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

International Telecommunication Union

IPTV & Regulatory Compliance

Keith Read
BT Group Compliance Director
BT Compliance - Then

- “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

- “The industry regulator ..... ordered BT to stop misusing confidential information. The company has been under siege from Oftel”
  - Sunday Times / The Times
“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
Revenue £19.5B, up 6%
New Wave revenue £6.3B, up 38%
Profit £2.2B, up 5%
Broadband end users 7.9M, up 58%
Customers 20M+ / Employees 100k+
Delivering services to more than 170 countries
‘Line of Business’ organisation - BT Retail, BT Wholesale, BT Global Services & Openreach
UK Telecoms Regulator - Ofcom (previously Oftel)
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.
£450m+ spent per annum in through-the-line digital TV communications in UK

- Growth in Cable & Sky subs slowing
- 8m Freeview subscribers & growing
- Digital switch-off 2008-2012
- c.10m homes and c.40m TVs are still analogue*
- BT has the ability to implement 2Mb QOS Nationwide

*Source: GFK Feb 2006
Customers Want

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

BT Vision will provide a genuine alternative
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.
The service
A Team Effort

- Platform delivery

- Set-top box manufacture

- Developing platform via next generation infrastructure
How does it all work?

Freeview channels to set-top box from your existing TV aerial

Broadband connection to set-top box giving you entertainment on Demand

Set-top box delivers entertainment straight to your TV

BT Broadband (wireless connection to your PC) so you can surf the web whilst someone else watches TV

Hub plugs into existing BT telephone wall socket
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
• BT Vision set-top box will provide access to over 30 Freeview channels through the existing TV aerial
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
- Play-for-fun puzzle, trivia and kids’ games

Gambling
- Fixed-odds ‘casino’ and ‘sportsbook’ gambling

Shopping
- Consumer goods and services e.g. Food, clothing etc
- Contextual offers linked with programming e.g. DVD box sets
The Outcome
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!
Regulatory Compliance - the Challenge
Regulation in the UK - 2003 to date

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

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

- People need to know what is expected of them - “compliance is 80% about people”
- Compliance is the responsibility of every individual
- Promote a culture of compliance led from the top
- Place compliance firmly in a commercial context
- ‘Demonstrable compliance’ - internally & externally
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<th>Regulatory Body</th>
<th>Importance</th>
<th>Requirement</th>
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<tr>
<td>Ofcom</td>
<td>High</td>
<td>Statutory</td>
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<td>BT Taste &amp; Decency policy</td>
<td>High</td>
<td>Mandatory</td>
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<tr>
<td>Gambling Commission</td>
<td>High</td>
<td>Statutory</td>
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<td>GamCare</td>
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<td>Industry</td>
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<tr>
<td>Data Protection Act 1998</td>
<td>High</td>
<td>Statutory</td>
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<tr>
<td>BBFC</td>
<td>Medium</td>
<td>Non Statutory</td>
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<tr>
<td>ATVOD</td>
<td>Low</td>
<td>Non Statutory</td>
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<tr>
<td>BPI (VPL &amp; PPL)</td>
<td>Low</td>
<td>Contractual</td>
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<tr>
<td>PRS &amp; MCPS</td>
<td>High</td>
<td>Contractual</td>
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# Processes and Business Streams

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<tr>
<td>Regulatory Bodies</td>
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<td>Content Acquisition</td>
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<td>Content Quality</td>
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<td>Non BBFC Certified Content</td>
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<tr>
<td>Content - Technical Quality Control</td>
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<td>Content - Platform &amp; Technical</td>
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<td>EPG</td>
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<td>Freeview Content</td>
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<td>DRM</td>
<td>Complete</td>
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<tr>
<td>Technology Platform</td>
<td>Ongoing</td>
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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

Keith Read
BT Group Compliance Director