BSG response to BBC Trust consultation

"Response to additional information provided about Project Canvas"

11 September 2009

Introduction and Overview

The Broadband Stakeholder Group (BSG) welcomes the opportunity to respond to the further information on Project Canvas made available through the BBC Trust.

As highlighted in our original response to the Trust's consultation on Project Canvas, the BSG brings together a wide range of organisations from across the broadband value chain and views on Canvas will vary depending on where individual stakeholders sit in that value chain and whether or not they are directly involved with Canvas.

As per the BSG's previous response, it is not the aim of this document to take a view for or against Canvas, but to highlight issues where we believe further consideration is required as Project Canvas is developed.

As we stated in our original response, the BSG believes that Canvas would have a significant impact on the UK communications market. Project Canvas is being put forward at a time where the market for on-demand video content is increasing and also when companies and organisations within the broadband chain are considering their commercial strategies as the first tentative steps are being taken in the difficult transition from current to next generation broadband.

In light of this context, Canvas has the potential to make a positive contribution to the market through increasing demand for broadband and creating new revenue streams through the value chain. However, the introduction of Canvas will not necessarily create those outcomes automatically. Achieving such a positive scenario will greatly depend on the way in which it is brought to market.

The BSG endorses the objective of Project Canvas to become *"neither a gatekeeper nor a competitive bottleneck."* However, given the ambitious timescales outlined, close and meaningful engagement with all stakeholders will be required to achieve that goal.

Whilst the potential positive impact of Canvas is significant, should the project not pay due diligence to the potential impacts of its introduction to the full value chain, a scenario could be created where Canvas results in an increase in traffic on the network without achieving associated revenue generation, the passing on of these costs to the consumer without an improved or more compelling end-product and a chill on investment across the communications market in alternative platforms.

This response aims to respond to the further information that has been made available and highlight issues where ongoing scrutiny and consideration will be required in order that any introduction of Canvas to the market avoids the potential pitfalls outlined above.

IP distribution and network impact

The BSG welcomes the provision of further detail on how Canvas could be delivered most effectively and what solutions may offset delivery challenges and costs for ISPs. A variety of solutions are put forward, including:

- the delivery of content to the consumer by "managed delivery" i.e. guaranteeing bandwidth for certain Canvas content and brokering a QoS agreement between a content provider and ISP to achieve this
- content delivered "over the top" as per standard delivery over the internet but with the Canvas specification allowing a delay of the start of the playback until sufficient content has been buffered to enable continuous playback (communicated to the consumer through a message about whether this content is ready to 'play now' or 'play later');
- popular content made available through Push VoD, which is not dependent on the capability of the IP network

A clear advantage of Canvas is that it could provide an opportunity to optimise the use of broadcast infrastructure for the delivery of on demand content through Push VoD to a PVR. This has an advantage for the consumer, who would be able to immediately view popular content. It would also relieve pressure on the IP network, reducing costs and making available more bandwidth for the delivery of other traffic. Obviously there would need to be an agreed, clear and transparent system for determining which content would be delivered through Push VoD, but in principle this solution should allow for collaboration to minimise network impact.

In relation to the delivery of content "over the top", it is worth re-iterating the point made in the BSG's original submission that the cost impact on individual ISPs will vary, depending on the nature of their networks and in particular their backhaul capacity. Considering these costs in the context of the counterfactual where it is highly likely that there will be an increase in the volume of over-the-top video traffic regardless of whether or not Canvas is implemented, Canvas could be a vehicle for ISPs to manage such traffic more efficiently and recoup costs from consumers through charging a premium for the content and services that will be made available to consumers through Canvas.

However, we would like to stress that this is not purely a technical consideration. As stated in our introduction, any decision from an operator in relation to Canvas will be rooted in a much broader commercial strategy as operators look to leverage value in the transitions to both universal broadband coverage and next generation access.

A central component of this decision making process will be the management of the relationship with their consumers. The further information made available discusses how a "play now" and "play later" mechanism could help manage consumer understanding of Canvas enabled services in light of anticipated traffic delivery challenges.

It is widely accepted that currently consumers have much higher expectations of quality when accessing content via a television-set in comparison to access through a computer or mobile phone. It will be a judgment for individual operators to consider whether the potential opportunities offered by Canvas are consistent with their brand, commercial strategy and wider consumer offering.

On a related point, the nature of broadband means that very localised circumstances, such as the distance from your home to the exchange, electronic interference and home wiring issues, can impact on what one individual's broadband connectivity is compared to another.

Whilst the proposed development of a Canvas quality standard or 'Canvas trademark licence' seems a sensible one in selling the idea to consumers and providing operators with a hook to monetise the service through an appropriately priced "Canvas" broadband tariff, there remains a consideration for ISPs in thinking through how they will market that to their full addressable market and manage the consumer relationship in relation to individual circumstances.

Furthermore given the different nature of networks and services between ISPs and the difficulty in measuring the performance of broadband products, further information on how such a quality standard would be developed would be welcome in order to ensure the outcomes of assurance for the consumer and the development of a standard that will be achievable for all ISPs should they wish to offer Canvas supported services.

The BSG highlighted the importance of managing the customer relationship in our initial response and we therefore welcome the proposal that the Canvas venture will operate a front-line customer service call centre in order to have a single point of call to manage the customer relationship and direct consumers to the relevant party in light of questions or complaints (e.g. billing, broadband connection, problems with operating the device). However, further information on how this would be managed and resourced would be useful. In any event, as explained above, this will remain a core cost for ISPs, and as such it is not purely the costs of IP distribution that will inform any one operator's assessment of whether Canvas offers a real and sufficiently appealing and viable revenue generation opportunity.

It is true that one option to ensure delivery of content to the consumer is "managed delivery" i.e. guaranteeing bandwidth for certain Canvas content and brokering a Quality of Service agreement between a content provider and ISP to achieve this. However, it should be acknowledged that whilst this concept is not new, it has not yet become a mainstream commercial reality. Canvas may well support the evolution of such arrangements over time, but it would seem unrealistic to identify this as a prominent tool to manage network impact in the short to medium term.

Finally, there may be further options available in managing the network impact of content delivered via Canvas. For example, satellite technology has demonstrated its ability to contribute to the effective delivery of video content and as such it would be worthwhile to see how this could be incorporated into the Canvas technical specification so that this option is available for operators when assessing how best they might ensure delivery of Canvas enabled content to their consumers.

EPG and enabling access for content and service providers

Development of the user interface (UI)

In our original response, we requested further detail on the rationale and operation of a specified user interface (UI) and are grateful for the further information made available on this point and illustrations of how this may appear in practice. In sum, the proposal is for a "thin" core UI managed by the Canvas Joint Venture, which would allow for content providers, manufacturers etc to develop sub-sections of that UI.

It is clear from the information made available that the intention to introduce a specified UI stems from the view that consumers will benefit from a uniform "homepage" that is easy to navigate. It is also stated that this approach will support the most "democratic" system for content and service providers interested in participating in Canvas.

Both these objectives seem sensible in theory, yet, as we stated in our original response, as with any platform, there has to be a system for listing content and services. The current EPG market has shown that the vast majority of consumers have not taken advantage of options to personalise listings and as a consequence a market has developed in purchasing prominence on an EPG across platforms. Indeed, experience has shown that flexibility for innovation has allowed for the most user-friendly and effective solutions to prevail in the market.

The suggested business rules contained within the additional information makes reference to an "objective measure" of allocating listings, with reach of services cited as a potential measure or by allocation on a first come first served basis or within genre categories. These would be in addition to browsing and search functionality allowing consumers to select content by genre or popularity of the content. Further information on these business rules would be desirable to inform a more developed position on this issue. However, whichever measure is taken, it will of course result in some services having a prominence with the consumer, over others. In such a scenario, even if there is a uniform charge to make content and services available on the Canvas platform, some services will gain heightened prominence via the UI.

Ultimately the UI is the gateway to engaging with the consumer, where content and services will be featured and signposted. As the UI proposal stands, it gives very limited options for potential Canvas partners to differentiate its potential offering at the entry point to the service that all consumers will use. Without this ability to differentiate, premium "Canvas-quality" broadband services could quickly become commoditised.

Making content and services available on the Canvas platform

Clearly the finer details of the access model will need to be developed over time, but the principles to inform this model, expressed in the documentation, seem sensible and are welcome. It is encouraging to see the commitment to ensuring different forms of monetisation are supported on the Canvas platform, for example that Canvas would support conditional access technology, pay per view models, subscription over IP and personalised services. However, we would urge the Canvas Venture to make explicit how monetisation options will be realisable in practice in order to engage all relevant stakeholders.

The proposal to offer a 'software developer kit' to enable content providers to quickly integrate their existing web services with the platform seems to be a welcome tool from the Canvas Joint Venture to reduce barriers to making services and content available on Canvas and to offer a wide range of innovative content for the consumer. The proposal of a flat fee for all content providers (for equivalent services) to make content available on Canvas, on a 'cost recovery' basis also seems sensible.

Clearly the decision by any content provider to make content and servicse available over the Canvas platform will be informed by wider commercial objectives, the resource implications of meeting the technical specifications set by Canvas, the anticipated audience they could reach via the platform and how they are able to target audiences through the UI.

Implications for content regulation

One issue we would like to highlight at this stage is the requirements outlined in the documentation in respect of the editorial policy that the Canvas Joint Venture will set. The documentation stresses that this is intended as light-touch and would simply carry a basis commitment to satisfy basic standards relating to harm and offence and the provision of metadata to support parental controls.

We understand that it is not the intention of the Canvas Joint Venture to act as a gatekeeper in this respect, but it remains unclear as to how compliance with these editorial standards will be ensured and/or monitored.

It is envisaged that through Canvas, consumers would have access to both broadcast content, video on demand content and web and interactive services. There is an established regulatory framework for broadcast, the transposition of the Audiovisual Media Services (AVMS) Directive into UK law in December 2009 will introduce a regulatory regime for Video on demand services, yet there is no parallel system for web and interactive services.

The very nature of the proposed editorial policy suggests that Canvas would not in practice support full internet access or browsing functionality. Indeed for web-based and interactive services to gain access to Canvas they would need to satisfy the editorial standards and provide sufficient metadata to support Canvas required parental controls. This would suggest that consumers would only have access to services which pose no obstacle to editorial policy or refashioned versions of such services for the Canvas platform. The latter option would be an issue an individual content provider would need to consider in assessing the commercial attractiveness of Canvas as a platform for their services.

Given the established difficulties involved in assessing whether content which is legal but may be described as "harmful" and what content may or may not be appropriate for children, young people or vulnerable groups, the question of how content may be assessed by the Canvas Joint Venture becomes all the more relevant in relation to web and interactive services and an area which the BSG believes will require further consideration as Canvas is further developed.

Finally, it is worth emphasising that the consumer will be able to access all the above types of content through one Canvas-enabled device. As described above, they all have different regulatory frameworks. Arguably the different types of content provoke different levels of expectation from consumers in terms of regulatory protection. However this could change if they can be accessed through one device with the brand backing of an organisation such as the BBC. We would be keen to learn more about how Canvas intends to manage such consumer expectations and deal with any consumer complaints or questions about the type of content available on this platform.

Agreement of the Canvas specification

In its original response, the BSG urged the development of a true partnership approach, open to all interested vendors, in the development of the Canvas specification. We also argued that further consideration is given to align work on Canvas with that undertaken by various standards bodies at both a European and global level.

The stated intention in this additional information to align work with the Digital Television Group's (DTG) Executive 2009/10 is a welcome move to ensure closer cooperation with stakeholders. However for this to work in practice, it needs to be a fully transparent process that allows for the full range of players to be involved in the development of the specification. It needs to be made more explicit what this roadmap will be, what the exact timetable and working arrangements will be and be widely promoted to all stakeholders. This also relates to the point made earlier in our submission regarding the incorporation of satellite delivery into the technical specification.

Given the stated timescales of launch to market in September and October 2010, this requires the upmost urgency. The aim of publishing DTG D Book 7 by March 2010 to inform devices that will go to market in the autumn is a very challenging timescale. This gives rise to the need to actively engender wide participation through the DTG, involving ISPs and the internet technology and application development community, to work on developing the Canvas technical specification over the coming months.

In terms of how Canvas relates to wider developments, we would urge Canvas partners to take note of the recently announced Hybrid Broadcast Broadband TV (HbbTV)[1] and how the underlying technical specifications may compare.

Governance of the Canvas Joint Venture

The BSG welcomes the further information made available on the governance of the Canvas Joint Venture. Whilst the proposed structure looks sensible and logical in light of the current partners, we question whether this allows for sufficient flexibility over time for a venture that naturally affects many commercial players throughout the broadband value chain.

The BSG believes that as such a project will have such a significant impact on the market, the governance structures need to ensure for close and meaningful engagement with stakeholders, though possibly beyond the forum of the Canvas board.

We also question whether the qualifying test of a 5% UK market share for ISPs is appropriate to become a shareholder in the Canvas venture and believe this may act as a barrier to those smaller ISPs who may want to scale-up, possibly incorporating Canvas into such a strategy.

Canvas fit with the wider BBC platform strategy

The BSG welcomes the commitment given to ensuring that the BBC's syndication policy will not be negatively affected by Canvas. Access to on-demand and archive public service broadcast (PSB) content is likely to remain central to the consumer value proposition throughout the broadband value chain. As such, it would be detrimental to the competitive nature of the market as a whole should Canvas result in unfavourable terms to make PSB content available on other platforms.

As has been emphasised throughout this response, the incentives for commercial players to engage with Canvas take root in a much broader commercial environment and different companies will naturally form different strategies to leverage value in the transitions to both universal access and next generation access.

In order that Canvas can make a positive rather than disruptive impact on the UK communications market as a whole, it will be imperative that its introduction supports competition rather than minimising consumer choice across an array of competing platforms.

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[1] http://www.hbbtv.org/