



# **Showcase Presentation from Digital Rights Working Group**

**May 20, 2006**

## SESSION AGENDA

- History and charge of the Working Group
- Review of the digital media landscape
- First draft of public broadcasting's public service value in the digital environment for broader system discussion
- Proposed approach for considering specific digital opportunities
- Discussion

# DIGITAL RIGHTS IS A CRITICAL ISSUE FOR OUR INDUSTRY

- At the Round Robins last fall, digital rights emerged as one of the “critical few” issues that the industry needed to address
- The idea of securing appropriate digital rights was raised again at the PBS Board meeting and the PBS General Managers meeting in the winter
- As consumers have greater access to more content on more platforms, there is an increased sense of urgency for our system to take action


# THE DIGITAL RIGHTS WORKING GROUP IS ADDRESSING THIS ISSUE

- In February 2006, CPB convened a group of system representatives to consider this topic of digital rights
- The group has engaged in a multi-step process:
  1. Review the external media landscape
  2. Examine our current rights strategy
  3. Develop an approach for setting a digital offering strategy
  4. Draft early recommendations for the system to review and refine
- The group expects to author its recommendations over the summer

# THE DIGITAL RIGHTS GROUP HAS FOCUSED ON TWO KEY QUESTIONS

We began by asking a number of questions

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- How will we define ourselves in the digital age?
  - How would we use new rights?
  - What is our rights acquisition strategy?
  - How will this impact our current production processes?
  - How do we manage this process?
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Ultimately, we focused on two:

- What are public broadcasting's public service values in a digital age?
- What combination of digital offerings can we offer to best increase our impact and accessibility?

## AS A FIRST STEP, THE WORKING GROUP EXAMINED TRENDS IN THE MEDIA LANDSCAPE

- Recent developments in the United States
  - Actions by traditional broadcasters
  - Actions by internet companies
- The BBC's digital strategy

# TRADITIONAL BROADCASTERS ARE EXPLORING NEW MULTI-PLATFORM BUSINESS MODELS



# INITIAL SUCCESSES ARE LEADING TO MORE ANNOUNCEMENTS



- **Disney** now offers ABC shows free online with ads that can't be skipped



**Implication:** Broadcasters are extending their existing business model of free content supported by commercials into the online space



- **Discovery** launches internet only channels



**Implication:** The internet provides a new channel for creating and repurposing content; it provides a greater opportunity to expand the brand, interact with the audience and build viewer loyalty

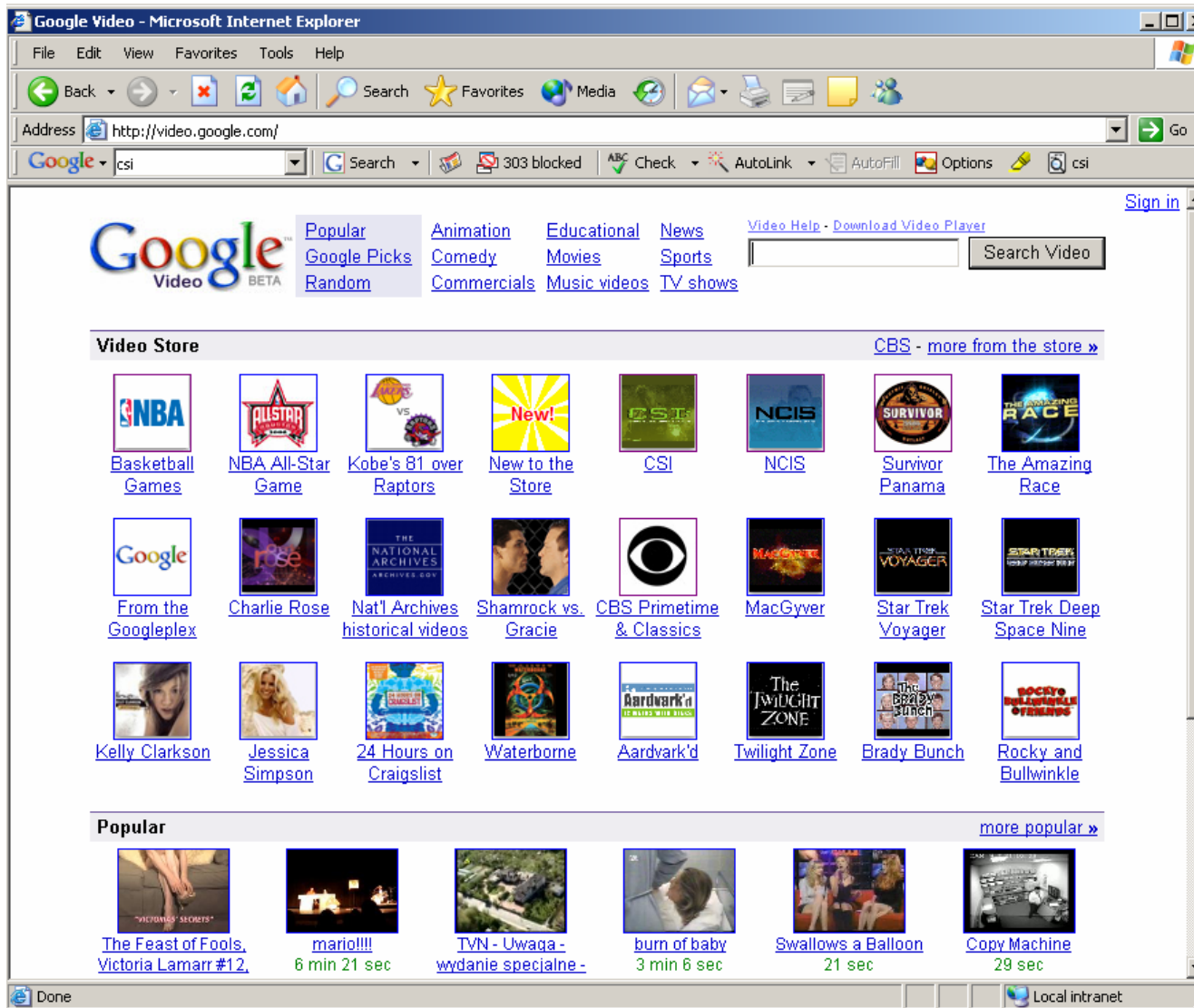


- **Fox** agrees to share online revenue with affiliates



**Implication:** Local stations are still critical for broadcasters' over-the-air business models and networks are leery of alienating them

# NON-TRADITIONAL MEDIA PLAYERS, SENSING GROWTH, HAVE BECOME ACTIVE IN THIS ENVIRONMENT

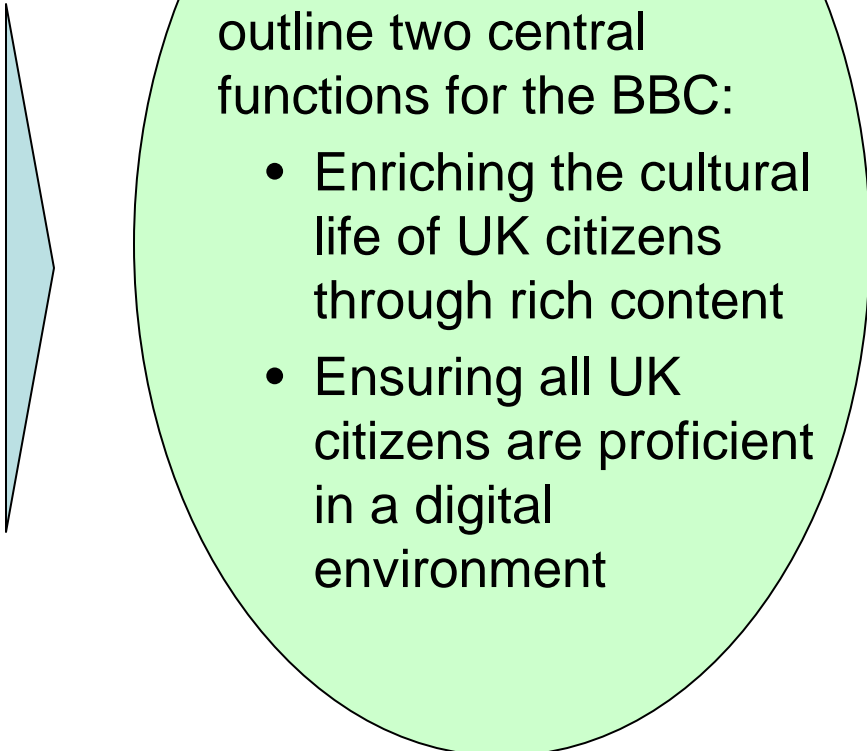


## IN ADDITION TO COMMERCIAL PLAYERS IN THE U.S., THE GROUP ALSO LOOKED AT THE STRATEGY TAKEN BY THE BBC

According to a draft of the new Royal Charter, the BBC has six clear purposes to serve:

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1. Sustaining citizenship and civil society
2. Promoting education and learning
3. Stimulating creativity and cultural excellence by using the license fee as venture capital for creativity
4. Representing the UK, its nations and regions
5. Bringing the UK to the world and the world to the UK
6. Building digital Britain



Essentially, these goals outline two central functions for the BBC:

- Enriching the cultural life of UK citizens through rich content
- Ensuring all UK citizens are proficient in a digital environment

# IN GENERAL, THE BBC'S CONTENT STRATEGY IS BASED ON THREE TYPES OF OFFERINGS

## Offering 1: Short, free window for all content and all users

- Make the content available as widely as possible, at no cost, on as many platforms as possible (e.g., radio, TV, web) for a limited window in order to serve the public service needs of the UK citizens

## Offering 2: Commercial exploitation

- After the public has had access to the content for free, find ways to generate revenues
- Proceeds, often from international markets, help offset costs of the BBC and reduce funding obligations of the public

## Offering 3: Long term, free access to limited content that can be fully manipulated by users

- Place limited amount of content with minimal commercial value in a “public library” and allow users to view, manipulate, and share content
- Some types of content will be placed in this archive immediately while other content will be commercially exploited first

# USING THE BBC AS A MODEL, THE WORKING GROUP ARTICULATED A DIGITAL ASPIRATION FOR PUBLIC BROADCASTING AS WELL AS FOUR CORE PRINCIPLES

## **Our Aspiration:**

Public television is a **non-profit public media facilitator** that seeks to engage and interact with people in order to build a **deeper relationship** with its community and strengthen its **public trust**.

# THESE FOUR PRINCIPLES DESCRIBE HOW PUBLIC MEDIA CAN ACHIEVE OUR GOAL

## 1. **Sustain Citizenship and Civil Society on a National and Local Level**

- Foster the growth of an active and engaged audience locally and nationally
- Leverage people, partners and multiple platforms to ensure public media attracts and grows all types of audiences
- Utilize new media to encourage civic discussion, debate and participation
- Create multiple outlets to foster content that is locally engaging
- Utilize multiple platforms to promote an understanding of diverse cultures and communities

## 2. **Promote Education and Life-long Learning**

- Utilize the trust in public television's assets to build a strong relationship with K-12 teachers, students and parents
- Encourage users to utilize public media to create content in an education context
- Provide university services to strengthen our relationship in higher education
- Promote life-long learning through workforce training

## THESE FOUR PRINCIPLES DESCRIBE HOW WE CAN ACHIEVE OUR GOAL (cont'd)

### **3. Stimulate Creativity and Cultural Excellence**

- Develop distinctive, original programming on multiple platforms
- Set the highest standard quality that engages and inspires the audience
- Encourage the creation and sharing of user-generated content
- Create innovative programming that addresses critical and important subjects that can be distributed through multiple platforms

### **4. Develop a Digital Infrastructure for Public Media**

- Invest in a digital infrastructure that provides digital television coverage to 100% of the U.S. through over the air and through multiple platforms
- Utilize digital technology to adapt to the media consumption needs of every U.S. citizen
- Utilize digital infrastructure to provide publicly accessible archival content
- Ensure the digital infrastructure includes a local component and connection

# ULTIMATELY, THESE PRINCIPLES COULD GUIDE OUR DIGITAL RIGHTS STRATEGY

To expand the reach, impact, and value (to users and to the system) of our programs, we need....

- A set of offerings that are in line with our public service values and that differentiate us from commercial players
- A comprehensive package of rights that allow us to provide content across multiple platforms in a fiscally intelligent and proportioned way
- A balance between reach and exposure opportunities *and* right costs and financing plans

# WE MUST CONSIDER A WIDE RANGE OF DISTRIBUTION PLATFORMS

## Existing distribution platforms

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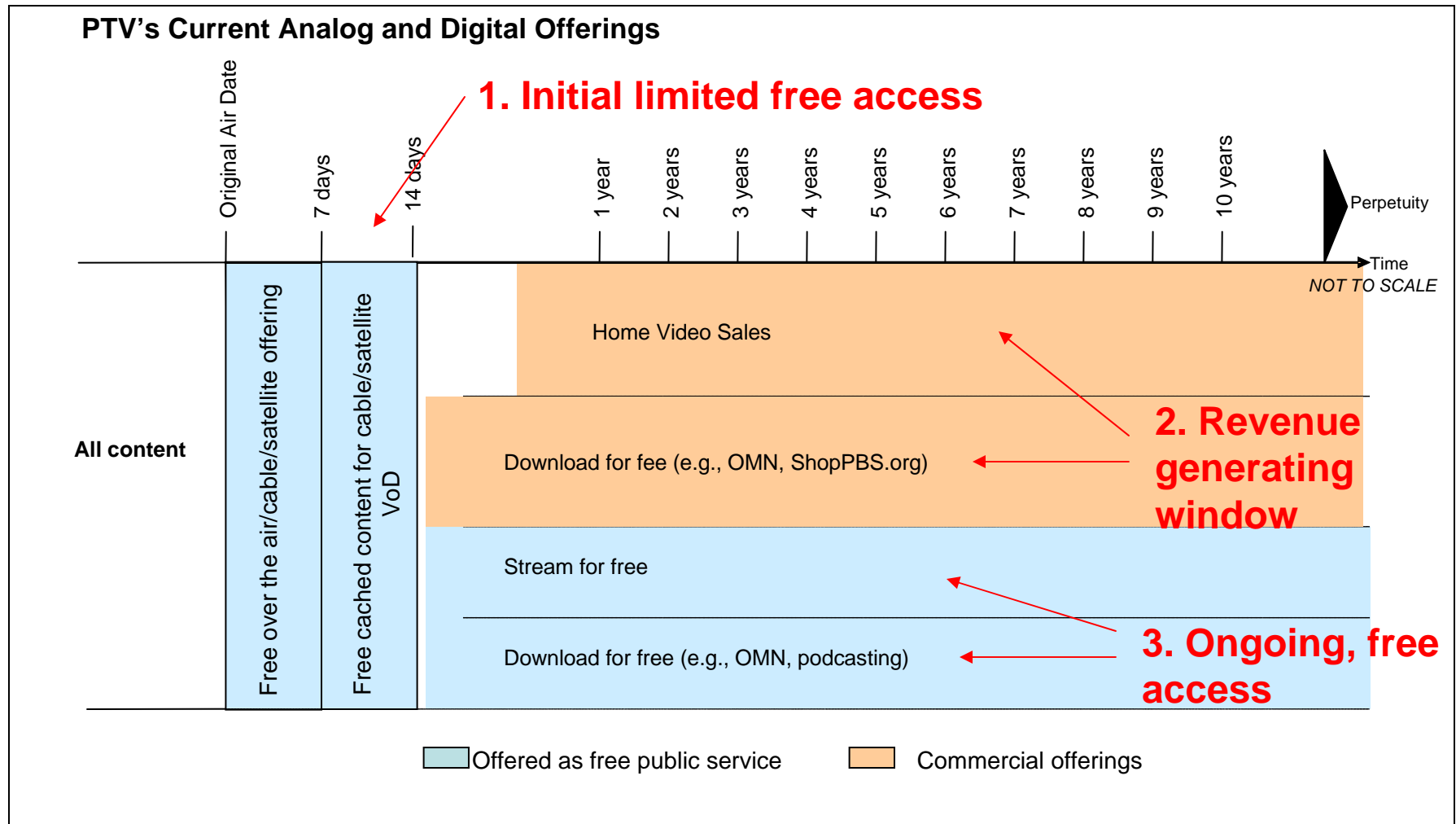
- TV – broadcast, cable, multicast, satellite
- Radio – traditional, satellite
- Internet – Streaming or downloaded audio or video
- Home video/DVD
- Video on Demand (VOD) – free and pay, downloads
- Non-theatrical – in flight
- Educational audio-visual
- International broadcast, cable, satellite, internet
- Print
- Audio podcasts
- Video podcasts
- Off air educational re-record rights
- Promotion
- Derivative works – reversioned content for educational purposes
- Wireless devices
- Cellular phones
- Telcos

## WE COULD SATISFY CONSUMER DEMAND IN A RANGE OF WAYS

A possible windowing sequence might be:

- Promotional podcasts pre-broadcast; other podcasts post-broadcast
- Over the air broadcast, including HD and digital multi-cast channels
- Free online streaming and cached VOD for some period (TBD) after first and repeat broadcasts
- Home video, educational A-V, and download-to-rent or download-to-own TBD post-broadcast
- Low-resolution version of streamed program always available for free on PTV websites

# THE BBC USES A THREE WINDOW STRATEGY THAT COULD PROVIDE A MODEL FOR PUBLIC BROADCASTERS



Adapting this approach to our system raises a number of questions in each window

## IN THE FIRST WINDOW, WE MUST CONSIDER HOW TO EXTEND OUR CURRENT INITIAL OFFERINGS

- How do we maximize the opportunities people have to view our programs in the first 2 weeks after initial broadcast (e.g., through VOD, multicasting)?
- How do we provide our content over the web?
  - How much content, for how long, in what locations?
- What portion of the rights investment should be spent securing offerings in this window?

## IN THE SECOND WINDOW, WE MUST CONSIDER HOW TO DIFFERENTIATE OURSELVES FROM COMMERCIAL PLAYERS

- How do we maintain a public service sensibility in the commercial environment?
- What guidelines or criteria do we use to set parameters on our deal-making?
- Who in the system is empowered to make revenue-generating deals?

## IN THE THIRD WINDOW, WE MUST CONSIDER HOW TO OFFER OUR CONTENT IN A NEW WAY

- Currently, we do not have a comprehensive approach or strategy for providing content for a free, on-going basis
- The BBC has made a compelling case that there is a strong public service value to providing some of its content to users for them to view, keep, or edit
- There are many open questions about how such a concept would translate into our business
  - What content would be available?
  - What users do we want to attract?
  - How much control over the content should we allow users to have?
  - How costly would such an effort be?

## NEXT STEPS

- The Digital Working Group will continue to analyze the notion of having different strategies for different windows
- We will begin to get feedback from the system about the public service aspirations and values
- In the summer, the Working Group will author a set of recommendations
  - Proposed public service values
  - Proposed windowing approach
  - Recommended action plan for key rights holders and negotiators