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### **Digital Rights Management**

I was deeply concerned to read your speech on this topic recently. Specifically you've asked a Creative Industries IP Forum to lead on advising on issues regarding Digital Rights Management for HMG. The creative industries are only one market segment impacted by these developments. This may imply a lack of understanding of the issues and possible solutions by those who advise you.

I introduced DRM and Interoperability into national policy agenda through the medium of the Broadband Stakeholder Group (BSG) back in 2001. This was within the context of a national broadband agenda and delivering public services.

Since then I've watched with interest as the topic has lurched into the realms of the creative industries and into the EU. I read the reports / minutes and observe speeches by ministers.

That this now resides with the so called "creative industries" (which may be a surrogate for only one type of content) is of serious concern. Approximately 2/3rds of the rights value will have already been transacted in Business to Business (B2B) transactions before it emerges in consumer markets. Other markets have their own approaches. I urge you to rethink your approach to these topics. It is neither solely, exclusively nor predominantly the province of the "creative industries". However they have been the more vocal because of their vested interests, and have created more excitement since we have an economy which is comparatively more skewed in that direction. Your interest must be to have a balanced economy. In the same way as I recommended that broadband policy be technology-agnostic, any HMG DRM initiatives should be "market-agnostic" otherwise they distort economies.

The current structure of the creative industries is but one symptom, and not the predominant result of some of the issues at play. They are neither the largest nor dominant economic sector which these issues impact. Nonetheless they are more visible because of their consumer nature. Indeed, amongst the informed, the issues have somewhat moved on and are no longer DRM per se but new emerging concepts. Informed opinion recognizes that it will take 15 years (if at all) to see any clarity in business models or value chains. Observers maintain that in these industries these concepts have moved on, although suppliers work very hard at maintaining old models. These are general issues which are part of convergence and knowledge economy and are best addressed between DTI and maybe Treasury.

Any policy or initiative determined solely, exclusively or predominantly from the angle of the “creative industries” will skew other economic activities. Unintended consequences will arise unless issues are addressed in a balanced coherent way that creates a sustainable economy. Moreover within this there are supply/push and demand/pull issues within complex value meshes.

Many of the issues are best addressed by industry / commerce, some of which the UK has too few. Many initiatives are already under way by competent parties. When you gather opinion from the UK subsidiaries of some of these relevant businesses, they have less interest in addressing and informing any UK policy for natural commercial reasons that are anchored in their own home country. The government should think very carefully about the source and motivation of advice. Some initiatives may require the helping hand of government. In other areas, government should rightly stay away.

As an informed party in these areas operating on a global basis, I strongly suggest that these issues are best addressed by DTI and possibly Treasury. DCMS, as representing only one of the economic sectors which is impacted by these developments, could make its representations to this leadership.

I urge you to pass the leadership for this, for which the government should and can have an impact in certain areas, to the DTI and maybe Treasury.

Thank you

Yours sincerely

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Chief Executive Officer

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