



International Telecommunication Union

IPTV & Regulatory Compliance

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BT Group Compliance Director

ITU-T IPTV Global Technical Workshop
Seoul, Korea, 12-13 October 2006



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BT Compliance - Then

- o “David Edmonds, the Oftel Director-General, has accused BT of “anti-competitive” behaviour & warned that he is watching the company “like a hawk”
- The Independent
- o “The industry regulator ordered BT to stop misusing confidential information. The company has been under siege from Oftel”
- Sunday Times / The Times



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BT Compliance - Now

“Ofcom has experienced a substantial reduction in its case load relative to Oftel. This is due to a wide variety of factors (including) improving relationships between stakeholders, particularly the effort BT makes to avoid unnecessary disputes”

- *Ofcom's Competition & Regulation in Telecommunications Report*



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BT - 2005/06

- o Revenue £19.5B, up 6%
- o New Wave revenue £6.3B, up 38%
- o Profit £2.2B, up 5%
- o Broadband end users 7.9M, up 58%
- o Customers 20M+ / Employees 100k+
- o Delivering services to more than 170 countries
- o 'Line of Business' organisation - BT Retail, BT Wholesale, BT Global Services & Openreach
- o UK Telecoms Regulator - Ofcom (previously Oftel)



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BT Vision

- The Challenge
- The Product
- Regulatory Compliance;
a new regulatory era



BT's Objective

To **launch** a new television service that sits within the BT brand and presents us as a **serious** digital TV platform with **broad appeal** in the UK



The UK Marketplace

- o £450m+ spent per annum in through-the-line digital TV communications in UK
- o Growth in Cable & Sky subs slowing
- o 8m Freeview subscribers & growing
- o Digital switch-off 2008-2012
- o c.10m homes and c.40m TVs are still analogue*
- o BT has the ability to implement 2Mb QOS Nationwide

*Source: GFK Feb 2006

AUDIO OUT SOCKETS
wireless £24 TOP UP TV
8 meg CABLE PLUS
MODEM DIGITAL PRESA
connections SATELLITE SKY
package catalogue RREEVIE
multi-channel EXCLUSIVE
premium OFFER
TELEVISION subscription
Scart socket



Customers Want

- o Convenience
- o Choice
- o Control
- o Alternative to established platforms
- o No compulsory subscription

BT Vision will provide a genuine alternative



The Opportunity

As one of Britain's **biggest** and most **trusted** brands **BT** is ideally placed to be a **consumer champion** in the digital TV marketplace, replacing confusion with **clarity**



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The service



A Team Effort



-Platform delivery

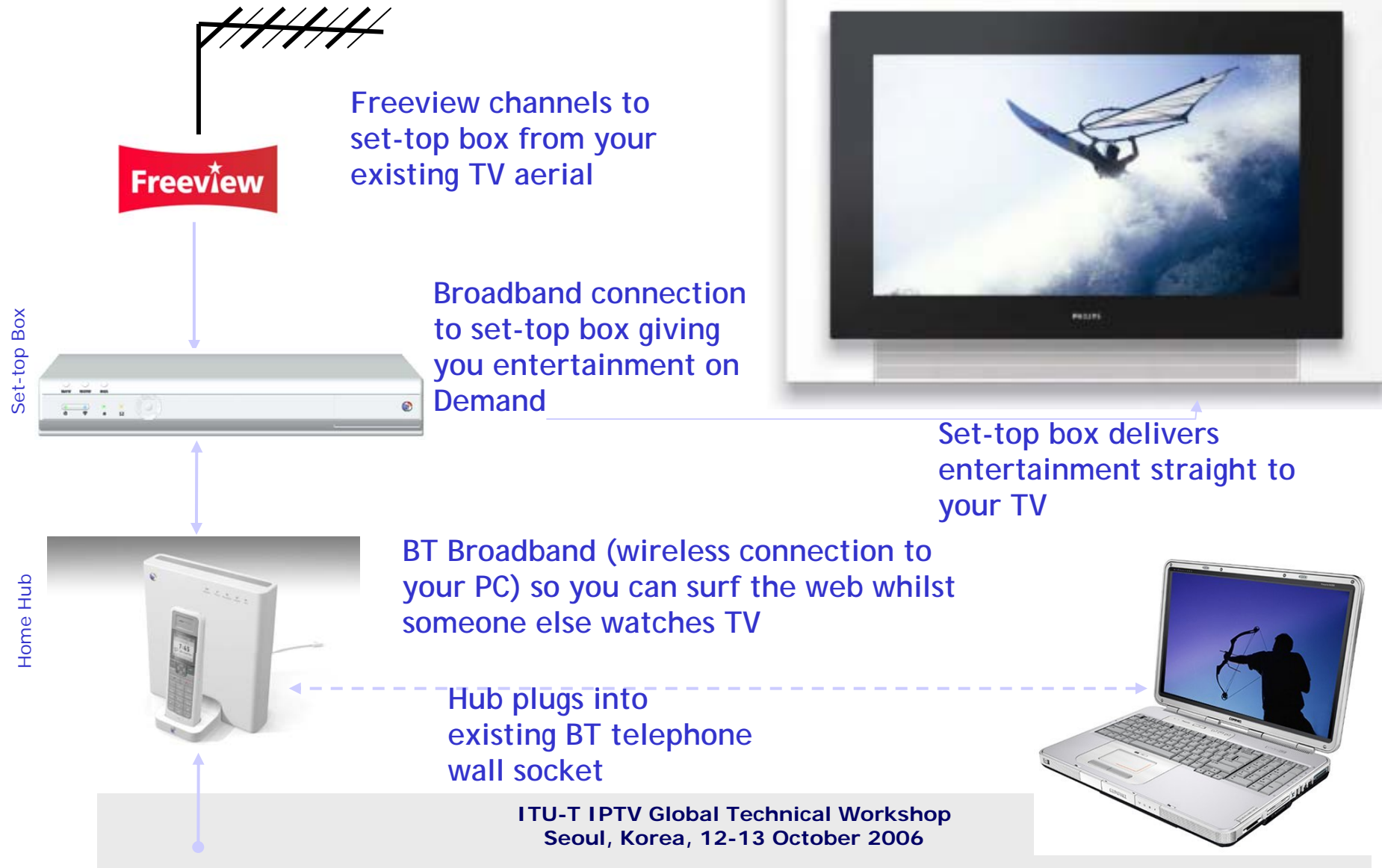


-Set-top box manufacture



-Developing platform via next generation infrastructure

How does it all work?





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Summary of Services

An integrated DTT receiver

- Freeview

DVR functionality

- Pause & Rewind Live TV
- Films, Music, Classic and Contemporary TV shows
- HD Ready

Entertainment on demand

- Catch-up TV
- Films, Music, Classic and Contemporary TV shows

Interactivity

- Red button, shopping, gaming, community

Live communication during broadcast

- Video telephony
- Instant messaging

Available Post Launch



Freeview channels (DTT)

entertainment...

Channel 1	Channel 13
Channel 2	Channel 31
Channel 3	Channel 14
Channel 4	Channel 15
Channel 5	Channel 20
Channel 6	Channel 30
Channel 7	Channel 32
Channel 9	Channel 35
Channel 10	Channel 37
Channel 11	Channel 105
Channel 12	Channel 106

lifestyle...

Channel 16
Channel 19
Channel 22
Channel 23
Channel 24
Channel 87
Channel 88

music...

Channel 18
Channel 21

news...

Channel 80
Channel 81
Channel 82
Channel 83
Channel 100

children's...

Channel 170
Channel 171
Channel 175

- BT Vision set-top box will provide access to over 30 Freeview channels through the existing TV aerial



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Entertainment on demand

Flexible access to entertainment: when YOU want

- Last seven days (choice from a selection of BBC programmes **free of charge** up to seven days from broadcast, eg, *Eastenders*, *Panorama*, *Planet Earth*)
- TV (choice from a huge range of drama, comedy, lifestyle and documentaries. From classics like *Porridge* to cutting-edge drama like the *The Sopranos*)
- Music (a huge video jukebox - select individual songs or playlists, eg, *The Best of Madonna*, *Smooth Soul*, *Guitar Anthems*)
- Kids (educational and entertaining programming from *Bob The Builder* to curriculum-based learning)
- Films (wide selection of new blockbusters, world cinema and classics)

Interactive services

Gaming

- o Play-for-fun puzzle, trivia and kids' games

Gambling

- o Fixed-odds 'casino' and 'sportsbook' gambling

Shopping

- o Consumer goods and services e.g. Food, clothing etc
- o Contextual offers linked with programming e.g. DVD box sets



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The Outcome

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Good news for: BT

- Shift customer perceptions about the BT brand: telecoms to entertainment
- Anti-churn/satisfaction driver amongst BT Broadband base
- Value-added service delivering incremental revenue
- Provides a platform for future entertainment-focused developments, e.g. video phone



Good news for: **BT** customers

- Provides a genuine alternative to existing digital-TV platforms
- No compulsory subscriptions
- Engineer set up and installation
- A new way to enjoy TV!



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Regulatory Compliance - the Challenge

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Regulation in the UK - 2003 to date



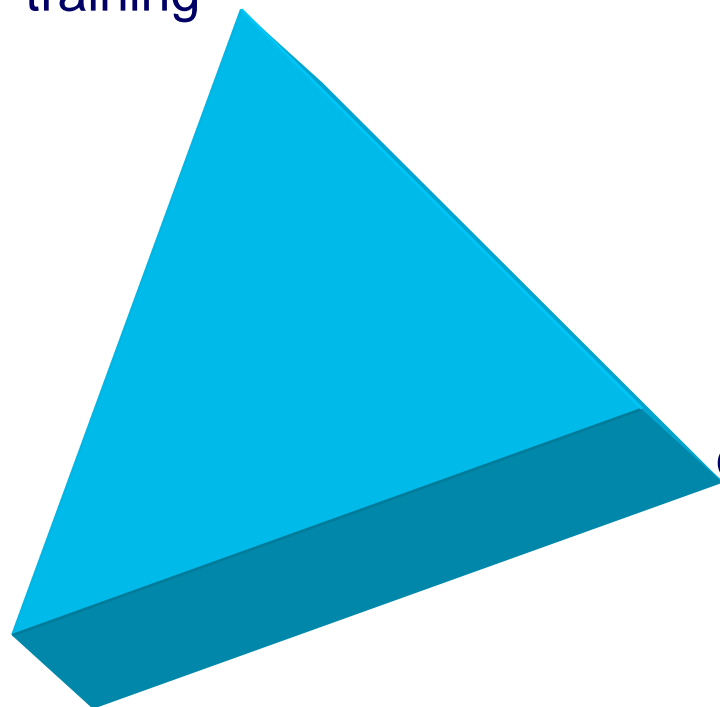
- o UK communications Regulator 2003 - present
- o Responsible for telecoms, television, radio & wireless
- o “The most determined and capable regulator in Europe, possibly the world”



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Stakeholder Strategy - 'Triple Play'

BT - employee communications, analysis, strategy, measures & training



OFCOM - open communications, trust, relationships & Annual Regulatory Compliance Report

INDUSTRY - open communications, trust, transparency & leadership
- 'take the high ground'



A Simple Policy

BT's Regulatory Compliance Policy -

"To be fully compliant with the regulatory regimes in which the BT Group operates whilst encouraging innovation, BT's competitive spirit & its willingness & ability to take informed & fully assessed commercial risks"

....predict and prevent not find and fix

....good compliance = good business



Seven Keys to Compliance

- o Do we have a robust compliance regime?
- o Do we have a strong compliance culture?
- o Which complaints, if any, are compliance failures?
- o Which issues, if any, are recurring?
- o How do we measure industry & Ofcom relationships?
- o What does good compliance look like?
- o How do we know we are compliant?



Embedding Compliance at BT's Heart

- o People need to know what is expected of them
- "compliance is 80% about people"
- o Compliance is the responsibility of every individual
- o Promote a culture of compliance led from the top
- o Place compliance firmly in a commercial context
- o 'Demonstrable compliance' - internally & externally



The Enterprise Act 2003

Risk Reviews
Complaints

Telephone Preference Scheme
Chinese Walls

Requests for Information

System Separation

Communications Act 2003

Section 0.16 of the Undertakings



Copyright Protection

Performing Rights Society

ATVOD

Video GamCare ICSTIS

Producers Alliance for Cinema and Television

Ofcom

Association for Television On Demand
British Board of Film Classification
British Parlophone Society Limited
MCPS

British Board of Film Classification



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Regulatory Bodies affecting BT Vision

Regulatory Body	Importance	Requirement
Ofcom	High	Statutory
BT Taste & Decency policy	High	Mandatory
Gambling Commission	High	Statutory
GamCare	Medium	Industry
Data Protection Act 1998	High	Statutory
BBFC	Medium	Non Statutory
ATVOD	Low	Non Statutory
BPI (VPL & PPL)	Low	Contractual
PRS & MCPS	High	Contractual



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Processes and Business Streams

Process/Stream	Review
Compliance Strategy	Quarterly
Regulatory Bodies	Quarterly
Content Acquisition	Complete
Content Quality	Complete
Non BBFC Certified Content	Ongoing
Content - Technical Quality Control	Complete
Content - Platform & Technical	Ongoing
EPG	Ongoing
Freeview Content	Ongoing
DRM	Complete
Technology Platform	Ongoing



Demonstrable Compliance with the Regulator & Industry

BT Regulatory Compliance Annual Report:

- Independent verification
- Google -1st in 6M entries UK, 1st in 50M Worldwide





Ofcom - now



“We recognise that BT currently applies significant resources to regulatory compliance”

- Extract from Ofcom's Strategic Review of Telecommunications consultation document



Compliance Institute - in 2005



“There exists within (BT) a secure & well-functioning compliance culture such as some companies within the financial services sector would be pleased to enjoy”

- Compliance Institute, 2005



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Thank you

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