



## How convergence affects the goals of regulation

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### The perilous plight of the traditional telco

- The decline of fixed voice telephony
  - 87% of UK households have mobile phones, 7-8% mobile only
  - Mobile is 45% of call value now – prediction 58% by 2008/09
  - 3G operators provide cheap voice and make money through audiovisual services
- Competitive pressures in the business market to
  - Improve customer experience
  - Provide ever increasing efficiency and effectiveness (at ever lower prices)
- What customers want
  - TV, Music and gaming services increasingly available as part of a bundle delivered over Broadband
  - 63% of UK homes had multi-channel TV by end 2004



### The current state of regulation

- Positive developments
  - Converged remit of Ofcom provides good basic framework
  - Reformed Significant Market Power regime – objective processes, not arbitrary decisions
- Ofcom's strategic review of telecommunications
  - Opportunity for progress
  - But is it about regulating yesterday's markets?
- Three issues for the future
  - Rights in audiovisual content
  - Abuse of the Internet
  - Broadcasting and the on-line environment



## Rights in audiovisual content

- What the file sharing issue tells us about customers
  - Demand for material in new formats for new devices
  - Access to back catalogue material
  - Customers prepared to pay for legitimate services
- Ways forward
  - Defend the niche to the last writ?
  - Adapt and survive?



## Abuse of the Internet

- Fear is becoming an obstacle to further use of on-line services
- Is regulation the right way to address the problem?
- Positive action without new legislation or regulation
  - Internet Watch Foundation
  - BT blocks illegal child pornography sites
  - Free software to protect customers from dialler scams
  - Empowering customers through training and education



## Broadcasting and the on – line environment

- Defining broadcasting and on – line activities that are not broadcasting is hard to do .....
- .....and in a fast changing world the definition you write may not have the desired effect.
- Imposing rules designed for broadcasting on new media may hold back development.



## Conclusion – convergence and culture

- Does convergence threaten important aspects of our culture?
- The track record of on – line services
  - Accommodate great diversity of views and interests
  - Make it easier to find content, and contact people with shared interests
  - Have promoted plurality and diversity
- Culture and change
  - Cultures that adapt to change thrive
  - Cultures that resist change end up in museums
- Regulation should seek to guide us through the changes of convergence – not try to stop them

