

ON Demand Group
Leaders in managing transactional television content

Valuing self regulation

OECD – Communications Convergence, London 2005



www.ondemand.co.uk

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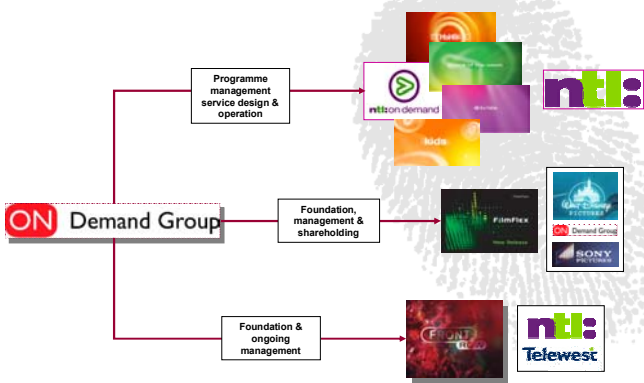
The issues

- Costs & benefits of self regulation
 - Industry
 - Users
- Impact of service complexity
- Impact of imposed regulation
- A viable approach to self regulation
- What's so bad about self regulation?
- THE TEST!

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What is the ON Demand Group?

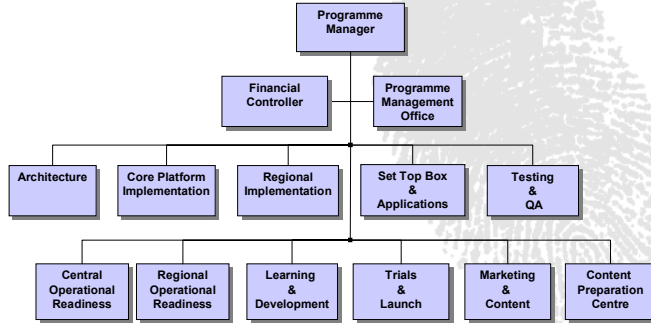


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graph LR
    ODG[ON Demand Group] --> PM[Programme management, service design & operation]
    ODG --> FM[Foundation, management & shareholding]
    ODG --> FO[Foundation & ongoing management]
    PM --- PM_Logos[nitron-demand, ntl, ntl, ntl]
    FM --- FM_Logos[FilmFlex, ntl, SONY]
    FO --- FO_Logos[FRONT, ntl, Telewest]
  
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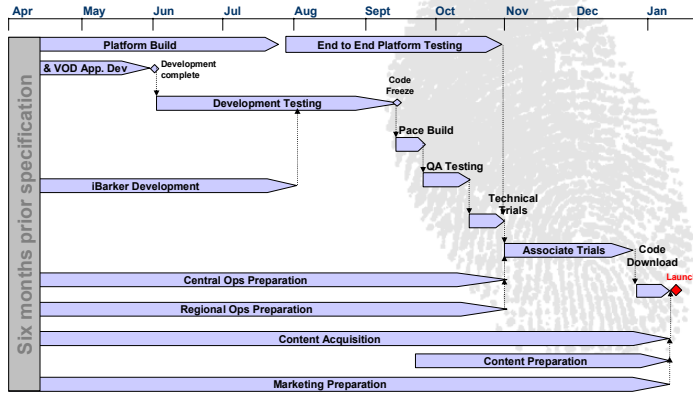
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Programme delivery complexity



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Timing of programme delivery



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Delivering simply to consumers

The screenshot shows a TV interface with a list of movies. Callouts highlight:

- Competitive movie pricing (Billing, AM, metadata, marketing, FF acquisition, legal/regulatory affairs)** pointing to the price column.
- Titles display (Design, EPG dev., TV apps., billing, AM)** pointing to the movie titles.
- Full-screen video promos (STB application, servers, asset management)** pointing to the Spiderman 2 video preview.
- Buy-through button (STB app., VOD app., billing, asset management [AM])** pointing to the '£3.50' price tag.

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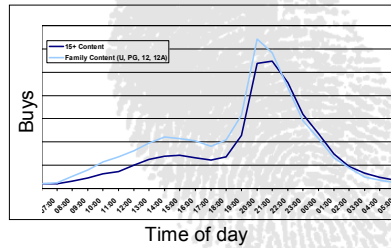
Impact of 'imposed' regulation

- Regulators cannot stay ahead of cross-platform services
- Regulatory 'clearance' stalls development (6-12 months)
- Educating regulators creates unsustainable burden for services
- Returning to 'broadcast' time-based scheduling would cripple on-demand economics
 - Increases origination & promotion costs
 - Undermines 'convenience and control' proposition
 - Significantly lowers buy rates
 - Encourages illegal/illegitimate competition
- Consumers are NOT protected

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ImFlex VOD user preferences

- VOD research always ranks convenience & control as most popular features
- Video on demand has increased viewer freedom to watch content at their time of choice
- Choices reflect in viewing performance of 15+ films and those less than 15
- Tiny differences between performance of 15+ content and 'Family' content



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ImFlex VOD user preferences

- Family films decline post 9pm
- Equal proportion of 15+ titles being purchased pre and post-watershed.

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Costs of 'imposed' on-demand regulation

- Promises of greater on demand content regulation sets unrealistic consumer expectations – the cat is out of the bag! 🐾
- Lack of support for responsible choice will drive consumers toward illegal, or unregulated, on-line services and physical media
- Excessive 'broadcast' controls will stop investment in supporting technical and operational control solutions
- Education of regulators & negotiations would bring investment and development to a standstill
- Lower buy rates will halt industry investment
- **Heavy handed external regulation will encourage evasion of responsibility by consumers and service providers**

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A viable approach to self regulation

- Force industry to think of consumers first and not regulators
- Don't falsely promise that technology and regulation will keep consumers 'safe'
- Educate consumers in their need to take personal responsibility
- Support consumers with accurate & timely decision-making content advice & support with easy-to-use access technology
- Accept impossibility & distraction of defining industry details
- Set high-level responsibilities to ensure continuing guidance & compliance during complex financially risky development
- Allow industry freedom to continue responsible digital TV development

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What's so bad about self regulation?

- Front Row
 - More than 40m plus buys
 - Only one upheld promotion complaint in seven years
 - NQ complaints about accuracy of purchasing information or PIN use
 - Clean sheet helped demonstrate industry ability to self-regulate
- ntl on demand
 - Launched in January (Glasgow)
 - Now largest VOD deployment in Europe with 250k homes enabled (Glasgow, Cardiff, Swansea & Nottingham)
 - Over 1.1m selections from 2000+ programmes using 600+ promotions.
 - NQ complaints about PINs, information or promotion

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'APPRENTICE' REGULATOR RECRUITMENT TEST!

Who is eligible to regulate on demand services?

- Web users?
- Sky Plus or PVR users?
- PPV buyers?
- VOD users?
- Contributed, understood or read an on demand service spec.?
- Made a mass market editorial decision (print, TV, web, physical media)?
- Ever spoken to an on demand customer?
- **YOUR HIRED!**