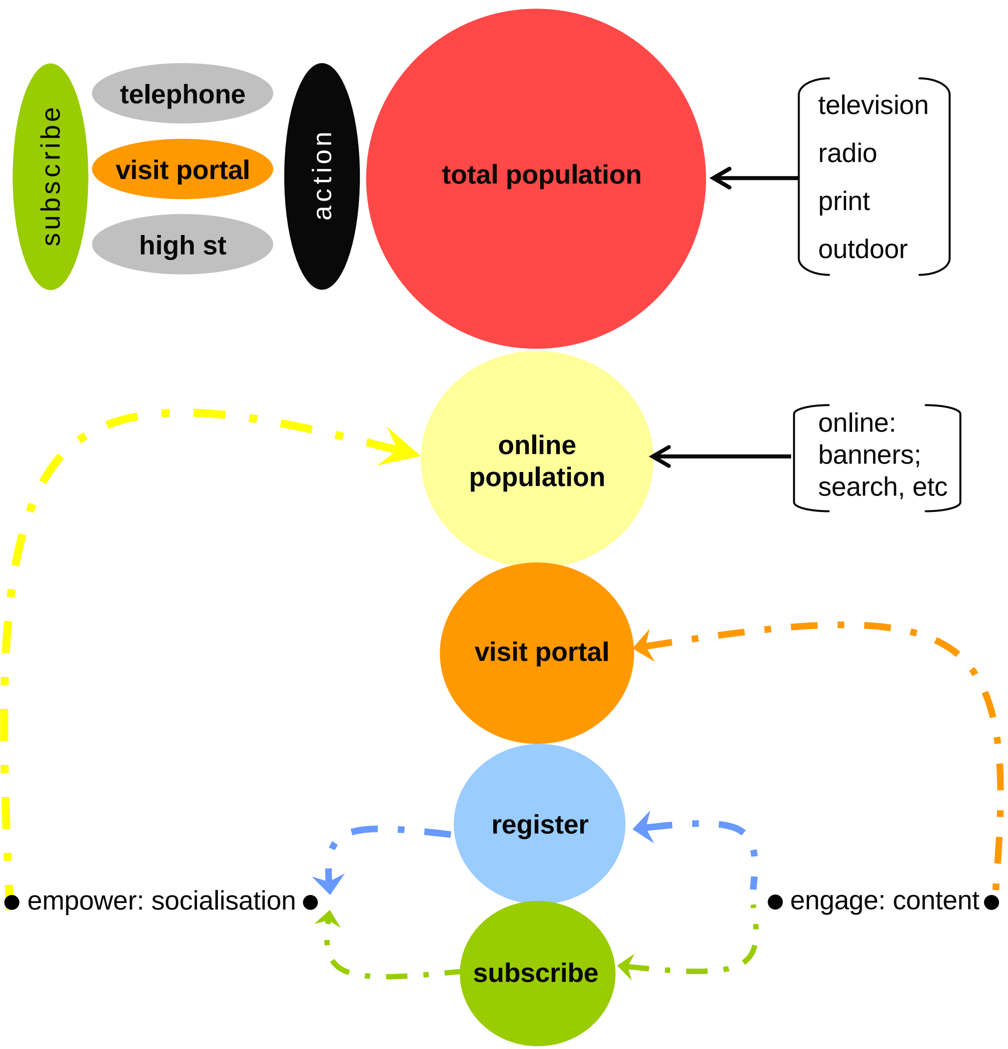
- engage
- empower
- explore

integration + socialisation of CRM + marketing + content

traditional marketing: thin online collateral; no added-value, low accountability, high expense and waste of old media



added value evolution path

1. increase retention through content services and community features
2. extract greater value from offline media through data capture
3. create data rich CRM for launch of new products and services
4. greatly reduce mid to long-term cost of old media by leveraging growing data assets and content channels
5. create environment and leverage scale of community to attract significant advertising revenue

higher ROI from online:

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ejiro ejaife: design strategist: **e:** ejiro@dontmgazine.com m: 07748 875547