Multiplatforming Public Service Broadcasting

The economic and cultural role of UK Digital and TV Independents

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Introduction

The UK independent sector has been an important economic success story in UK plc. But it has also added a great deal of cultural value through the shared commitment to, and understanding of, public service broadcasting (PSB) that runs across independent television and digital media companies (Indies). In turn, this investment in PSB has driven economic growth in the sector.

In this report, produced as part of a two-year Arts & Humanities Research Council project (AH-H0185622-2) on 'multiplatform public service broadcasting', focusing on factual/specialist factual as a case study, we detail the role Indies play in PSB. We set out how PSB informs the production cultures of independent companies, the tensions that are experienced between profit and public service and the impact multiplatform commissioning and production practices have had on the sector.

Our conclusion is that a fragile 'compact' between the PSBs and the independent sector underpins much of the cultural and economic success of the UK's television and multiplatform industries. This compact is built on the balancing of economic reward with the cultural commitment to the purposes, characteristics and production modes of PSB found across the independent sector, which provides benefits to UK audiences, the working lives of producers in the sector, and UK plc as a whole.

We hope our findings will contribute to the DCMS's current review of the 2003 *Communications Act*, Ofcom's on-going role in regulating PSB, the practices of broadcasters and independents and the future vitality of the PSB compact itself.

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Executive Summary

Overview

The UK independent television and digital media production sector makes a significant contribution to PSB in this country, both economically and culturally:

- Indies have a shared understanding of PSB that emphasises 'making a difference', which informs the purposes and characteristics of the content they produce as well as the production modes within the sector;
- The commitment to PSB of workers within the sector informs what ends up on our screens – television, computer, tablet, mobile and more – as PSB.

The two main PSBs, the BBC and Channel 4, make a significant economic investment in the independent sector:

- They invested over £1.36bn in 2011 in content from the sector requiring, in exchange, that independents understand and fulfil their public service purposes;
- Their investment in multiplatform commissioning helps make the UK a world-leader in interactive, multiplatform content.

There is therefore a 'compact' between the PSBs and independent sector that is built on the balancing of economic reward with a cultural commitment to the purposes, characteristics and production modes of PSB found across the independent sector. This compact makes UK content unique, exportable and delivers cultural value to its viewers and users.

The compact is, however, fragile:

- Increasing competition and diminishing security of PSB funding may reduce the commitment of independents to producing content with PSB characteristics;
- Changes in the sector that have fostered competition have also brought about increased consolidation, an emphasis on formats and international sales that can heighten pressure on production budgets, reducing creative freedoms, working conditions and individual workers' belief in PSB.

Safeguarding the compact is vital to the future of the independent sector, PSBs and UK plc as a whole.

Multiplatform extends the PSB compact

Over three distinct phases of commissioning and production, the BBC and Channel 4 have invested in the form and content of multiplatform, which has reaped considerable economic and cultural rewards:

- Multiplatform production creates unique forms of public service value that harness the power of audience participation, provide additional depth in learning and empower audiences to 'make a difference' in their personal, social and public lives;
- PSB investment has incubated and grown digital agencies and divisions within television companies, providing scope for new business and production models to emerge that generate commercially viable public service multiplatform content;
- Digital agencies provide new ways of working and understandings to PSB that will help renew it for a digital future.

There are exciting opportunities for increasing the value of the PSB compact ahead.

Challenges remain

Looking ahead, there are significant challenges that will require a delicate balance to be struck around a range of issues:

- Any future regulation or renegotiation of television terms of trade must be mindful of the fragility of the PSB compact, so to ensure a public service return to broadcasters on their commissions and the continuing commitment to PSB by Indies;
- The commissioning structures of both PSBs have, in the past, tended to 'bolt on' multiplatform content, which reduces the impact, efficiency, quality and scale of ambition in multiplatform production;
- The experience of negotiating and exploiting multiplatform rights has been uneven for the independent sector. The ability of some companies to generate significant revenues from multiplatform whilst balancing PSB obligations, however, suggests that more control of multiplatform rights must be provided to independent producers;

- The lessons of 30 years of the independent television sector indicate that competition between the PSBs will be vital to fostering a digital public service sector and the creation of new forms of multiplatform PSB. The BBC's recent focus on the iPlayer, efficiency and value for money, whilst important, should not overshadow a commitment to promoting and harnessing the economic and cultural value that digital independents can bring to multiplatform PSB;
- The support of a digital public service sector can also over-emphasise the importance of the diversity of suppliers above the need for security of commissions and closer relationships between independents and PSB. Balancing the commitment to diversity and security will be a key challenge for Channel 4's multiplatform strategy;
- The production of high quality and innovative public service multiplatform content requires good understandings of the different production languages, cultures, processes and business models involved that are not currently well-shared across the industry;
- The value that PSB can add to a business and the production skills of individuals within the sector is also poorly understood.

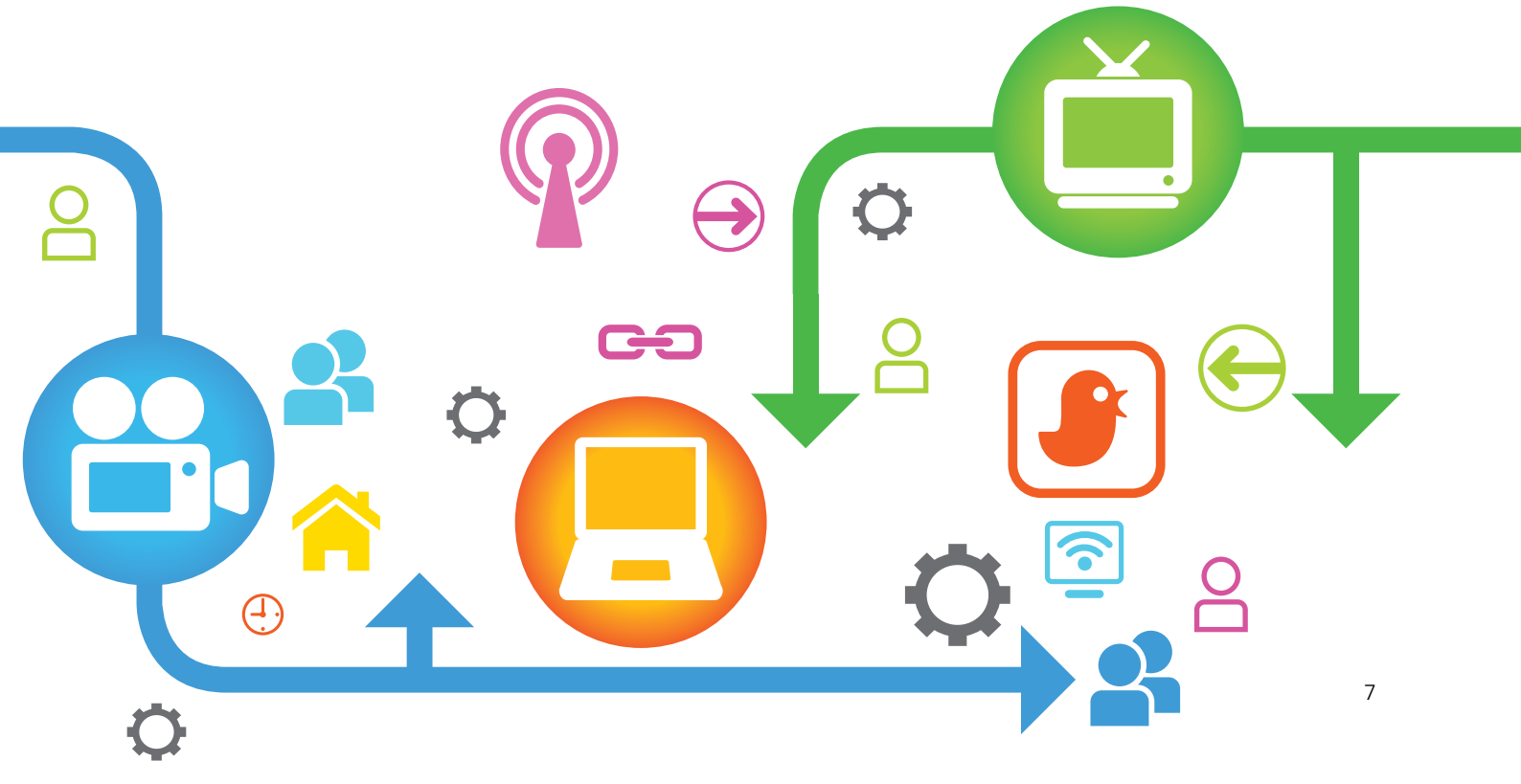
These challenges can be met with confidence if further measures are taken to strengthen the PSB compact.

A Connected TV future for the PSB compact

The meanings of multiplatform have shifted significantly since the first experiments by the PSBs in 2000, and the future points to the importance of Connected TV in its next iteration. The lessons from over a decade of multiplatform experimentation, investment and success suggest the PSB compact will have a strong role to play in this Connected TV future:

- The BBC's commitment to universalism across platforms can provide security of investment to Independents and assurances as to the quality of experience to audiences, provided the Corporation is also given due prominence in the emerging application markets across devices;
- Channel 4's support of a digital public service sector and its willingness to build innovative and collaborative models with independents suggests the PSB compact can flourish in a Connected TV future provided the PSBs are assured of their place across these emerging devices.

The lessons are clear: the successes of the UK's independent sector are founded, in large part, on the PSB compact, which makes a vital economic and cultural contribution to the country.



Recommendations

R1. Given the mechanisms set out by the DCMS for regulatory change in its consultation, it is recommended that both the BBC's and Channel 4's obligation to pay carriage charges to cable and satellite provider are removed, in order to safeguard adequate levels of funding, competition and support to foster the UK PSB compact in television. There is evidence that savings here would be re-invested in unique UK content that would benefit UK plc as a whole, including cable and satellite providers (see 1, 3)

R2. The PSB compact is also vital to the digital sector and can be further supported by:
i. The introduction of a digital Window on Creative Competition (WOCC) for the BBC's online content expenditure. The lessons from the television independent sector demonstrate that a PSB compact is driven by competition between PSBs to ensure diversity of ideas and voices on our screens (see 5, 13b).
ii. *The Digital Economy Act's* (2010) provision for C4's online activities should be further extended. The experience of the BBC suggests that a duty only to *distribute* 'relevant media content by means of a range of different types of electronic communications networks' (section 22) may lead to a prioritisation of VOD (see 12b). C4's original PSB remit should therefore be extended to the broadcaster's activities regardless of platform, with an explicit undertaking to create new forms of public service content on digital platforms (see 14).
iii. Both PSBs should be required to provide clearer account of their infrastructure and technical spends, with an explicit commitment to opening up the largest possible expenditure to competition with the independent sector. This should include a remit for the BBC's Online Advisory Group to be consulted on the BBC's use and development of software, to ensure that such decisions best foster the relationship with the independent sector and opportunities for Indies' creative collaboration with the Corporation. As Channel 4's online activities grow, a similar group should be established for the PSB (see 13c).

R3. The public service purposes of the PSBs extend to their online and multiplatform activities. The ways in which these deliver public service value, fulfil remits and benefit the UK as a whole are equally deserving of independent scrutiny as the PSBs' broadcasting activities. It is recommended, therefore, that Ofcom should be provided with a remit to assess the activities, expenditure and fulfilment of PSB remits and value through connected devices. The attention to PSB expenditure online should ensure Recommendation **R2.iii** is met.

R4. The creation of independently produced digital public service content can be threatened by an over-commitment to diversity of suppliers. We propose, for Channel 4's consideration, the creation of a digital PSB suppliers list that would ensure 65% of C4's online expenditure goes to no more than 50 digital companies selected according to PSB criteria highlighted in this report and C4's existing commitment to diversity of scale and regional supplier base. The remaining 35% of C4's spend to be openly contestable. Companies would remain on this list for 2-3 years, enhancing the 'incubation' effect by providing greater security to digital independents and, in turn, closer contact with and investment in PSB to foster a digital public service sector (see 13c).

R5. The BBC's commitment to universalism ensures that it will make any future applications, such as iPlayer, available across the widest range of devices. In turn, a must carry obligation should be imposed on the manufacturers, global retailers and technology firms who may come to control point of sale for applications on connected TV sets. The must carry obligation should be twinned with a requirement that all operators of UK Connected TV platforms and application point of sale interfaces provide the equivalent of EPG due prominence in such 'app markets'. The PSBs' commitment to funding multiplatform, Connected TV content, and investment in their own Connected TV services, promises to be a key driver of consumer take up of these devices (see 14).

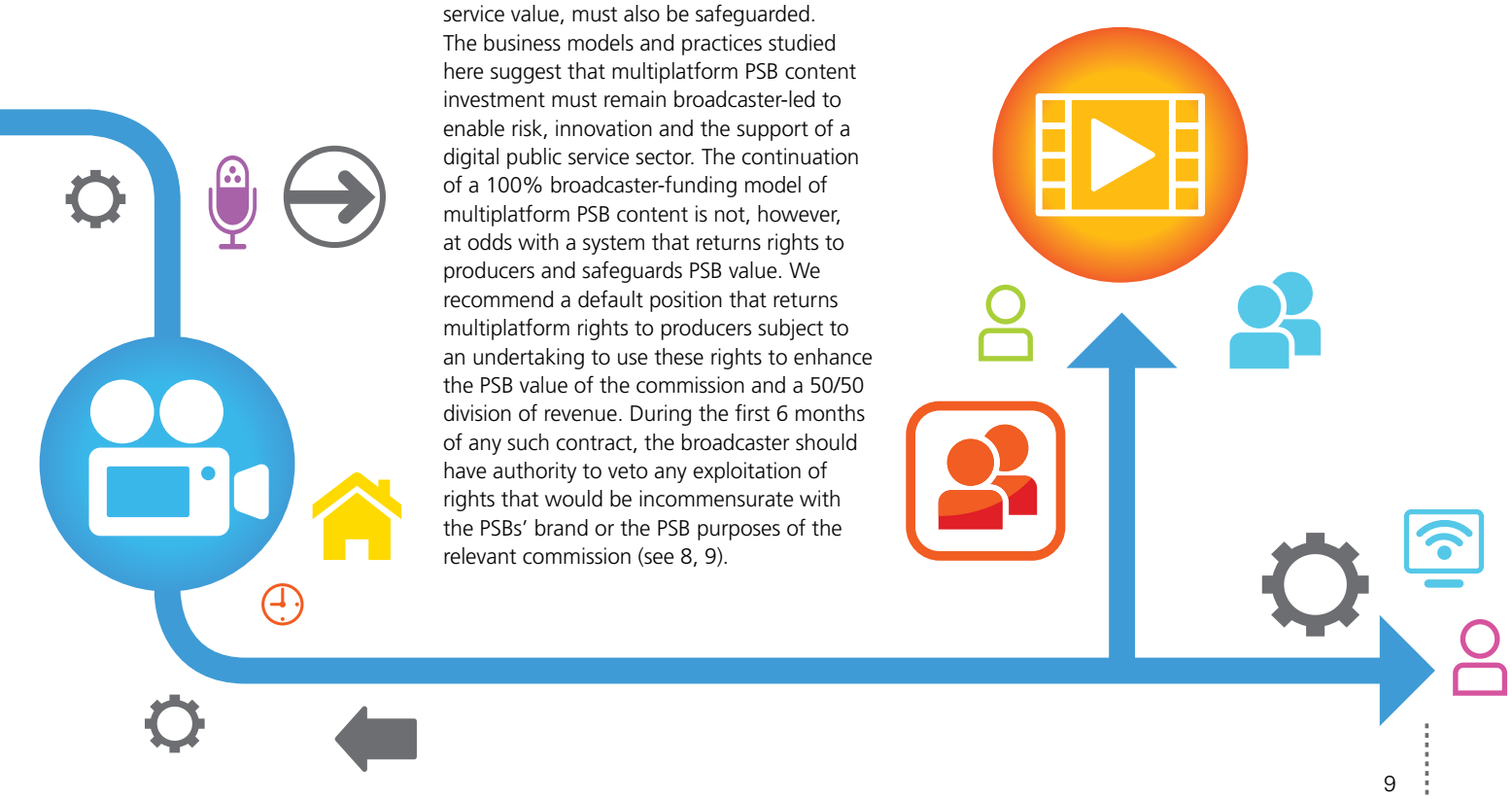
R6. Further sources of competition for PSB content could be stimulated by conditions placed on pay-television platform operators to invest a significant proportion of carriage charges paid by the 5 UK PSBs into public service content creation. Such content could be commissioned and distributed by the platform operators' own channels or sub-contracted to a broadcaster of their choice (see 10). As the PSBs' role online increases, this fund may be increased by the introduction of a similar mechanism on payments made by PSBs to ISPs.
i. As public service multiplatform content is increasingly commissioned by non-PSB sources, it is recommended that a knowledge exchange programme is established between the PSBs and public service and cultural institutions interested in commissioning such content. Such a fund might be created through the leadership of Arts Council England and similar national and regional bodies.

R7. The fostering of a digital public service content sector can be enhanced by a careful redistribution of multiplatform rights. Ultimately the commercial value of these rights will only be fully realised in the hands of producers. However, the economic investment from the PSBs in this content, and its public service value, must also be safeguarded. The business models and practices studied here suggest that multiplatform PSB content investment must remain broadcaster-led to enable risk, innovation and the support of a digital public service sector. The continuation of a 100% broadcaster-funding model of multiplatform PSB content is not, however, at odds with a system that returns rights to producers and safeguards PSB value. We recommend a default position that returns multiplatform rights to producers subject to an undertaking to use these rights to enhance the PSB value of the commission and a 50/50 division of revenue. During the first 6 months of any such contract, the broadcaster should have authority to veto any exploitation of rights that would be incommensurate with the PSBs' brand or the PSB purposes of the relevant commission (see 8, 9).

R8. Increased investment in multiplatform training should be made by the industry as a whole (see 6c), particularly to provide greater understanding between television and digital media production cultures. Greater promotion of the way PSB can positively impact production and content (see 1c, 3) should also be included across training courses – particularly those run by BBC Academy. This should encompass training on duty of care, and ethical standards in production practices, in relation to both employees and contributors (see 11).

R9. There is evidence to suggest that if terms of trade for TV production are tipped further in favour of independents the PSB compact will be harmed, in turn, diminishing the unique and distinctive character of UK content. Any re-balance in terms of trade should enable the PSBs to prioritise the public service returns of commissioning (see 7).

R10. If Ofcom is not given an increased remit to regulate and oversee PSBs' online activities, an independent review of new multiplatform structures in the BBC and Channel 4 should be conducted within 2 years.



Method

This research was funded by the Arts & Humanities Research Council (AH-H05822-2) to investigate two interrelated questions:

(a) What role do commercial independent television and digital media companies play in maintaining and promoting the distinctive characteristics of the UK's public service broadcasting (PSB) landscape?

(b) In what ways are the shifts to multiplatform commissioning and production by the BBC and Channel 4 influencing this role and, in turn, the meanings of PSB?

Focused on the relationship between the BBC, Channel 4[1] and the independent sector in factual and specialist factual production as a case study, this report is based on five key sources of evidence:

- 105 interviews with company directors, producers, commissioners, senior executives and policy makers from across the BBC, Channel 4, Pact (Producers' Alliance of Cinema & Television), Ofcom and 36 companies from the London and Brighton television and digital media industries. Interviews were semi-structured, meaning that answers about individual's understanding of PSB were not responding to a prescribed list;
- Ethnographic data based on 40 weeks of participant observation inside 4 UK digital and television Indies, which details how PSB circulates in independent production cultures;
- An online survey of 103 Pact television and digital members;
- Analysis of annual reports of the BBC and Channel 4, Ofcom data, Pact and other industry reports
- Attendance at industry events and briefing sessions;

The range of interviewees, working at a number of levels within companies and the two broadcasters, is represented by figure 1. This, along with our ethnographic data, enabled us to test those answers about PSB and multiplatform production cultures articulated at the highest levels with the experiences of those working inside those companies and broadcasters.

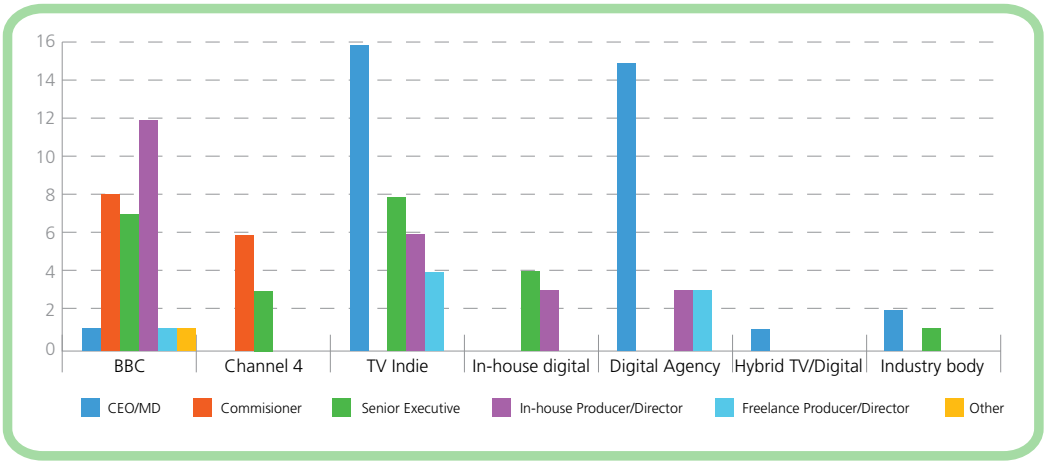
Multiplatform itself is defined here as interlinked content across multiple platforms, including television, rather than simply VOD (video-on-demand) services launched over the Internet – such as BBC iPlayer and 4oD.

It is important to note that the findings here are related to a reasonably discrete area of factual/specialist factual production and may have some limitations in their applicability to other genres across the sector and within broadcasters. We welcome any responses to this issue.

Key:

- Unless interviewees required express permission for the use of their quotes, interviewees are anonymised and referred to by number throughout: IV1-105.
- The designation 'FN' refers to Field Notes from ethnographic work throughout. Where Field Notes refer to a direct quote, the date of this observation is also provided.
- Recommendations are cross-referenced via the designation R1-10.

Figure 1: Distribution of Interviews



[1] We use the designation 'PSBs' throughout to denote the BBC and Channel 4. It should not be interpreted as referring to ITV or Five.

1. Significant sections of the independent sector have a shared cultural and economic investment in public service broadcasting (PSB)

> A lot of our stuff is PSB (it's) what we get out of bed in the morning for (IV12)

> Our company absolutely believes in public service (IV24)

> I went into filmmaking partly, or largely, because of public service. I mean public service runs through my veins (IV79)

These quotes from managing directors of television and digital agencies as well as a freelance television producer, indicate the investment workers in the independent sector make in PSB in their daily lives. Across commercial independent television production and digital companies, freelance and permanent workers, company directors, producers and researchers interviewed, PSB, for many, acts as a motivation that affects the kinds of content produced, the kinds of content producers want to make, and the way in which it is made. Whilst digital producers and companies bring different understandings to PSB (see 2b, 4), there is a high degree of congruence between how broadcasters, TV companies and digital agencies understand PSB and the extent to which it can be reconciled with profit.

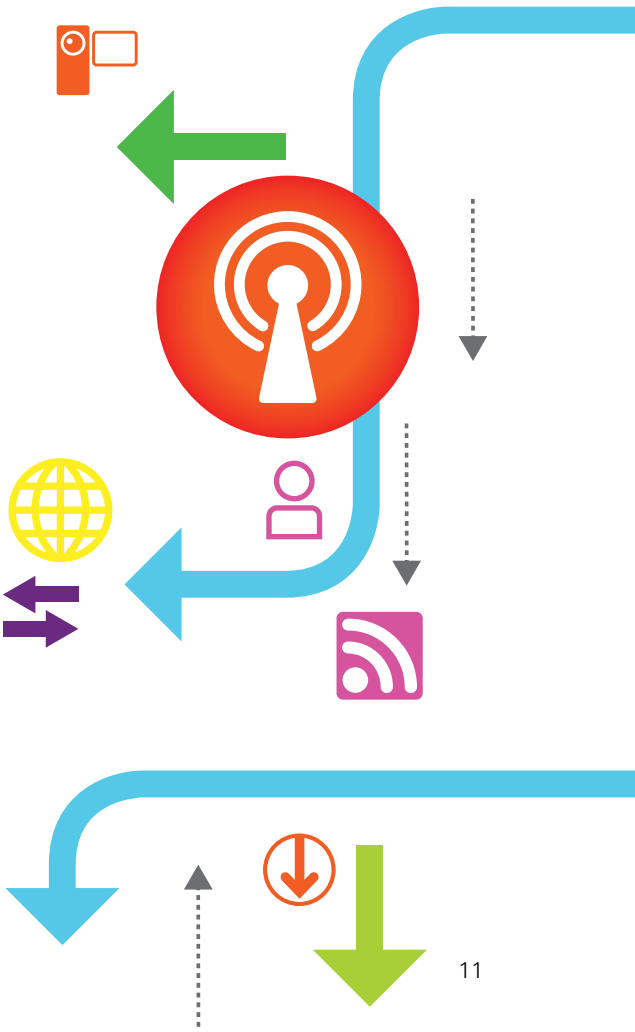
There is, of course, a very real economic imperative to these motivations: the UK's five main PSBs are the major clients for most TV Indies and important clients for digital agencies – providing over 80% of commissions to the television sector and investing over £1.36bn in first-run UK originated programming and multiplatform content from TV and digital independents in 2011.[2] Equally, these figures underscore the importance of independents to the PSBs: Indies supply £1.36bn worth of PSB content each year. This report focuses specifically on the relationship between Channel 4, the BBC and independents, which provide these two PSBs with:

- 42% of the BBC's PSB content
- 100% of Channel 4's PSB output

What is understood to constitute PSB and how it affects production and the motivations of the companies and individuals who work within the independent sector is of fundamental importance to what ends up on our screens – television, computer, tablet, mobile and more – as PSB. It shapes the health and future not only of PSB content in the UK, but also of the vitality of the independent sector and of the broadcasters themselves (R1). There is therefore a 'compact' that operates between the PSBs and the independent sector. This PSB compact is, however, fragile: at its heart lies a tension between PSB and profit (see 4).

Our interviews produced over 50 different understandings of PSB in terms of its purposes, characteristics and the way it affects production. We highlight only the five most shared characteristics and purposes, and 10 shared notions of PSB as a production mode below. It should be noted that no pre-determined list of PSB definitions was provided to interviewees, as we asked participants to consider PSB in terms of their own understandings and practices.

Given the regulatory definitions provided by Ofcom, and extensive industry and audience research that underpin them, it is useful to have regard to these in our discussion, noting particular divergences and convergences in so doing.



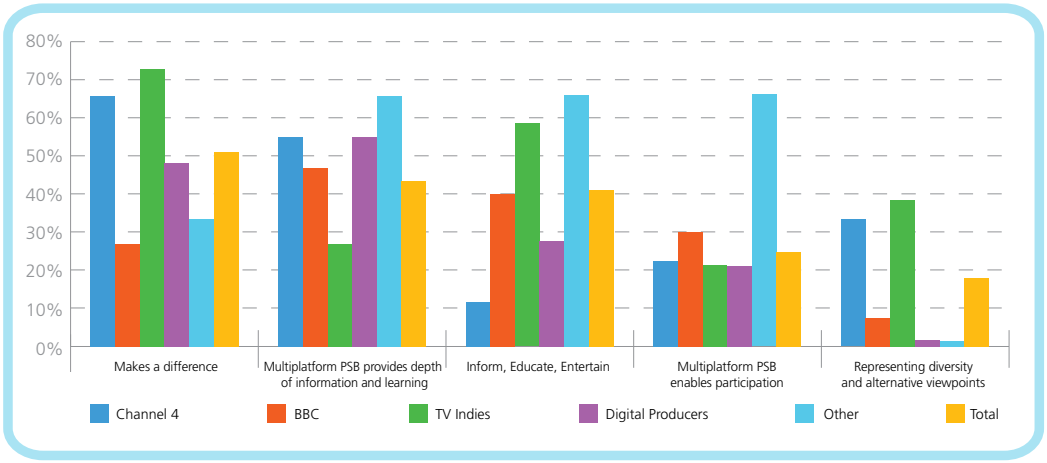
(a) PSB purposes

Ofcom defines PSB purposes as encapsulating the role PSB plays in people's lives:[3]

- Informing our understanding of the world
- Stimulating knowledge and learning
- Reflecting UK cultural identity
- Representing diversity and alternative viewpoints

Our interviewees emphasised many of these purposes in their own understandings, particularly echoing the belief that the PSB exists to inform viewers (see figure 2).

Figure 2: PSB purposes as understood by interviewees [4]



Whilst 'making a difference' emerges as the key purpose of PSB for 51% of interviewees overall, the Reithian edict of 'Inform, Educate, Entertain' remains a guiding influence across the sector – shared by those at the BBC, Channel 4, independent television and digital media companies as well as the regulators. There is also, however, the addition of two new ways of understanding PSB explicitly linked to digital, multiplatform production. These are discussed in section 2, but their presence – above 'Inform, Educate, Entertain' in one instance – demonstrate the way in which concepts of PSB will also change, mutate and update in the digital future.

It is notable that only 10% of interviewees related PSB purposes to any concept of national identity or 'reflecting UK cultural identity'. Given the importance placed on 'the national' in definitions of PSB set out by Ofcom, appreciated by audiences in their research, and embedded in the remits of both the BBC and Channel 4, this absence is surprising. This may, in part, be explained by the independent sector's reluctance to feel able to speak on behalf of the nation because they do not themselves represent the central PSB institutions. It may also point to the increasing importance of overseas sales, commissions and format deals to the sector that suggests the fragility of the PSB compact (see 6, 14).

[2] Figures from Ofcom, (2012). *Public service broadcasting annual review*, p. 3; PACT, (2011). Submission to *DCMS Communications Review,* p. 5; and Pact Census 2012. Ofcom estimates UK PSBs make up 86% of commissions to the independent sector, whilst Pact puts this figure at 80%.
[3] Ofcom, (2009) *Second Review of Public Service Broadcasting: Putting Viewers* First, p. 20
[4] All figures 2-4 reflect responses as percentage of interviewee type (see figure 1). Digital producers include in-house digital production teams

> It's great to win an award or to get a good audience, all those things are satisfying but much more satisfying is to bring about change, to actually affect the world outside the television box, that's really, really satisfying. And its also kind of addictive as well (IV41)

Making a difference

Across the PSBs, digital and television production companies we found a shared belief in PSB as content that 'makes a difference' or performs a social good. Over 50% of interviewees discussed their concern to make a difference with the content they produced:

- By raising awareness of social problems, such as alcoholism, domestic violence;
- By educating people about science, natural history, politics, social history etc;
- By inspiring engagement with campaigns to change EU law, youth or consumer behaviour;
- By helping programme contributors to change criminal, anti-social or unhealthy behaviour;
- By providing playful experiences that enable 'learning through doing'.

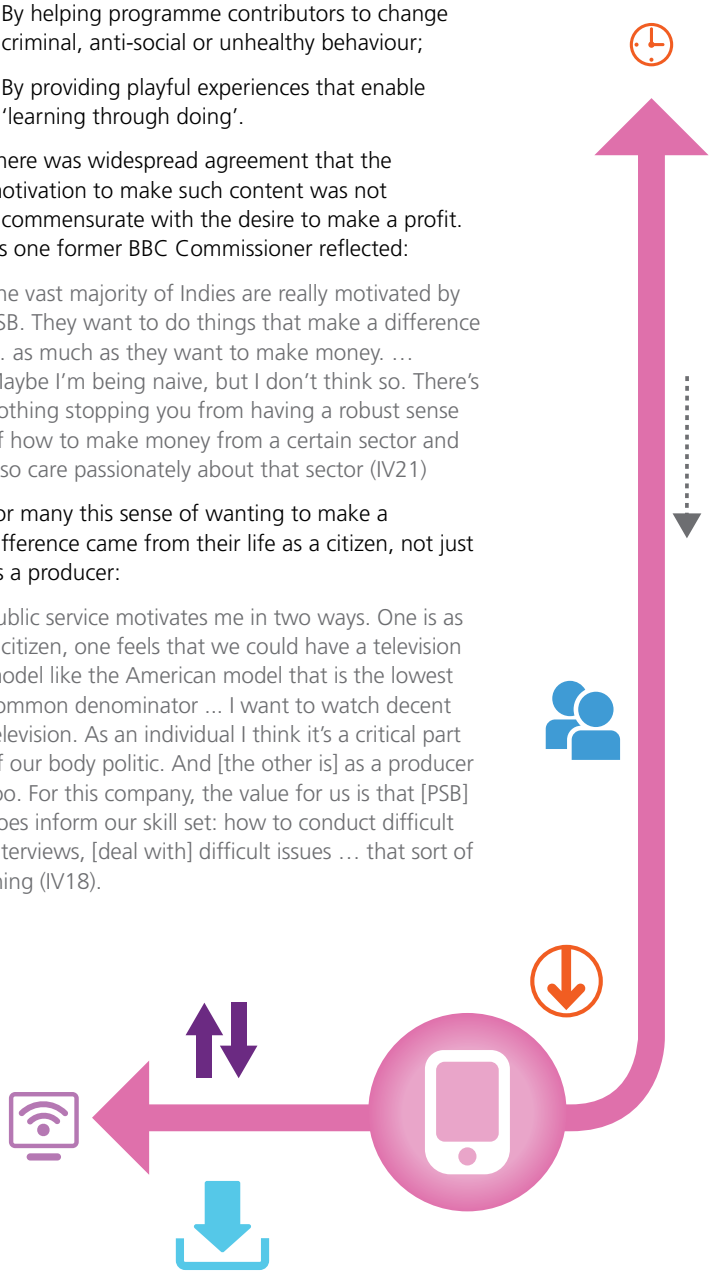
There was widespread agreement that the motivation to make such content was not incommensurate with the desire to make a profit. As one former BBC Commissioner reflected:

> The vast majority of Indies are really motivated by PSB. They want to do things that make a difference … as much as they want to make money. … Maybe I'm being naive, but I don't think so. There's nothing stopping you from having a robust sense of how to make money from a certain sector and also care passionately about that sector (IV21)

For many this sense of wanting to make a difference came from their life as a citizen, not just as a producer:

> Public service motivates me in two ways. One is as a citizen, one feels that we could have a television model like the American model that is the lowest common denominator … I want to watch decent television. As an individual I think it's a critical part of our body politic. And [the other is] as a producer too. For this company, the value for us is that [PSB] does inform our skill set: how to conduct difficult interviews, [deal with] difficult issues … that sort of thing (IV18).

At the same time, there was awareness that one could 'get into quite difficult territory when you start to talk about making a difference' (IV68), in terms of the complexity of proving such change and in whose name, values and beliefs change was 'made'. 10% of interviewees expressed a concern that PSB could be 'paternalistic', and this might be particularly problematic in a digital future where audiences have more power to find things out for themselves.

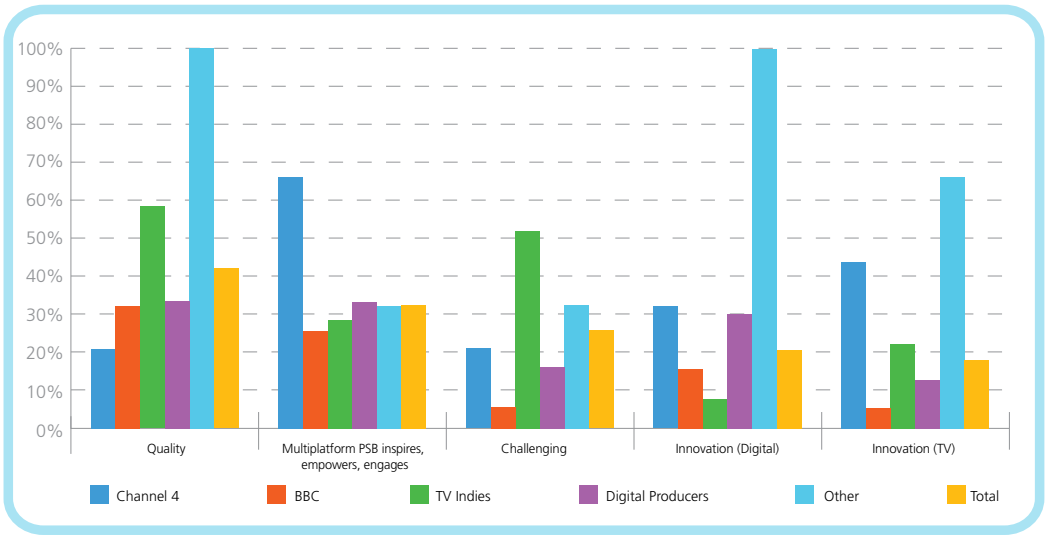


(b) PSB characteristics

Ofcom defines PSB characteristics as the way in which '[PSB] purposes need to be delivered in order to achieve sufficient reach and impact':[5]

- High quality
- Original
- Innovative
- Challenging
- Engaging
- Widely available

Figure 3: PSB characteristics as understood by interviewees



In our interviews there was, again, close correlation between Ofcom's definition and the industry's working understanding of PSB with quality, challenging and innovative content all emphasised. Two new characteristics of PSB linked directly to digital, multiplatform production also emerged: its potential to inspire, empower and engage; and an emphasis on innovation in digital production. 19% also indicated that PSB content should be widely available in terms of ensuring access to a PSB archive of material, accessibility across platforms and appeal to a broad audience: 'PSB means every platform' (IV88).

Although some bemoaned the loss of 'challenging' programming and content (see 1c, 14), many continued to see this as a core characteristic of independently produced PSB content, though often in much 'softer ways' (IV2): 'perceptions that are widely held – racism, ageism etc. – can be challenged in programmes that on the surface look like pieces of entertainment, rather than pieces of very hard and fast PSB' (IV58).

[5] IBID

Quality

Our interviewees share UK TV audiences' view that quality is the defining characteristic of PSB.[6] Quality is also crucial to independents' business models: as one interviewee put it, 'it's a good business strategy. Because the opposite of making good stuff is don't make good stuff, and that's a suicidal business strategy' (IV40).

What quality means differs both within and between television and digital producers and companies, although they share an interest in quality as a marker of the calibre of ideas and of production values. In television production, quality aligns with high production values, which connects expenditure with particular taste codes in terms of aesthetics and the desire to tackle 'challenging' topics and 'make a difference' with PSB content. In this sense, quality links to PSB production modes of rigorous research and editorial balance (see 1c), with one award-winning producer noting: 'the research that goes into [specialist factual] television programmes is beyond anything that any academic has ever done: it's more rigorous and correct' (IV96).[7] Nevertheless, for many TV producers the relationship between quality and profit is 'the biggest challenge' (IV8), which whilst not impossible, at least 22% find difficult to reconcile (see 14).

For the digital sector, quality is a much more 'nebulous' (IV89) concept, but is often used in reference to the robustness of services and the 'combination of aesthetic design and usability that can make for a very satisfying experience' (IV85). In turn, the aesthetics of multiplatform should compliment, cohere and extend those of the television production (IV25, 31, 33, 87, 89).

[6] 78% of UK audiences valued quality as a characteristic of UK PSB content according to Ofcom's 2012 PSB *Annual Report*.

> There is a strong cultural imperative behind [what we do]. We make it without subsidy as an SME that is a private limited company.... That's not a comfortable and not a particularly remunerative place to be, but it's been possible to do that with ups and downs for more than 25 years (IV4)

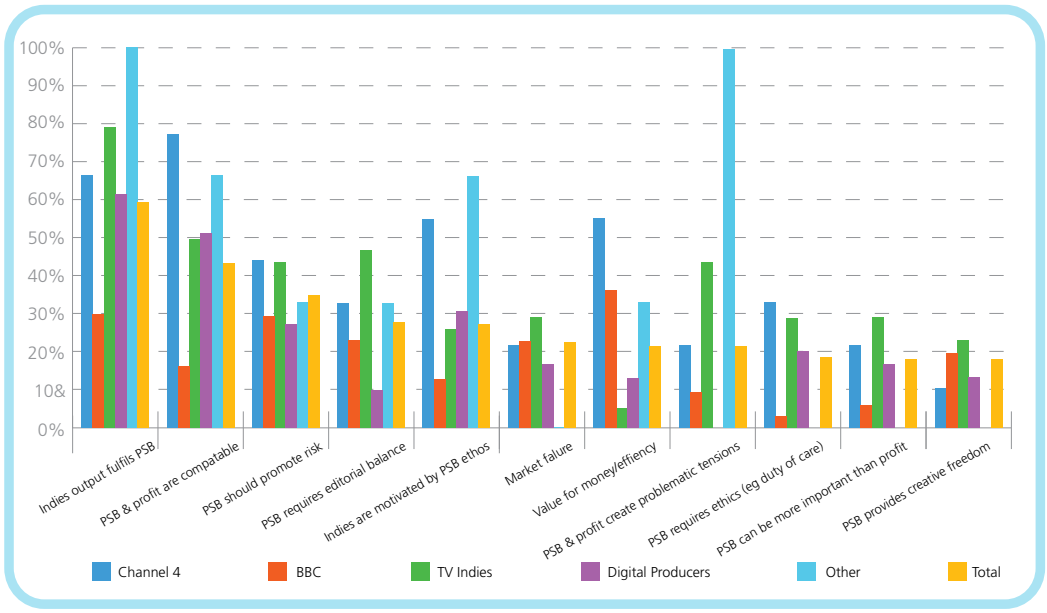
(c) PSB production modes

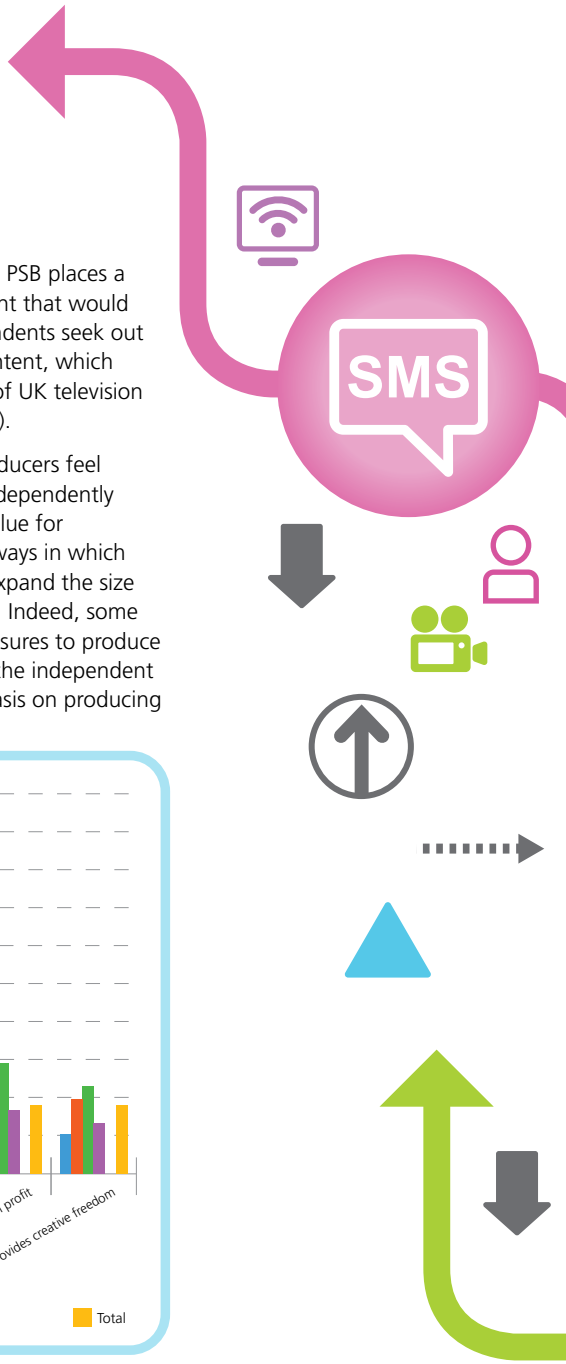
Ofcom's definition of PSB, as with much wider research on PSB, focuses on purposes and characteristics. Our research reveals that PSB can also function as a mode of production that informs how independent companies operate.

60% of interviewees think Indies, both television and digital, produce content that fulfils the purposes and characteristics of PSB. Moreover, 44% feel this can be done without an inherent conflict between public service and profit. 28% believe that producing content that fulfils PSB purposes and characteristics motivates the sector, leading to a strong sense that supporting the production of PSB content is not just about particular kinds of purposes, characteristics or economic arrangements, but also about particular modes of production:

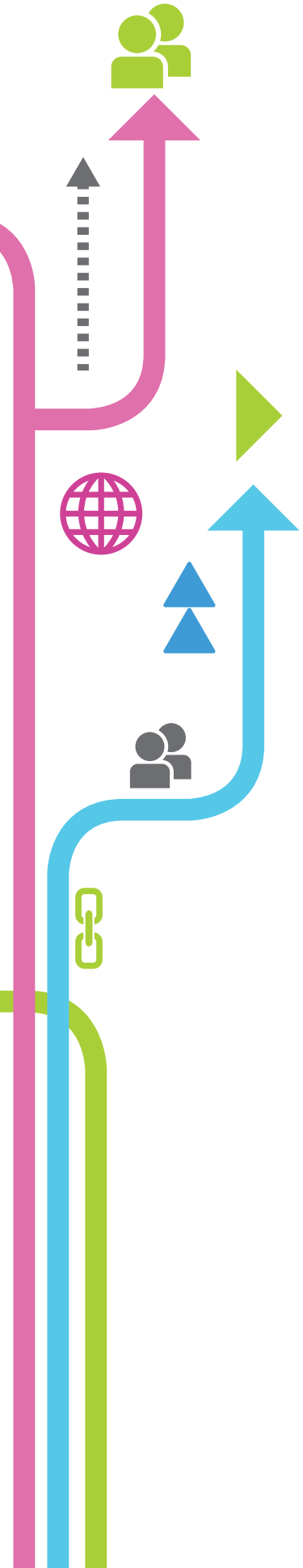
- **The promotion of risk:** in commissioning, development and editorial control (see below).
- **Editorial balance and rigorous research:** Creating factual and specialist factual PSB content requires time and an investment in research that informs its high quality (see 4c, 11b).
- **Market failure:** For the industry, PSB places a premium on production of content that would otherwise not get made. Independents seek out the PSBs to make this kind of content, which contribute to the unique nature of UK television and multiplatform content (see 3).
- **Efficient production:** Many producers feel the commercial imperatives of independently produced PSB content ensures value for money, particularly through the ways in which multiplatform components can expand the size and lifespan of a project (see 4b). Indeed, some suggest that the commercial pressures to produce value for money experienced by the independent sector also lead to greater emphasis on producing 'good quality work' compared to BBC in-house production (IV90, 103).
- **Ethics:** As with news journalism, many viewed the production of PSB factual and specialist factual output as requiring a strong sense of ethics. This includes a commitment to the truth, a duty of care to contributors, to online communities and to handling of data, ensuring rigorous consent procedures are in place and support is offered to vulnerable people included in any production (see 3c, 5a). Additionally, such PSB ethics might inform the way staff are treated and trained (see 4c, 11b)

Figure 4: PSB production modes as understood by interviewees





[7] Some academics may beg to differ of course.



- **PSB production can be more important than profit:** As one managing director of a television company summarised: 'if you want to make money become an estate agent' (IV34). Others spoke of specialist factual PSB content production, in particular, as a 'project of passion rather than of profits' (IV91). This motivation for PSB means that companies increasingly seek out non-broadcast commissioners of public service content or innovative business models to enable such productions (see 9, 10)
- **Creative freedom:** Many independents value the creative freedom that PSB commissions provide. As one Managing Director of a digital agency explained: 'There are of course metrics and KPIs, but you don't have to sell a million soft drinks on the back of them. … And so there is a freedom with public service' (IV62).

Risk

35% of interviewees suggest PSB should enable risk-taking in production. Such risks take two predominant forms:

- **Editorial risk:** to enable challenging and difficult topics to be tackled, without fear of poor ratings;
- **Technological risk:** to develop new forms of PSB through multiplatform, backing up rhetoric with budgets and promotion.

Interviewees, however, highlighted an 'aversion to [such] risk' (IV8) across both PSBs. The BBC was particularly criticised for its change in multiplatform strategy (IV1, 3, 10, 17, 24, 26, 29, 33, 49, 51-53, 55, 65, 66, 81, 86, 101, 103) (see 2, 11) which, as one former BBC multiplatform senior executive commented, caused 'risk aversion to any integrally 360° ideas' (IV10). For Indies, the PSBs need to be 'comfortable with a different level of risk' (IV49) in multiplatform work where 'Risk taking is not only the norm, it's the thrill … because the cost of things is so much lower that you can try something, put it out there, see how it will do, learn from your mistakes' (IV17)(see 6a). Despite these criticisms there is also recognition that the PSBs have taken significant risks in multiplatform production, particularly during the early- and mid-2000s (see 2).

The lack of editorial risk that interviewees feel the PSBs are willing to take echoes the BBC's survey of 35 television producers in 2008, which found a 'concern over PSB attitudes towards risk, as a result of growing pressure to compete in the multichannel environment', which could reduce quality, innovation and lead to a tendency towards programme homogeneity.[8] Interviewees, particularly television producers with long histories in the sector, complained of a lack of risk and reduction in commissioning challenging programming by the PSBs:

'that is where you pitch your films: nothing challenging' (IV68).

Much of this concern, across both PSBs, centres on the importance placed on ratings and legal compliance, which 'complianced risk to death' (IV76) and emphasised editorial policy over ambition:

'… in White City you have to go through Ed Pol. I thought Ed Pol was an actual person when I first started … And Ed Pol, I can tell you, knows nothing' (IV78)

However, it is important to note that this is not a one-way street and independents may be equally responsible for the erosion of risk in specialist factual and factual productions. New terms of trade following the 2003 *Communications Act* may have increased risk aversion by both independents and PSBs because of the growing pressure to produce returnable and exploitable formats at the expense of challenging or experimental programming (see 7).[9] As one independent producer summarised, 'There is always the risk in an entrepreneurial situation that its a race to the bottom, the lowest common denominator, (IV61). The PSB compact between independents and the PSBs must always, therefore, be understood as fragile (see 4), but there are good cultural and economic reasons to ensure its safeguarding (R1). As Ed Richards, Chief Executive of Ofcom, summarised:

> "Independents have an important role to play in the future of public service broadcasting … because some Indies make truly outstanding public service content"
>
> Ed Richards, Interview 17/11/2010

[8] BBC, (2008). *The Creative Perspective: The Future Role of Public Service Broadcasting*, p. 116.
[9] Ofcom, (2006). *Review of the Television Production Sector: Consultation Document*; Doyle, G. & Paterson, R. (2008). 'Public Policy and Independent Television Production in the U.K', *Journal of Media Business Studies*, 5(3): pp. 17-33.

2. Multiplatform offers new ways of delivering public service value

Ofcom's second review of PSB found consensus that 'public service content should be available across all digital media, not just linear broadcasting'.[10] The UK is the world leader in multiplatform production, driven by the investment made by the BBC and Channel 4 and their PSB compact with the UK television and digital media independent sector. Specialist factual and factual is a particular strength of the UK industry: 3 of the past 4 non-fiction digital Emmys were won by UK productions for C4 or the BBC. The independent community has produced the majority of these:

- *Britain from Above* (2009, Lion TV for BBC)
- *Virtual Revolution* (2010, BBC in-house)
- *Embarrassing Bodies: Live from the Clinic* (2012, Maverick for Channel 4)

The compact between the PSBs and the independents, together with the competition between the PSBs themselves, has fuelled UK innovation in new forms of multiplatform production that fulfil and extend PSB for a digital era, providing greater depth of information, participation and personalisation. Although the average audience size for the non-television platforms connected to a multiplatform production tends to be estimated at just 10% of the broadcast audience (IV1, 3, 10, 14, 16, 20, 29, 33, 39, 85), there are significant exceptions to this. Multiplatform PSB may also create much more widespread and lasting value as we describe below.

(a) Over a decade of multiplatform PSB

The meaning and shape of multiplatform has shifted significantly over three distinct phases of production in the UK.

Multiplatform production is commonly considered to have commenced with Channel 4's pioneering *Big Brother* format, combining coverage on its portfolio of channels with online streaming, interactive television and mobile options. This inaugurated a period of experimentation by both broadcasters, particularly the BBC, at the turn of the millennium (2000-2005). A second phase of multiplatform continued this era of experimentation, heralded by the launch of two significant internal policy documents at each PSB: for the BBC, 2006's *Creative Future* established a five year strategic vision to transform the broadcaster into a 360° multiplatform organisation that would 'enable 360°-degree commissioning and production and ensure creative coherence and editorial leadership across all platforms and media'.[11] At Channel 4 2008's *Next on Four* launched a five-year editorial strategy, which set out the broadcaster's bold ambition to 'kick start a wave of new investment in public service digital media',[12] underpinned by the newly established 4iP (Four Innovation for the Public) fund and a commitment to commission education content wholly online.

In 2010 the UK entered a third phase of multiplatform production supported by the BBC and Channel 4. This was ushered in prior to the end of the five-year visions set out in the previous period and reflects the changing meanings of multiplatform in the industry and the different political and economic conditions of the new decade. For both PSBs, multiplatform must now fulfil more tightly defined strategic goals with a reduced emphasis on experimentation and innovation in their own right. In the face of 2010's licence fee settlement, the BBC has prioritised efficiency in meeting its requirement to find 20% cuts, identifying savings of 25% to be made in its online activities. The BBC's current strategy is therefore characterised by an emphasis on value for money, the development of products, and 'fewer, bigger, better', genuine 360° commissions (see 11). For Channel 4, the *Digital Economy Act* (2009) provides a remit to distribute 'relevant media content by means of a range of different types of electronic communications networks'. Adopting a mission to become 'the first broadcaster with a genuinely platform-agnostic approach to creativity', Channel 4 has nevertheless prioritised an approach to multiplatform that ensures its digital media activities provide measurable returns to its core broadcasting business.[13] For both broadcasters and the independent sector, Connected TV and 'dual screen' experiences are likely to play a prominent role in the meaning and priorities of multiplatform in this third phase (see 14). As the multiplatform forms of PSB below indicate, the compact between PSBs and the independent sector, together with the rivalry between the BBC and Channel 4 has underscored this success **(R2.i)**.

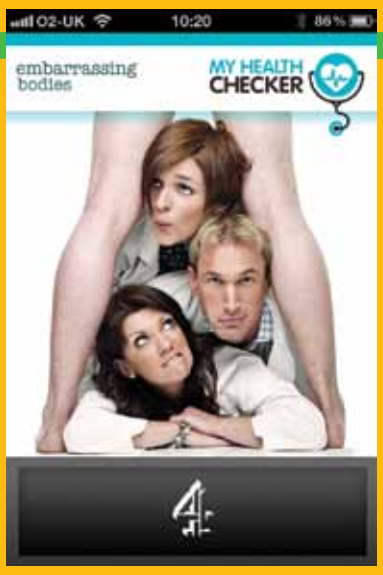
(b) Multiplatform PSB: depth, participation and empowerment

Across our interviews, the value of multiplatform is connected to the ability of online platforms to provide greater depth of information and opportunities for participation, which at their best, can empower citizens to 'make a difference'. Multiplatform can extend, enhance and provide greater value to the PSBs' core remits (R3).

> "PSB is why we lead the world in interactive. It's because we've got the BBC and Channel 4 who are willing to put large budgets into stuff that hasn't been done before" (IV15)

> "There are formats that are emerging which are built on the shoulders of giant formats of the past but are stronger for being expressed in multiplatform"
>
> Richard Davidson-Houston, Head of Channel 4 Online, Interview 09/05/2012

[10] Ofcom, (2009). *Ofcom's Second Public Service Broadcasting Review*, p. 9
[11] BBC, (2006). *Creative Future Press Release*, 19/07/2006.
[12] Channel 4, (2008). *Next on Four Press Release*, 13/03/2008.
[13] Channel 4 (2011). *Annual Report*, p. 114.



Case Study

Embarrassing Bodies: Tabloid front-page, broadsheet content

Maverick's (**www.mavericktv.co.uk**) award-winning *Embarrassing Bodies* for Channel 4 was the most commonly cited example of multiplatform PSB by our interviewees. Across the industry it was admired for the way it combined the ability of multiplatform to add depth of information to television with the personalisation of the web. As Dan Jones, Maverick's Head of Multiplatform, explained '*Embarrassing Bodies* is often described as tabloid front page with broadsheet content' (Interview 24/02/2011). This was underscored by a PSB ethos in the company that meant Maverick did not exist 'just to make shows to make money, it also has a social purpose'. This was evident in the resistance to sponsorship and monetisation of the online and mobile presence of the series, with all the tools freely available to UK audiences.

The admiration for *Embarrassing Bodies'* multiplatform PSB from across the industry is aptly summarised by one rival executive:

> Embarrassing Bodies is brilliant: you can get the app and you can go to the loo with your mobile phone, you can look at some picture of a hideous pustule and there and then compare it with your own hideous pustule. As an example of public service, getting to the heart of the matter, that always feels like a really good example (IV17)

Multiplatform allows an important issue to straddle the intersections of the private and the public: health is a concern for society as a whole, but often it is a private matter and multiplatform allows for this in the 'spaces in between'. That is, outside of broadcast's one-to-many loud hailer and inside the participatory, conversational, one-to-one exchanges that digital media can facilitate. As Adam Gee (Channel 4 Multiplatform Commissioning Editor, Features and Factual Entertainment) stated:

> "the public service value couldn't be more obvious … it is littered on the surface like nothing I've ever worked on before: if you spend 5 minutes on the website you will find "I wasn't going to go to the doctor, but now I am" and the like …. it's an amazing project to have been involved in"
>
> Interview, 19/01/2011

Maverick's integration of digital and television production models enable the in-house digital team to harness the power of iterative production to innovate with each new season: from a 6 x 30minute documentary series in 2000, the series was reformatted in 2006 as a half hour Features series with a small multiplatform element, growing exponentially in each subsequent iteration to encompass online self-diagnosis tests, mobile phone applications, the use of red-button interactive TV and Skype in the programme's production. Such an approach delivers real public benefit: over 200,000 people have taken the Autism-Spectrum Quotient test developed in collaboration with the Cambridge Autism Centre that has enabled a scale and depth of research on autism otherwise unimaginable. Embarrassing Bodies provides further evidence of the economic value of the PSB compact:

- In 2010 Maverick won a £15m contract with NHS West-Midlands to build a broadband medical service.
- In 2011, the range of self-tests, advice and information provided by the Embarrassing Bodies multiplatform experience is estimated to have £280k per month for the NHS in GP surgery time in 2011.

Multiplatform PSB provides depth of information and learning

The second purpose industry respondents identified of PSB is specifically linked to the ability of multiplatform to add depth and detail of information to television (43%): these 'learning user journeys' are the '90% of the iceberg underlying television's tip' (FN 03/02/12). Multiplatform complements the emotionally engaging and compelling story telling of television.

'Websites are good at delivering quite a lot of information. Television is a very bad way of delivering information, because it does one idea every half hour. But it's very good at delivering feeling and emotion ... Multiplatform can use that to take people to a website where you can deliver a lot of information' (IV39).

One such example is Lion TV's *Britain from Above* (BBC, 2008), which took the familiar story of British history and showed it from the air, providing a plethora of multiplatform opportunities to view Britain in a new way. Alongside over five hours of broadcast television across the BBC's portfolio of channels, Lion developed a website with the BBC that provided extensive archival material, maps, a Google Earth layer, additional and behind-the-scenes footage and a range of new ways to view and use the footage from the series.

'Linear TV content usually has the lifespan of a mayfly. Months of hidden effort result in a brief and often glorious moment in the daylight and then it is gone forever. With *Britain from Above* we were able to take the wonderful – and very expensive – aerial photography, the beautiful graphics and all the in-depth research that lay behind it and give it a whole new life online' (Nick Caitliff, Managing Director, Lion Television, 14/08/2012).

Conceived as a multiplatform project from the outset inspired by Google Earth, Kirsty Hunter (MD of The Project Factory and former Head of Interactive, Lion TV, 03/02/2011) spoke of the 'huge commitment' to online from the BBC to 'create a non-linear way to view that documentary, for it to live on'. In order to achieve this ambition, Lion granted a 10-year clearance for all the material that ensured content was freely available and shareable across the web.

> "When we launched the site, there were hundreds of blogs that were taking the content and sharing it: key geologists or geographers, the geography teachers' association even created their own website with the embedded clips from the BBC website and have created lots of learning material around the content. So every 15 year-old in Britain who studies geography watches *Britain from Above* and they watch it because we set it up as shareable. That's exactly how we wanted the programme to live on. I think that's one of the reasons that it won the international Emmy: because we were given the budget and the ambition to do something really groundbreaking"
>
> Kirsty Hunter, 03/02/2011

Participation and empowerment

33% of interviewees stated that a key characteristic of PSB is the way in which multiplatform could empower and engage audiences by offering participation. Such participation and engagement takes a variety of forms:

- 'Social natural history' projects, such as BBC's *Springwatch* (IV1, 3, 14, 33) or Lovely Media and Windfall's collaboration on *Foxes Live* (Channel 4, 2012), which rely on public participation and engagement in noting and recording sightings of local wildlife (see 6b).
- Participatory documentary forms, such as the BBC's International Emmy-award winning *Virtual Revolution* series that relied on contributions from the public in generating a collaborative understanding of the web.
- Two-screen live factual formats, such as Windfall's multiplatform award-winning *The Operation: Surgery Live*, which facilitated live interaction with surgeons and the programme's presenter, Krishnan Guru-Murthy, through Twitter – becoming the most popular topic on the micro-blogging site during its final episode.
- Online communities of interest and support, such as Fresh One and Illumina's *Dream School* (Channel 4, 2011), which utilised YouTube to share over 200 British teachers' approaches to some of the toughest topics at GCSE level, generating more than 120,000 video views from interested students and teachers.

Such forms of multiplatform participation and engagement can also empower the UK public through:

- Channel 4 and Keo Films' *Fish Fight* campaign, which produced a phenomenal 20% conversion rate from television to web, engaging over 800,000 people in a campaign to change EU fishery laws.
- Providing extensive crime mapping information through collaboration with local police and emergency services, which enables users to understand the patterns, causes and risks of crime, such as Cimex, Monterosa, Films of Record and Mentorn's collaboration on *The Truth About Crime* (BBC, 2010)

Many of these projects relied on collaboration between television and digital media production companies and offer important lessons in partnering for multiplatform production (see 6d).

3. PSB investment, culturally and economically, is an important part of the success of the independent television and digital sector in UK plc

The UK is the world's largest exporter of television formats and the second largest exporter of TV programmes.[14] Revenue generated from international sales of UK television programming and associated activities grew by 127 per cent between 2006 and 2009 to £1.34 bn with the sector estimated to be worth £2.4bn.[15] This success is powered by the UK's five PSBs, who invested £1.3bn in first-run UK originated programming from the independent sector in 2011, and are likely to continue to make upwards of 80% of the independent sector's commissions into the foreseeable future.[16] The BBC and Channel 4 provide nearly three quarters of this investment:

- The BBC accounted for £525m of this expenditure on UK independent production, representing 42% of its overall UK originated content spend;
- Channel 4 spent £419m on UK independent production across its portfolio of channels;
- In addition, the two main PSBs invested a further £22.7m on multiplatform content supplied by the independent sector: BBC £12m, Channel 4 £10.7m.[17]

Spending on factual output represented £462m of total expenditure across the PSBs, a 2% rise in income related to this genre – including a 14% increase in Specialist Factual spend (£186m). Whilst the importance of the PSBs as a commissioning source to the independent sector may be diminishing, their investment is crucial to the success of UK plc, both at home and abroad (see 7):

[14] Foster, R. & Broughton, T. (2011). *Creative UK: The Audiovisual Sector & Economic Success*, Communications Chambers; and *Pact 2012 Census*.
[15] TRP (2011) *UK Television Exports: Annual survey 2011*.
[16] Figures from Ofcom, (2012). *Public Service Broadcasting Annual Review*, p. 3, *Pact 2012 Census*; and Pact, (2011). See Footnote 2
[17] Channel 4 figures based on 2011/12 Annual Report. BBC figures based on Online External Out-Turns. BBC programming spend based on Ofcom (2012) and BBC Annual Report 2011-12.

Case Study

The export value of the PSB compact: Wall to Wall's *Who Do You Think You Are?*

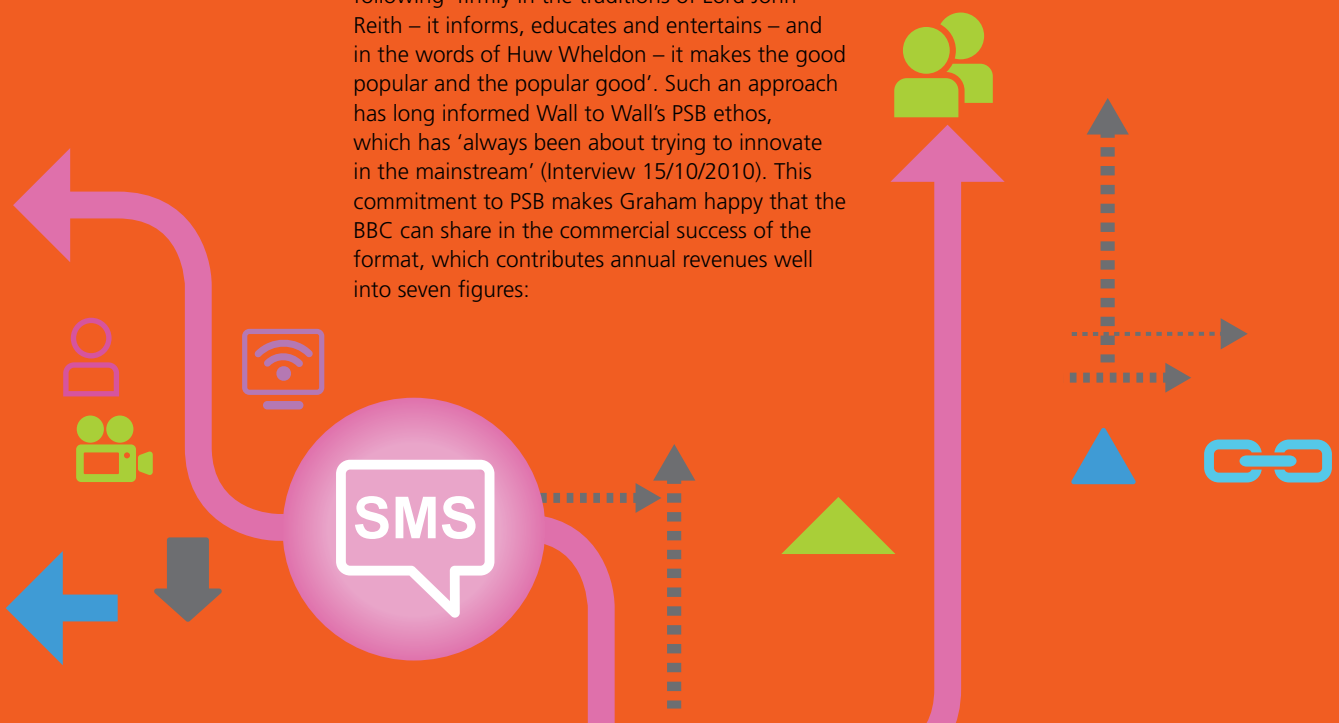
Wall to Wall's *Who Do You Think You Are?* has placed social history at the heart of BBC1 and audiences in the UK and around the globe, inspiring millions to take up genealogy. The series is also Wall to Wall's most commercially successful brand in the 25-year history of the company: now produced in more than a dozen countries, including Australia, Sweden, the US, Denmark and Norway, the show has spawned Britain's best selling genealogy magazine (a joint venture between Wall to Wall and BBC Worldwide); a live show; a brand of computer software as well as several best-selling books and DVDs. Its success, however, wouldn't have been possible without public service broadcasting:

'This is a series that every other broadcaster in the UK – including the commercial broadcasters – would kill to have in their schedules. Yet it would not have been commissioned without the public service commitment of the BBC. I firmly believe that there is a link between the commercial success of UK independent producers abroad and the ecology of the UK PSB programme market at home. Greater competition between independent producers and in-house departments (and indeed among indies themselves) has driven quality up but the public funding of the BBC and the risk-taking culture that goes with it is equally important. We must not lose that' (Alex Graham, CEO Wall to Wall, Interview 10/08/2012).

For Graham, however, the achievement of the programme is also in its fulfillment of PSB, following 'firmly in the traditions of Lord John Reith – it informs, educates and entertains – and in the words of Huw Wheldon – it makes the good popular and the popular good'. Such an approach has long informed Wall to Wall's PSB ethos, which has 'always been about trying to innovate in the mainstream' (Interview 15/10/2010). This commitment to PSB makes Graham happy that the BBC can share in the commercial success of the format, which contributes annual revenues well into seven figures:

> "Of course *Who Do You Think You Are?* is our original idea and it is therefore entirely appropriate that we should profit from its success. But I'm very pleased that the BBC continues to participate in the show's success too"
>
> Alex Graham Interview, 10/08/2012

The PSB compact not only ensures the BBC profit from a continuing share of revenues under terms of trade, but that such benefits are passed on to the licence fee payer as well – on-screen and via the commercial success of the format enabling Wall to Wall to invest up-front in programme budgets, 'thereby keeping the real cost of the programme down year on year'.



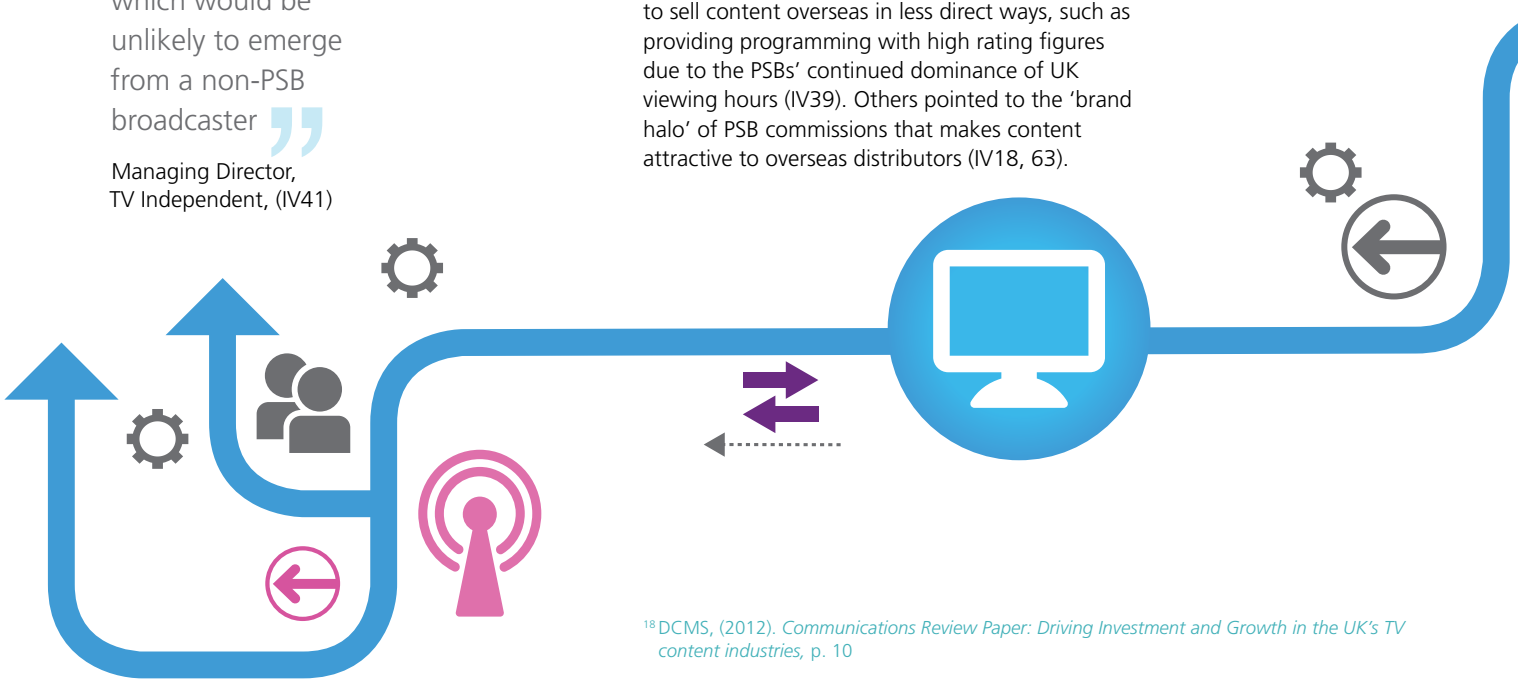
(a) PSB makes UK television content distinct and unique, driving its export value

The value of the UK television industry to the growth of UK plc has been widely recognised, contributing £4.3 billion to UK GVA.[18] The PSB compact has been vital to this success, making UK content distinct and unique with international export value **(R1)**. According to Pact's 2009 figures, documentary was the best selling international export genre for UK television. Specialist factual is peculiarly representative of the UK's PSB environment, representing its high-quality nature, commitment to 'making a difference' and social impact, as well as representation of diverse interests and voices (see 1a). The investment to PSB as a culture and feature of programming significantly influences the way independent companies orientate their companies and, in turn, their ability to sell programming overseas (IV2, 4, 12, 13, 18, 25, 39, 57).

> "I think every film that [our company] has made has been a public service programme, which would be unlikely to emerge from a non-PSB broadcaster"
>
> Managing Director, TV Independent, (IV41)

There are, however, a significant minority of interviewees who think that PSB could make it more difficult to sell content overseas. Indeed, some who subscribe to a market failure definition of PSB, suggest that it was the job of the BBC to commission content that is 'never going to sell abroad', because of its cultural specificity and challenging nature (IV8). Others suggest PSB commissions or strongly PSB-orientated content make it harder to sell programming overseas (IV43), with one MD commenting that this difficulty had led to a re-orientation of their business: 'Only a proportion (of what we now pitch) are public service because it's very difficult to sell abroad' (IV59).

But those who have experienced success in selling PSB programming overseas suggest the appeal to international broadcasters and distributors often depends on how specific the content is, with 'the more prescriptive the content, the harder it is to sell it abroad' (IV12, IV39). Some MDs spoke of 'distributors fighting over series' that had strong PSB values in terms of its documentary ethics, research and rigour of production, and difficulty of subject matter (IV37). Others highlighted the willingness of the PSBs to invest in quality and innovative new programme and multiplatform productions as crucial to their company's success in overseas markets. For example, one producer attributed selling an overseas version of a UK format as 'solely down to the BBC's ambition and budget to develop this in the UK' (IV25). PSB commissions also help companies in their ability to sell content overseas in less direct ways, such as providing programming with high rating figures due to the PSBs' continued dominance of UK viewing hours (IV39). Others pointed to the 'brand halo' of PSB commissions that makes content attractive to overseas distributors (IV18, 63).



[18] DCMS, (2012). *Communications Review Paper: Driving Investment and Growth in the UK's TV content industries,* p. 10

(b) Investment in multiplatform by the PSBs supports growth of new businesses

'Our company does 80% of its work in the UK for the BBC. We do stuff that probably wouldn't work with a commercial broadcaster … they have a particular kind of DNA which is very British and very much aimed at entertaining and informing an audience' (IV25)

Pact members' response to our survey indicated that half the companies who had worked on multiplatform PSB productions from the BBC and C4 considered these to have been important or very important to their company's overall business model (20/42). For one company, Channel 4 represents 50% of its turnover (IV51). For another, multiplatform represents half of the work they do, all of which comes from the PSBs (IV49). The role of the BBC and Channel 4 in multiplatform production is therefore particularly significant in generating economic value and growth in the independent sector. In this regard multiplatform PSB can be understood to have 'incubated' a number of companies, fostering a digital public service sector that has found a strong alignment between their commitment to, and understanding of, PSB and their business models. One company discussed how they effectively would 'have gone under' without multiplatform PSB commissions during the mid-2000s (IV46), whilst another spoke of their PSB work as instrumental to their growth, which had expanded 'astronomically' as a result of the increased visibility provided by the 'loud hailer' (IV83) of multiplatform PSB commissions. There is widespread recognition that being able to list Channel 4 and the BBC on their client lists provides a 'brand halo' that is important to the ability to win further business (IV14, 15, 19, 46, 49, 51, 62, 81). This brand halo gives a 'long tail' to the value of PSB for digital independents, which means returns can be experienced in the longer term (IV26, 47, 99, 100). For example, one company spoke of how their own work was 'quoted back to them' under the BBC brand in their growing work for US broadcasters (IV15), whilst others commented that the success of their company and multiplatform brands has been largely due to initial PSB funding (IV2, 13, 30). For many of these companies, developing IP opportunities are seen as an important way to further build on the success of PSB investment (see 7b, 12b)

(c) PSB can positively impact conditions of labour within the independent sector

Beyond the economics of the marketplace, PSB can make a positive contribution to the conditions of labour experienced by those in the independent sector. Previous studies carried out for Arts Council England have described the conditions of labour within the creative industries, including television, as 'ambiguous', highlighting situations of precariousness and the use of free labour as negative aspects of creative work that produce 'real tensions' between profit, creativity and conditions of work.[19] There was little evidence to dissuade our study from the accuracy of this view of the sector as a whole. For example, Creative Skillset's 2011 labour market profile suggested that 49% of those working in independent television production had undertaken unpaid work. Such a reliance on unpaid work could significantly impair the ability of PSB to reflect the diversity of people, talent and ideas in British society by privileging those with the economic background able to work for free: Creative Skillset estimate that within independent television:

- 7% are from a Black and Minority Ethnic background (BAME);
- 38% are women, reduced from 49% of the workforce in 2004;
- 3% consider themselves to be disabled, as defined by the Disability Discrimination Act.

This lack of diversity was reflected in our interviews, which were overwhelmingly dominated by white men (71%), with 7% BAME and 24% female.

However, it is also clear that the way the PSB acts as a production mode provides many companies with an ethos that sets some ethical limits and obligations, including a commitment to diversity,[20] and the treatment of employees in the pursuit of economic goals.

[19] Connor, J. (2007). *The Cultural And Creative Industries: A Review Of The Literature*. HPM and Arts Council England: London, p. 22, p.48
[20] Banks, M. (2007). *The Politics of Cultural Work*, London: Palgrave Macmillan

Case Study
Lambent Productions: A PSB commitment to diversity of voices

> "We didn't start Lambent to just make money. The purpose of the company was to make great films and to make our mark on the world: to change people's minds and thoughts and lives through stories"

Emma Wakefield, Managing Director, Lambent Productions, Interview 4/11/2011

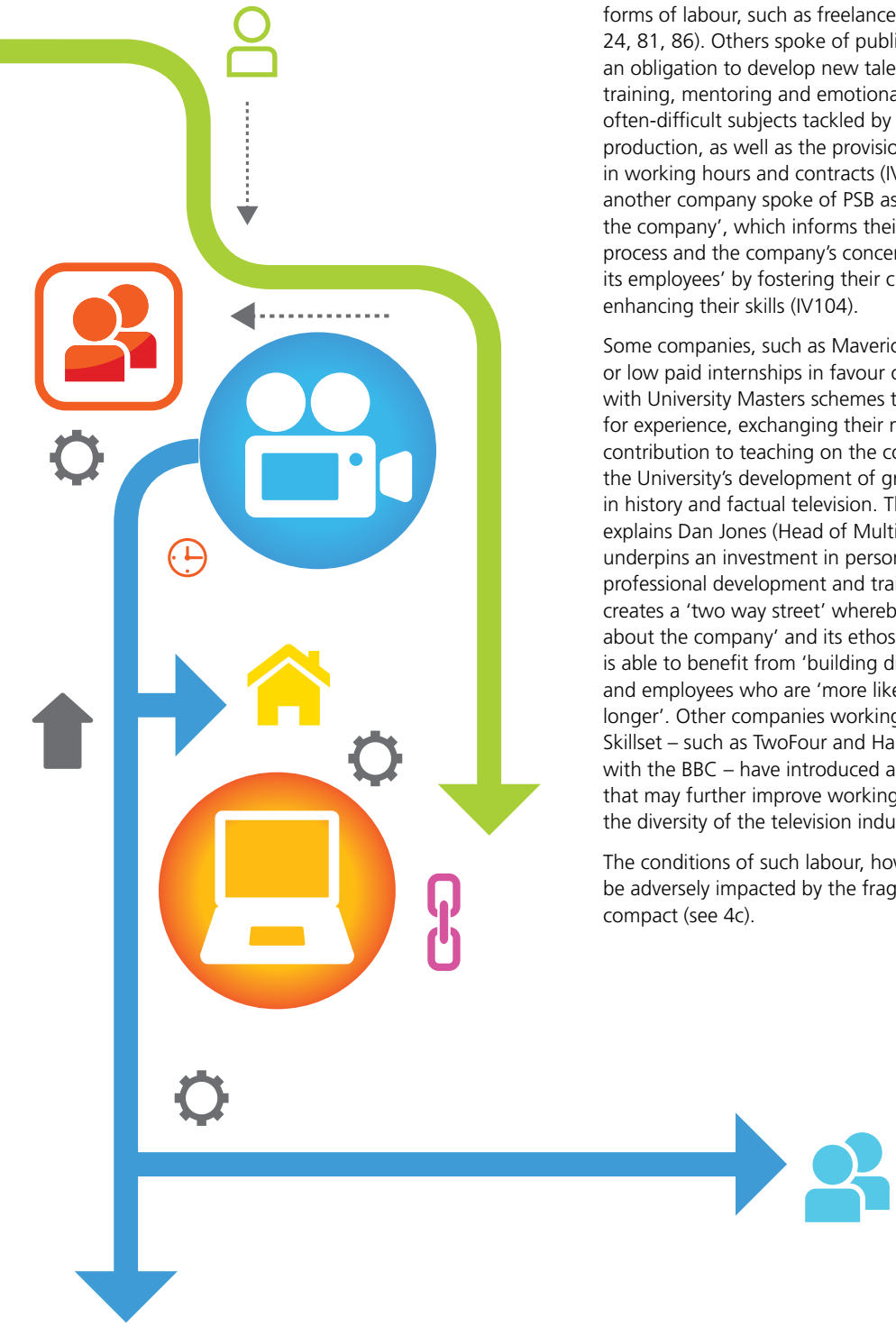
Founded in 1996 and based in Brighton, Lambent Productions, (**www.lambentproductions.co.uk**) specialises in factual television content. In the age of the super-indie Lambent is comparatively small in size, with a turnover of around £1m. The company punches above its weight having developed an award-winning approach to telling complex stories in innovative ways with a strong interest in PSB.

The company's take on employment is one of the ways company founder and director, Emma Wakefield, interprets their investment in public service. For Lambent, a public service ethos also means an obligation to diversity, to 'ensure a range of voices telling documentary and factual stories'. Exemplifying the independent sector's ability to reconcile public service and profit:

> We won't just do [a film] because it's sellable. We'll always look at overall potential. So if we want to do a smaller film because it launches some new talent, we'll absolutely do it from that point of view (Interview 30/11/2010)

Lambent Productions' approach is characterised by flexibility, support and offering people a range of opportunities to work across roles in the company. Such a commitment has, in the past, extended to supporting working mothers, when Wakefield saw a swathe 'of brilliant filmmakers … losing faith with the industry because nobody was going to give them an opportunity. With the right project, we were able to offer them flexibility to deliver their programmes within a set time, and trusted them to make it happen' (Interview 4/11/2011).

This ethos has delivered its own rewards for Lambent's productions - and their audiences - by enabling talented people to make the best possible films. Wakefield reels off an impressive list of people they have given their first breaks to, including Clare Richards, who directed her debut film with Lambent – *Disabled And Looking For Love* (Channel 4), which won the 2006 Grierson Best Newcomer Award; and Max Fisher, who began working with Lambent as an AP and has since gone on to direct the 2011 RTS award-winning *Kids Behind Bars* (BBC3)



A number of companies spoke of their commitment to public service manifesting itself in remaining 'wilfully over-staffed' (IV24, 81), whilst for others it means building a permanent team rather than relying on more precarious forms of labour, such as freelance contracts (IV19, 24, 81, 86). Others spoke of public service as an obligation to develop new talent, in terms of training, mentoring and emotional support for the often-difficult subjects tackled by specialist factual production, as well as the provision of flexibility in working hours and contracts (IV37). Similarly, another company spoke of PSB as in 'the DNA of the company', which informs their recruitment process and the company's concern to 'develop its employees' by fostering their creativity and enhancing their skills (IV104).

Some companies, such as Maverick, avoid unpaid or low paid internships in favour of collaborating with University Masters schemes to provide credit for experience, exchanging their mentorship and contribution to teaching on the course for access to the University's development of graduate specialists in history and factual television. This approach, explains Dan Jones (Head of Multiplatform), underpins an investment in personal and professional development and training which creates a 'two way street' whereby employees 'care about the company' and its ethos. In turn, Maverick is able to benefit from 'building different skill sets' and employees who are 'more likely to stay for longer'. Other companies working with Creative Skillset – such as TwoFour and Hamlett Films, along with the BBC – have introduced apprenticeships that may further improve working conditions and the diversity of the television industry's workforce.

The conditions of such labour, however, may also be adversely impacted by the fragility of the PSB compact (see 4c).

4. The PSB compact is fragile

The independent sector evidently has a strong cultural and economic investment in PSB, which in turn, generates commercial and cultural benefits to the UK's creative industries and the country as a whole. However, it is also clear that the investment in PSB by Indies is neither uniform nor free from contradiction. 20% of interviewees (see 1c) highlighted an inherent and problematic tension between PSB and profit. A compact requires undertakings from both sides including, in the PSB compact, an agreement to forbear from always prioritising profit and ratings. In a mediascape of increasing fragmentation across multiple channels as well as multiple platforms, the PSB compact is likely to come under further strain as PSBs chase ratings to demonstrate their continuing relevance and independents find other, non-PSB, revenue streams. These threats may have an adverse impact not only on the PSBs, but also the independent sector and UK plc as a whole unless safeguarded and promoted **(R1, R6)**.

(a) Increased competition and uncertain funding may undermine independents' investment in PSB

One of the key regulatory concerns of the 2003 *Communications Act* was to ensure not only the growth of the independent sector and commercial broadcasters, but also that such expansion has not been 'of detriment to PSBs'. However, such an approach places too strong an emphasis on competition:

'The notion of the TV industry as the Battle of Hastings with William's army on one hill and Harold's on the other, slinging arrows at each other, is kind of a bit old hat and really it's a much more collaborative thing' (IV40)

This collaboration, in the form of the PSB compact, underscores the unique and distinctive character of UK content. But this collaboration is threatened by the over-promotion of competition in the sector, which has destabilised some of the security of the PSBs and the distinctiveness of their remit:

'I think public service is in flux … and I'm not sure what will survive' (IV97).

The security of PSBs' funding and distinct remits in the face of growing competition has produced diminishing returns for Indies, not only financially (see 7, 13c), but also in terms of their cultural and economic investment in the PSB compact. Although the investment of non-PSBs in UK content can promote and enhance the distinctive characteristics of UK content, the growth of these new commissioning sources is comparatively slow and without an obligation to fund UK-originated content from the independent sector (see 10). The increasing competition in the sector has driven consolidation, in the form of 'Superindies', which interviewees – including many from Superindies themselves – considered to be more profit than PSB driven (IV43, 75, 89, 92, 98, 103). As one interviewee surmised, commissions are 'all a commercial propositions for the indie' (IV43), which meant producers in this company 'don't find [themselves] thinking about [PSB]' (IV103). Of course, companies such as Maverick in the All3Media group, demonstrate it is also possible to have a strong commitment to PSB within a consolidated group: it is the ethos of a company rather than its size that underpins the PSB compact.

> "C4 in the past] had to reflect minority views. Serving those niche and minorities is what cable channels now also do" (IV94)

The lack of certainty in the future funding of PSBs means there is concern Indies will further withdraw from particular areas of PSB, such as specialist factual/factual and multiplatform production, which have benefited from PSB investment. As one director commented, 'arts documentaries just don't exist any more' (IV90), whilst another reflected, 'The number of indies that are working in current affairs and investigation are fewer and fewer … it would be commercial suicide' to orientate a business around these genres (IV91). In such an environment the PSB compact is also threatened by the behaviour of the PSBs themselves, which are often criticised for being risk averse (see 1b) and, as a result, slow in making decisions. Such behaviour makes a commitment to PSB harder to maintain for smaller producers in particular, who 'live and die' by quick turn around responses and payments (IV37, 86).

> "I don't know much about it … it's something that was drummed into me when I was a student, but then I never had to professionally pay much attention to it" (IV100)

There was also some evidence to suggest that the increased use of freelance labour in the sector may reduce individuals' commitment to PSB (IV77, 78, 95, 98), whilst for younger producers PSB may be of less importance as the companies they worked for orientated away from the PSBs.

There are, of course, many freelancers and younger workers who value the flexibility of their jobs and move between PSB commissions to foster their personal interests and careers. Clearly different motivations for workers within the sector exist, and how these play out across a career will vary (see 'Ethnography of PSB'). But such motivations and contact with PSBs and PSB commissions will determine the strength of the future PSB compact.

[21] DCMS (2012). *Communications Review: Driving Investment and Growth in the UK's TV Content Industries*, p. 4.

Case Study

Ethnography of PSB in independents

By Andrea Medrado

I spent 44 weeks working in 4 independent production companies to understand the ways in which PSB informed their work. Being embedded in the teams, I observed how PSB affected production and talked to fellow workers about whether it motivated their work, including what they enjoyed or the kinds of programmes they wouldn't work on. Three examples illustrate the different places that PSB occupies in the working lives of those I observed.

> "I worked on projects about disability, prostitution, those make you feel that you are giving people an opportunity to revise the way they think about something. I'm not interested in crappy entertainment (FN, 14/06/11)"

PSB might mean less money but more job satisfaction

One freelance assistant producer often talked about how she favoured projects that could give her 'satisfaction' over the ones that were about 'making money'. Working on projects for the PSBs increased her chances of 'doing something that mattered', which was the reason why she 'had decided to get into TV' in the first place.

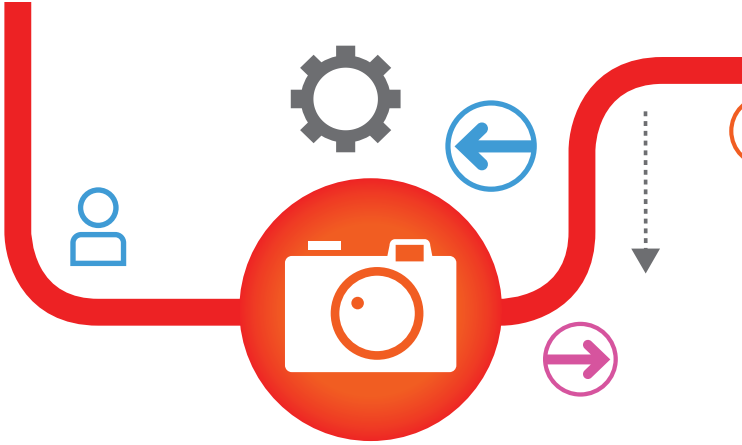
Understanding PSB as a desire to 'make a difference', therefore, can strongly influence the career paths of individuals within the independent sector.

PSB motivations beyond the work place and work hours

In another TV production company, I noticed that a significant number of production workers volunteered for community organisations and charities. The production manager, for instance, worked with vulnerable children whilst the development producer acted as a community councilor on the weekends. Obviously, this was not required by the company. Yet, it was an indication of their passion about social issues which often coincided with those being dealt with in some of the PSB TV series produced by the company. The company director stated that although she didn't expect this sort of additional commitment from employees, it chimed well with the company's ethos. Such an ethos was a key business asset, because it meant that such employees 'were really plugged in the communities and that feeds back into production because they have a handle of what life is about rather than being stuck in an ivory tower' (FN, 21/09/11).

Professional development comes first

In one digital agency it became clear that, for many junior producers, the major driver was to work on projects that had a good degree of visibility in the industry and would 'look good on the CV'. For a junior digital producer there, involved in a multiplatform project aimed at kids that a senior member of staff described as being 'as public service as it gets', the PSB aims of the project were barely referred to in our daily work routine. When they were, PSB was often an additional burden or restriction on creativity rather than a source of professional fulfillment. As a junior producer, he had little choice in projects, craving only 'exciting and ground breaking' work that would increase his career mobility (IV100). Whilst others in the company had found their career paths enhanced by a strong PSB motivation (IV99), this junior producer's experience clearly indicates how such motivations are uneven within individual companies, let alone the sector as a whole.



The uncertainties of PSB finances have also affected the digital sector. A number of digital companies (IV1, 23, 24, 46, 51) spoke of re-orientating their businesses away from PSB because of the BBC's, in particular, withdrawal from multiplatform. As one MD of a digital agency commented:

'We are turning our attention elsewhere and a bit more commercial, because a lot of those public service projects don't exist anymore, so we're having to change tack' (IV46).

As this report makes clear, such a withdrawal may threaten the unique and distinctive character of UK television and multiplatform content. As one MD who had worked in independent television since the advent of Channel 4 reflected: 'public service, in the end, is something you know when we haven't got it anymore' (IV13).

(b) Diminishing commitment to content with PSB characteristics

> "I thought I was going to make films about the developing world. I rapidly discovered that my child would starve if I tried to do that"
> (IV57)

The BBC's creative survey of 2008 found 'commercial pressures that have increased as a result of audience fragmentation are felt by some to be lowering quality, experimentation and editorial standards. In this changing environment the BBC's role as an investor in quality and a standard-setter was seen to be paramount'.[22] This concern was echoed and amplified in our study, with 38% of independent television producers voicing anxiety that it was becoming harder to make PSB content. It is striking that it is only television producers and executives who considered there to be a problematic tension between PSB and profit, whereas no interviewees from digital agencies considered there to be such a conflict (see figure 4). This might reflect the longer engagement television companies have had with the PSBs as well as the digital sector's diversity of client base which makes the PSBs, for some, just a 'client like any other' (IV46, 62, 81, 98).

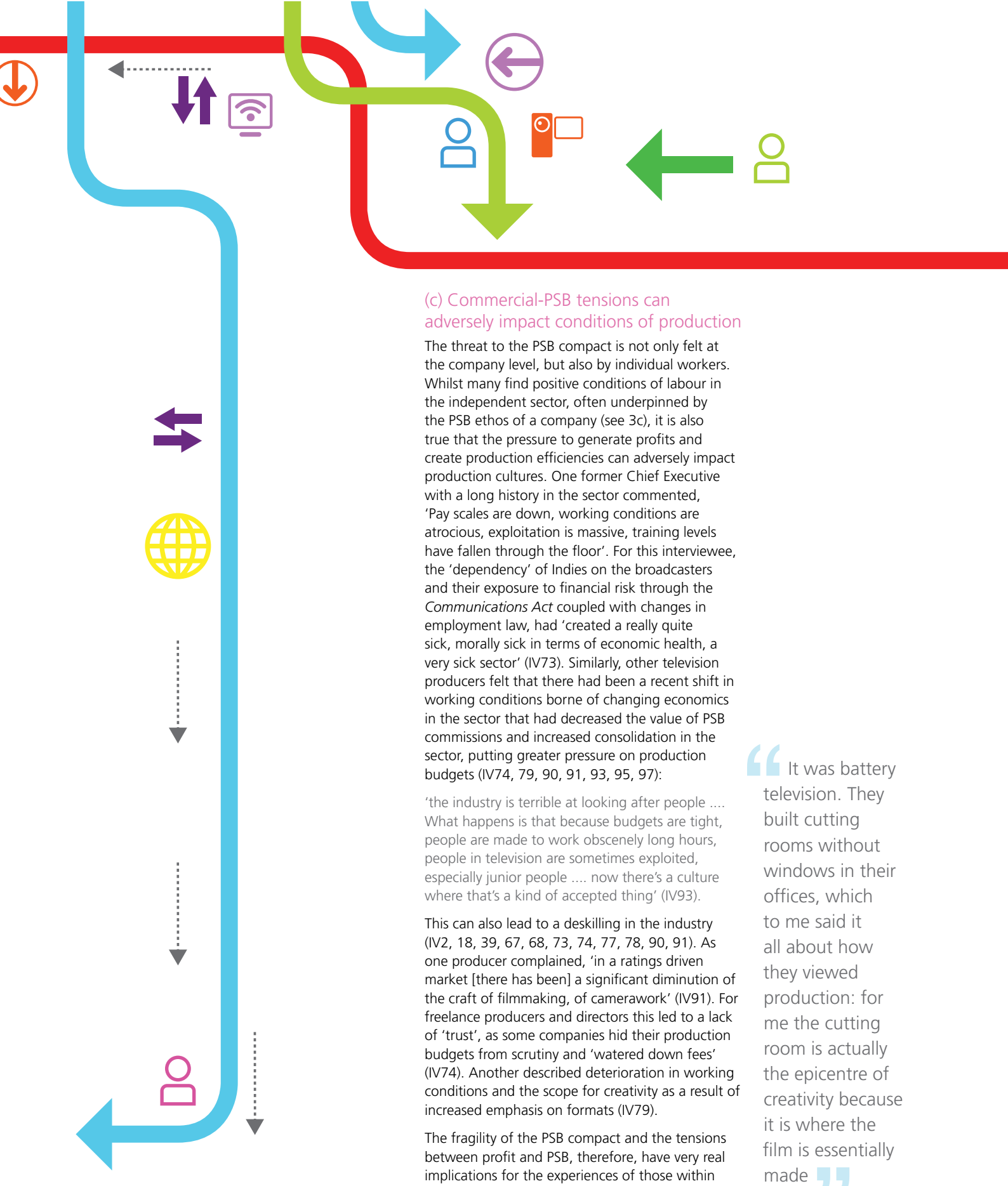
In particular, the fragmentation of television audiences has increased pressure on PSBs to achieve ratings in order to demonstrate their continuing relevance. However, many felt this produced programming and production modes incommensurate with PSB, as programmes became structured to chase ratings (IV34, 74, 76, 77, 79, 90, 91):

'Typically the opening of a film comes under immense scrutiny in the cutting room so it's very much designed to tease the best bits: "put the tits up front". It's very, very much highlights: driven by music and little synch bullets, which tease characters. The aim is to grab an audience by the jugular. It's not about mystery or intellectually engaging an audience' (IV91).

There is concern that decreasing production budgets (see 6) will be further affected by the cut in the BBC's licence fee, which is 'almost certain to have some impact on the range and quality' of PSB content (IV11). This concern with the impact of diminishing budgets on quality was mirrored by those who felt consolidation in the independent sector led to 'cutting corners' and a reduction in the quality of on-screen content (IV90, 74-76). For many, this diminished commitment to PSB by the independent sector means a move away from challenging content, particularly in the form of 'singles', which 32% of interviewees from television independents considered to the 'highest form of PSB'. Ultimately, there may always be a compromise between public service and profit, but safeguarding the PSB compact is vital to ensure UK audiences continue to receive the informative, challenging, high quality, innovative and diverse content they value.

> "The television curse of the pre-title, how can we condense the entire content of this programme into 65 seconds so that everyone will know exactly what they're going to get? We'll worry about those 65 seconds a lot more than the next 58 minutes"
> (IV76)

[22] BBC, (2008) p. 103.



(c) Commercial-PSB tensions can adversely impact conditions of production

The threat to the PSB compact is not only felt at the company level, but also by individual workers. Whilst many find positive conditions of labour in the independent sector, often underpinned by the PSB ethos of a company (see 3c), it is also true that the pressure to generate profits and create production efficiencies can adversely impact production cultures. One former Chief Executive with a long history in the sector commented, 'Pay scales are down, working conditions are atrocious, exploitation is massive, training levels have fallen through the floor'. For this interviewee, the 'dependency' of Indies on the broadcasters and their exposure to financial risk through the *Communications Act* coupled with changes in employment law, had 'created a really quite sick, morally sick in terms of economic health, a very sick sector' (IV73). Similarly, other television producers felt that there had been a recent shift in working conditions borne of changing economics in the sector that had decreased the value of PSB commissions and increased consolidation in the sector, putting greater pressure on production budgets (IV74, 79, 90, 91, 93, 95, 97):

'the industry is terrible at looking after people .... What happens is that because budgets are tight, people are made to work obscenely long hours, people in television are sometimes exploited, especially junior people .... now there's a culture where that's a kind of accepted thing' (IV93).

This can also lead to a deskilling in the industry (IV2, 18, 39, 67, 68, 73, 74, 77, 78, 90, 91). As one producer complained, 'in a ratings driven market [there has been] a significant diminution of the craft of filmmaking, of camerawork' (IV91). For freelance producers and directors this led to a lack of 'trust', as some companies hid their production budgets from scrutiny and 'watered down fees' (IV74). Another described deterioration in working conditions and the scope for creativity as a result of increased emphasis on formats (IV79).

The fragility of the PSB compact and the tensions between profit and PSB, therefore, have very real implications for the experiences of those within the industry.

> "It was battery television. They built cutting rooms without windows in their offices, which to me said it all about how they viewed production: for me the cutting room is actually the epicentre of creativity because it is where the film is essentially made"
> (IV79)

5. Digital agencies bring new modes of thinking and working to PSB that may help renew it for a digital age.

> Television is going to be a big part of the future. But at the same time it's crazy to imagine that the future is just going to be television delivered in new ways ... [We have to] try to work out how we give the Creatives of the future the best chance of coming up with things that go beyond conventional television and conventional web approaches

Mark Thompson,
Former BBC Director General, Interview 17/02/2011

Beyond the way multiplatform projects fulfil PSB, there was widespread agreement that the digital sector might offer new ways of thinking and working that could enhance PSB for a digital age. John McVay, Chief Executive of Producers' Alliance of Cinema & Television (Pact), summarises what Digital Indies might bring to PSB:

> Technical skills to build new services, applications and activities: to make PSB programming bigger. Digital Indies bring a skill set and understanding of the aesthetics, behaviours and vocabulary of the web that is distinct from television to deliver a high quality experience for people using PSB content online (Interview, 22/10/2010).

A number of interviewees, both from broadcasting and digital backgrounds, stated that there is a shift in where the best creative talent is going to work: away from the broadcasters and towards the diverse array of careers on offer in the digital industries (IV23, 24, 53, 82, 85, 89). Harnessing this sector's creativity might enable the PSBs to benefit from such values and work modes as collective intelligence, creative and technical innovation, play and iteration.

(a) Collective intelligence

Collective intelligence has been seen as a crucial aspect of online cultures. From Wikipedia to Digg.com, to fan networks to games, CI has been seen as a defining feature of the Internet and particularly the turn to web2.0 technologies. Accompanying the growth of such collective intelligence has also been what MIT Professor Henry Jenkins defines as a 'moral economy'[23] of information that should guide the activities of an online community, the treatment of data and bring about a series of ethical obligations to others within that community to further the collective intelligence of the whole. The digital sector's cultural and economic investment in PSB chimes well with the notion of such a moral economy, informing the way digital producers bring collective intelligence to bear on multiplatform PSB projects:

- The belief that it is inappropriate to monetise certain types of online community (IV30, 80, 99, 101, 105, FN);
- Editorial sensibilities that ensure sensitivities around moderation of user-generated content and ensuring balance of views (IV14, 87, 32, 38, 42, FN);
- Ethical approaches to user data, search optimisation and data protection (IV19, 30, 31, 38, 46);
- A collaborative approach to working with other companies in the sector, which might include sharing of software code with a competitor or providing free office space for digital start-ups in the belief that the overall health of the sector was vital to any individual company's fortunes (IV24, 99, 104).

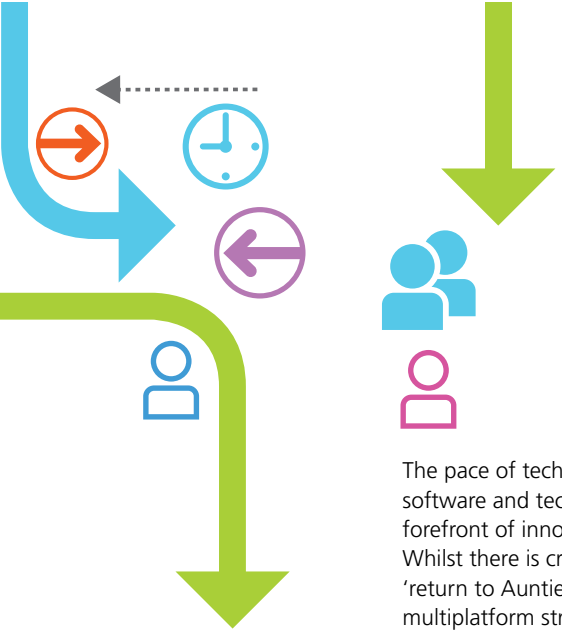
(b) Creative and technical innovation

Over one-fifth of interviewees felt that digital producers could best enhance PSB for a multiplatform, digital future by their emphasis on technical and creative innovation in the sector. Innovation was also a strong discourse in the way the television sector understood what it brought to PSB (19%). However, the creative and technical innovation of digital Indies is especially important, or distinct, because it is tied to their expertise developed across working with sectors outside of broadcasting. This can bring a different mind-set to thinking about PSB. For example, a number of digital agencies have extensive experience of curating museums' and galleries' archive collections, which yield technical skills and insights into online audience behaviours (IV1, 17, 24). Others aligned technical innovation with the ability to deliver value for money and efficiency and the potential to create new business models (IV14, 15, 81, 86).

> We believe in digital public service … Public purposes are best delivered online because of their participatory nature and personalisation. Digital Indies can bring digital innovations and applications. We can bring PSBs skills developed for other purposes, because our clients are not just broadcasters

(IV1)

[23] Jenkins, H. (2006). *Convergence Culture*. MIT Press.



The pace of technological change means that software and technical engineers are 'at the forefront of innovation' (IV3, 23, 27, 47, 82, 85). Whilst there is criticism of what many see as a 'return to Auntie' (IV33) with the BBC's current multiplatform strategy (see 13a), there is also widespread recognition that a commitment to experimentation has defined much of the PSBs' approach to multiplatform over the past decade (see 2). This aligns positively with the value many digital workers place on creative freedom when working with PSBs (see 1c). Although this investment in innovation by the digital sector and its relationship with the PSBs was positively seen to have led to 'inventing and innovating a hell of a lot of stuff' (IV15), it was also clear that innovation alone is insufficient to guarantee future multiplatform PSB investment (see 12). Nevertheless there is a widespread belief that PSBs have a 'responsibility to innovate' (IV86), both through in-house production (IV45) and in their relationship with independents and to have a strong presence in new technologies **(R3)**:

'The whole Reithian view of innovation [is important to PSB], if the BBC had done nothing when telly came out, we'd still be listening to the bloody radio' (IV51).

(c) Play and iteration

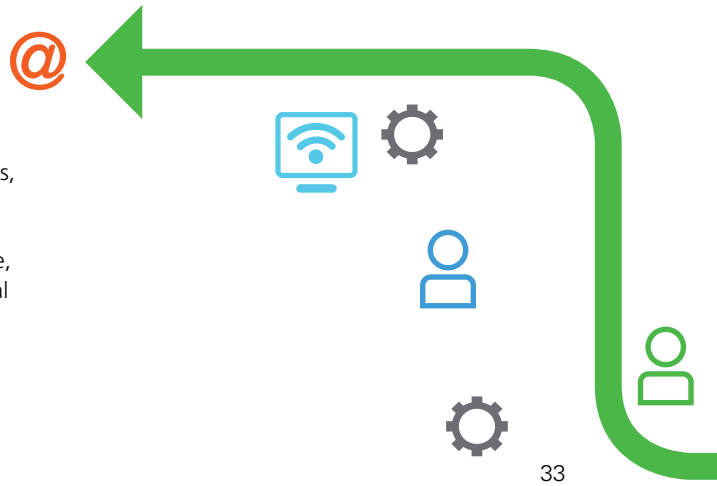
'The digital industry has made public service playful, interactive, it has enhanced impact [because] they can immerse themselves into it, they can share it with their friends … it is where the audience already is' (IV25)

The importance of play to digital media producers and agencies was apparent across three interlocking areas: as a work culture, as the culture of their audiences and as textual form – games themselves. 38% of interviewees from digital companies or divisions stated that gaming could fulfil PSB.

There was a strong emphasis in play as a work culture at digital agencies studied in our ethnographic work, which can enhance creative freedom in the sector (FN). Video game machines, table football, shared music and social spaces were all part of these production cultures that encouraged workers to come together and share, collaborate and learn through play. As one digital MD put it, digital producers will 'get together with the tools data and skills and play around and see what can be produced, that's very different to the attitude and values of TV production companies' (IV24). Such play is 'research and development' for digital production cultures that influences their view and relationship with their audience. As one digital MD commented, digital companies interested in specialist factual and factual production don't want to educate people through their production: 'Education is something that is done to people who are resistant … Inform, Educate, Entertain is Learn, Play, Explore in a digital mediascape' (IV26).

This led some interviewees to believe that an approach to multiplatform PSB could be enhanced through 'purposeful gaming' or 'meaningful gaming', which echoes the general belief in PSB as 'making a difference' (IV24, 49, 51, 72, 83). Such 'purposeful games' are distinct from the entertainment-led or casual games industry and might raise social awareness about issues such as sweatshops (LittleLoud's *Sweatshop*, for C4), foster better understanding of death amongst teenagers (Preloaded's *The End*, for C4), or the transition to high school (Somethin' Else's *Nightmare High*, for C4), or increase interest and understanding of maths in new audiences (Six to Start's *The Code*, for BBC).

This emphasis on play goes hand-in-hand with a production model based on iteration that promotes user-testing, listening and collaborating with the audience. Such an approach may act as a corrective to charges of 'paternalism' that have often been made of PSB (see 1a). As one former BBC senior executive argued, multiplatform PSB 'should listen hardest: empower your audience to be part of something' (IV29).



6. Significant barriers to quality, impact and efficiency in multiplatform PSB content creation remain

> Most of the people who commission programmes and people who make programmes are from the same silo … we all think as TV people. Multiplatform is the bit we splice on: most money comes from programme budgets by programme controllers who are looking at it as a television proposition. There is a silo mentality, multiplatform means "yes, where's the website?" But it's always bolted on to what you're doing. Still, the key decisions are TV driven
>
> (IV8)

Although most interviewees agreed that digital producers and companies could bring new modes of working and thinking to PSB, there are also significant barriers to such cultures having a widespread impact on the creation of multiplatform PSB. The most commonly held views of the barriers to multiplatform production are the differences in production cultures and timelines between television and digital media, compounded by the fact that multiplatform commissions have often been regularly 'tagged' or 'bolted on' to a television programme (IV1, 7, 8, 9, 14, 16, 26, 29, 34, 49, 55, 56, 64, 65, 66, 76, 92, 96, 97). As one commissioner admitted, 'the truth is, its TV first … somewhere later down the line we do multiplatform' (IV7). This leads to a situation where digital agencies, and the new modes of PSB they may bring with them, are placed at the end of the value chain and are less able to truly influence or lead multiplatform public service content forms. The barriers to successful multiplatform production, however, stem not simply from these production culture differences, but also from the institutional and commissioning structures of the PSBs, the lack of clear and shared metrics for multiplatform, and the different business models employed by digital and television production companies.

(a) Commissioning and institutional structures at the PSBs

Interviewees spoke of 'a massive digital/telly split: digital companies will go to the multiplatform commissioners, and the telly companies will go to the telly commissioners' (IV12). This leads to a situation where the 'prevailing economies favour TV' because television companies are given first refusal for supplying the interactive content for their programmes (IV19, 21, 23). Fundamentally, this split is based on the distinction between television's IP-based business and digital companies' work for hire model – with TV companies predominantly responsible for the supply of ideas into the PSBs (see 6c). However the separation, along with production budgets and commissioning processes that are 'completely weighted towards the linear schedule' (IV64, 70), tends to reinforce the position of digital agencies at the end of the value chain. This system was subject to widespread criticism that multiplatform ideas were always 'bolted on', and often commissioned once the television production was already underway. Whilst many agreed that a television-centric approach should inform the multiplatform PSB (IV20, 24, 89), there was also concern that such structures reduced the ability of multiplatform commissioners and digital producers to effectively influence their TV counterparts (IV1, 2, 7, 8, 9, 12, 14, 16, 17, 18, 23, 29, 36, 39, 55, 64, 81, 99, 101).

The situation at both PSBs is changing, with independents generally welcoming Channel 4's move to further integrate their TV and multiplatform commissioning team. Richard Davidson-Houston explained the current approach as an attempt to address this problem head on:

> Historically people working in multiplatform commissioning were always reacting to [television company] ideas. And that means digital companies are not responsible for the supply of ideas into the channel. We want to change this to increase the diversity of ideas into Channel 4
>
> Richard Davidson-Houston,
> Head of Channel 4 Online, Interview 09/05/2012

In contrast, the BBC has cut its dedicated multiplatform commissioner roles and prioritised a work-for-hire tendering scheme. Independents widely viewed the BBC's decision as creating uncertainty, a lack of IP opportunities and failure to harness the creative digital community's power (see 12). Within the Corporation commissioners admitted that whilst greater efficiencies may be created, they had also lost a great deal: not only an important skill-set with the removal of these posts, but the 'creative chatter' that might develop collaborative multiplatform opportunities as well (IV28, 33, 63, 71).

There were also additional problems identified with working in to the BBC's institutional structures related to the Corporation's technological infrastructures. One former BBC senior executive encapsulated wider frustrations felt across the independent sector (IV1, 3, 15, 19, 26, 36, 42, 46, 49): 'bbc.co.uk remains largely impenetrable to the indie community' (IV3).

(b) The lack of clear and shared industry standard metrics for multiplatform success

"Everyone's kind of reluctant to say [what the numbers for any project are] because what if you don't like what you get? A TV show has to get like … two million or you're fired. With multiplatform it's more, let's see what we can get"(IV49).

Prior to Channel 4's articulation of revised multiplatform targets (see below), producers suggested it was rare for a clear set of metrics to be established at the outset of a production or revealed by the PSBs at the end of a project (IV1, 44, 46, 49, 102). Despite the fact that digital technologies allow for greater levels of analysis, insight and granular detail 'that are impossible with TV', multiplatform producers have not been able to 'properly engage TV people with the measures of success' online (IV3). The commissioning structure of multiplatform means that, as one former multiplatform commissioner at the BBC put it, television producers and commissioners are always liable to be uninterested in online metrics because 'the Channel controller isn't counting multiplatform figures, they're counting TV overnights' (IV33). TV overnight ratings are all 'anyone ever cares about in PSB' (IV10), with the online figures for multiplatform projects often only a 10th the size of the broadcast audience. As one multiplatform producer reflected, 'if it's a numbers game we lose. No question. We don't just lose against *The Apprentice*, we lose against *Flog it*' (IV3).

Channel 4's 2011 announcement of criteria for multiplatform success is therefore a significant step forward for the industry. Primarily multiplatform commissions will be expected to increase TV viewing and fulfil distinct public service or commercial remits. Alongside these broad measures, success will be monitored across seven criteria:

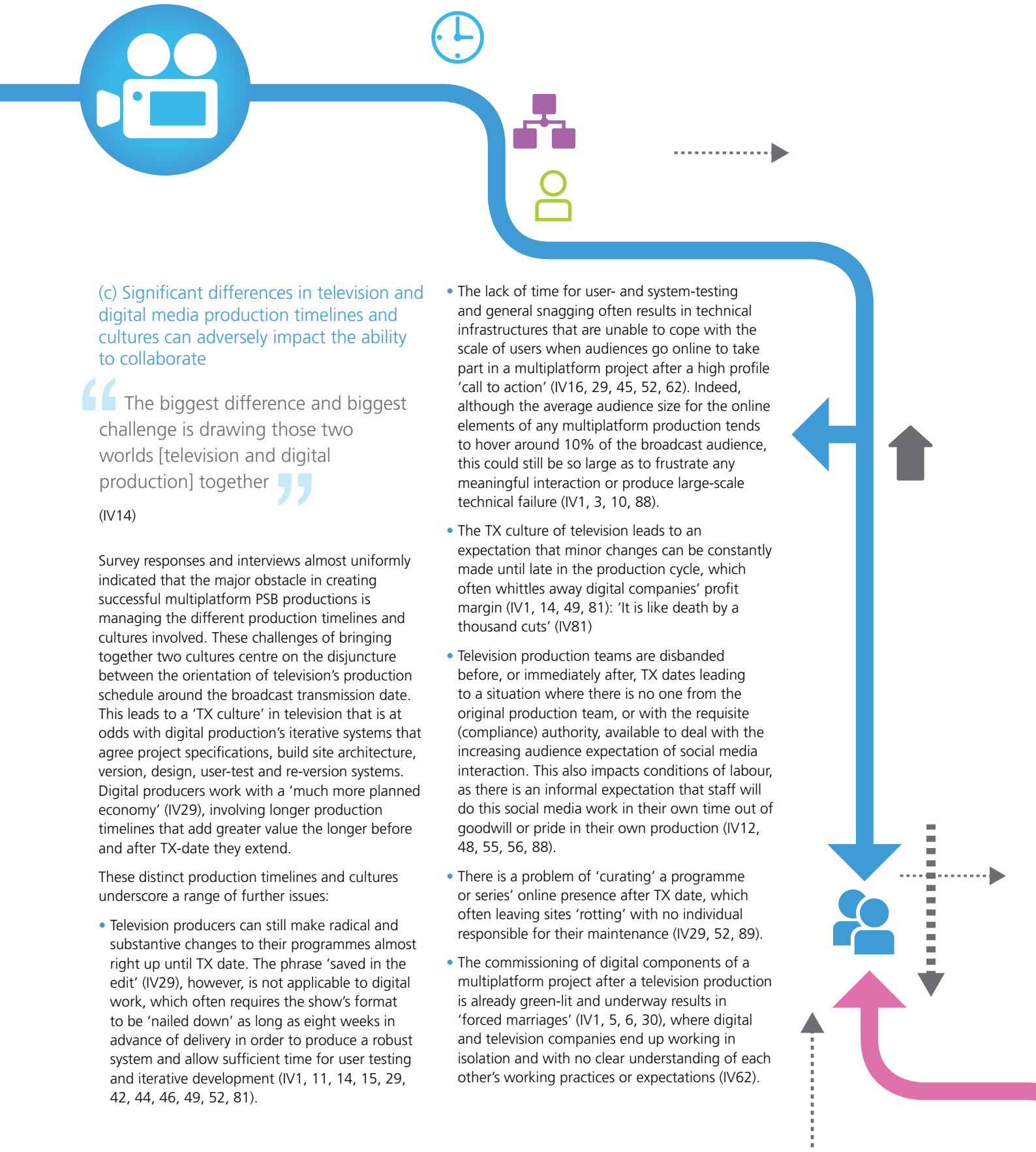
Quality: The editorial strength of the idea in conjunction with the usability and visual design of digital content and applications;

Coherence: The alignment of any digital aspects with not only the related television proposition, but also C4's wider digital estate;

Contribution: Digital propositions must make a *material* contribution to Channel 4's Commercial and Public Value measures, rather than be commissioned on the basis of innovation alone (see 13a). Contribution is often a mix of Commercial and Public Value, which may be generated at both the point of commission and at the point of consumption. Commercial Value may be direct or indirect.

Whilst there is still a need for an agreed industry standard of measurement that broadcasters, producers and advertisers can all share confidence in longer-term, there is evidence that the clarity in metrics provided by Channel 4 is reaping benefits already. Windfall and Lovely Media's co-production, *Foxes Live: Wild in the City 2012*, has been an early beneficiary of this strategy. Dubbed 'social natural history', the engagement created around asking users to help track urban foxes generated the second highest number of page views in Channel 4's online history, nearly 10,000 survey responses and a television programme that performed well above its slot average (IV89, 94).[24]

[24] Data from Lovely Media and Channel 4.



(c) Significant differences in television and digital media production timelines and cultures can adversely impact the ability to collaborate

> "The biggest difference and biggest challenge is drawing those two worlds [television and digital production] together"

(IV14)

Survey responses and interviews almost uniformly indicated that the major obstacle in creating successful multiplatform PSB productions is managing the different production timelines and cultures involved. These challenges of bringing together two cultures centre on the disjuncture between the orientation of television's production schedule around the broadcast transmission date. This leads to a 'TX culture' in television that is at odds with digital production's iterative systems that agree project specifications, build site architecture, version, design, user-test and re-version systems. Digital producers work with a 'much more planned economy' (IV29), involving longer production timelines that add greater value the longer before and after TX-date they extend.

These distinct production timelines and cultures underscore a range of further issues:

- Television producers can still make radical and substantive changes to their programmes almost right up until TX date. The phrase 'saved in the edit' (IV29), however, is not applicable to digital work, which often requires the show's format to be 'nailed down' as long as eight weeks in advance of delivery in order to produce a robust system and allow sufficient time for user testing and iterative development (IV1, 11, 14, 15, 29, 42, 44, 46, 49, 52, 81).
- The lack of time for user- and system-testing and general snagging often results in technical infrastructures that are unable to cope with the scale of users when audiences go online to take part in a multiplatform project after a high profile 'call to action' (IV16, 29, 45, 52, 62). Indeed, although the average audience size for the online elements of any multiplatform production tends to hover around 10% of the broadcast audience, this could still be so large as to frustrate any meaningful interaction or produce large-scale technical failure (IV1, 3, 10, 88).
- The TX culture of television leads to an expectation that minor changes can be constantly made until late in the production cycle, which often whittles away digital companies' profit margin (IV1, 14, 49, 81): 'It is like death by a thousand cuts' (IV81)
- Television production teams are disbanded before, or immediately after, TX dates leading to a situation where there is no one from the original production team, or with the requisite (compliance) authority, available to deal with the increasing audience expectation of social media interaction. This also impacts conditions of labour, as there is an informal expectation that staff will do this social media work in their own time out of goodwill or pride in their own production (IV12, 48, 55, 56, 88).
- There is a problem of 'curating' a programme or series' online presence after TX date, which often leaving sites 'rotting' with no individual responsible for their maintenance (IV29, 52, 89).
- The commissioning of digital components of a multiplatform project after a television production is already green-lit and underway results in 'forced marriages' (IV1, 5, 6, 30), where digital and television companies end up working in isolation and with no clear understanding of each other's working practices or expectations (IV62).

> There is a lack of understanding, which sometimes leads to a lack of respect for the abilities of the different roles in cross platform projects. Both sides need to go in with understanding and appreciation for what everyone is doing (IV14)

- The commissioning of multiplatform elements is inefficient, preventing true sharing of assets during production and often resulting in duplication of effort (IV15, 29),

Interviewees agreed that major problems occurred not simply due to the disjuncture in timelines, but because of a lack of respect (IV14).

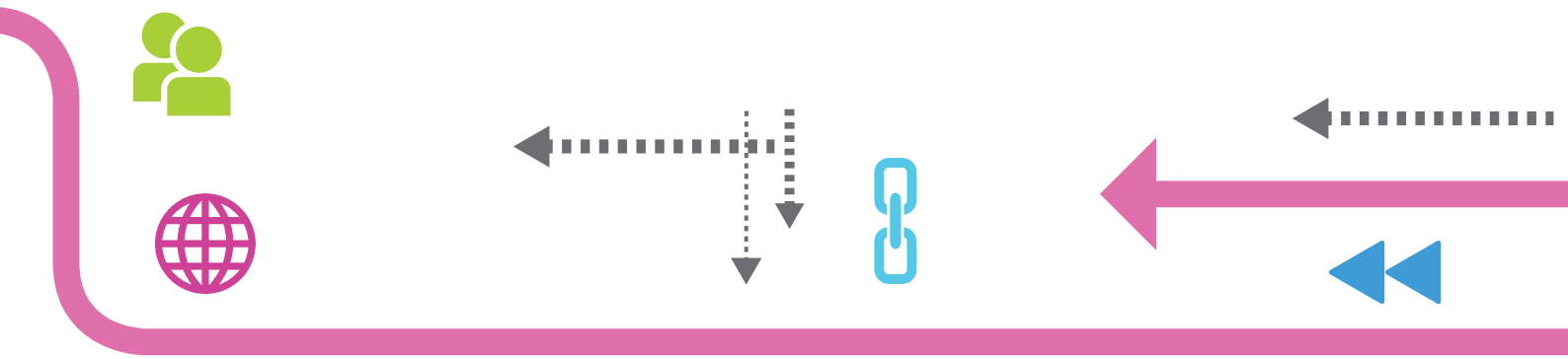
In particular, the primacy placed on television in terms of commissioning process, production budgets and emphasis on TX date can often combine with a derisory view of digital companies' 'work for hire' business models. This can 'confirm prejudices' between production cultures, whereby digital companies and producers are viewed as 'flash monkeys' (IV72), or gaming considered 'too trivial' for PSB (IV28). Equally, digital producers erect barriers between those who 'get' multiplatform (IV29, 52, 99, 104, FN), and those don't, with television producers often relegated to the position of 'dinosaurs' (IV54). This can impact adversely on the ability to form lasting partnerships, with survey respondents indicating that they work in partnership in less than half the multiplatform projects they have produced. One television company spoke of changing their digital partner every season for a multiplatform format now in its third year (IV43). For them finding the right digital agency which had the right chemistry and was 'in tune' with their own ethos and approach was 'the biggest challenge' (IV102).

Training in multiplatform therefore can address not just technical skills but the production culture differences that require understanding of the varied languages, production processes and business models across television and digital media (see 11). Most interviewees emphasised the need to partner-up early and over the long-term, to communicate often and agree rights early on to avoid such issues **(R8)**.

(d) Lack of development culture in digital agencies

Related to the barriers caused by the different ways TV and digital companies work are their distinct business models. 37% of survey respondents specified that less than 10% of their multiplatform work is IP-based. Similarly, the majority of digital companies interviewed indicated that their business is based on a 'work for hire' model, responding to tenders and charging a day-rate fee, with some companies indicating that at least 90% of their business was based on this model (IV62, 81). This structure means most digital agencies don't 'have time to pitch original ideas because we're too busy doing other things – we don't have a development team whose job it is to think about these things' (IV14). This lack of development culture is instrumental in placing digital agencies at the bottom of the value chain in terms of influencing the shape, form and meaning of multiplatform PSB content. Commissioners find it relatively rare for digital companies to pitch ideas. When they do, digital agencies discover they are up against TV companies for whom 'pitching is their day-job' (IV16), leading many in the sector to perceive digital agencies as 'problem solvers' and providers of 'creative solutions' rather than able to lead, pitch and sell an idea (IV21, 33, 82, 89).

Moreover, this business model reinscribes a 'master-servant' (IV51) relationship, which not only results in 'TV indies squeezing the digital indie' economically (IV20), but also adversely impacts the ability to develop an IP model for the digital sector. Moving away from this model was expressed as an aim of many digital agencies (IV1, 14, 15, 19, 26, 31, 49, 51, 62, 81, 86, 104). This had been achieved by some (see 8), which they characterised as a 'painful transition' (IV51), but ultimately worthwhile because there was 'no future in companies that just work for hire' (IV86) **(R7)**.



7. The 2003 Communications Act, whilst increasing revenues and profitability, may have also increased tensions between profit and public service in independent television production

The 2003 *Communications Act* has undoubtedly been a key driver in the role TV independents have played in the success of UK plc (see 3). Pact's 2011 analysis suggests that revenues derived from UK exports doubled in the five years subsequent to the passing of the Act and 2004's agreement of terms of trade.[25] The importance of UK PSBs in TV independents' business models may therefore be decreasing: since 2004, the share of total UK independent producer revenue generated from UK primary commissions has fallen from 72% to 63%.[26]

International success may also, however, threaten to undermine the PSB compact that makes UK content unique. This finding extends two previous research reports conducted by Kings College London and the BBC, which found concern in the independent sector that an emphasis on international sources of finance 'could compromise public service objectives on occasion'[27] and challenge the 'joint interests [between broadcasters and producers] to maintain UK specific, high production values'.[28] Interviewees expressed concern that the exposure of independents to greater risk and the requirement to find other forms of financing – often in the shape of producing formats and/or negotiating overseas sales of programming or co-production deals – has 'contributed to a crisis' in specialist factual and factual (IV73), which places greater strain on production budgets, the PSB motivations of the sector, and the creation of specialist factual programming in particular.

(a) Greater pressures on production budgets risks independents' investment in PSB

38% of interviews with television independents suggested that it has become harder to create factual/specialist factual public service content and reconcile this with the need to make a profit, whilst only 23% considered it to have become easier. There is a growing pressure on production budgets, with Pact's 2012 census indicating a diminishing profitability across the entire independent television sector. In factual production there has been a growing disjuncture between diminishing budgets and increased output hours. Ofcom's 2012 report on PSB spending indicates expenditure on first-run originated factual output decreased from £536m to £448m from 2006 to 2011, experiencing a slight rise from 2010-2011 (£9m) to counter an overall trend that has seen spending decrease 16% over the five year period.[29] At the same time, the number of first run origination hours has actually increased in the genre from 4781 to 5809. In specialist factual, spending similarly decreased from £253m in 2006 to £186m in 2011 whilst hours continued to increase, from 4257 to 4689. This trend is mirrored across all other genres in the sector apart from feature films: an 8% drop in UK PSB investment in programming to £2.8bn was accompanied by a paradoxical increase in first-run programming hours: from 31,872 to 32,167 in 2011. This indicates both an increasing pressure on budgets and on the need to find international co-productions and sales deals, both of which could undermine Indies' cultural and economic investment in PSB.

These trends make producing PSB content particularly hard for 'smaller enterprises … Budgets are getting smaller … the whole time it's a question of reducing costs' (IV57). This leads to a potential reduction in focus on PSB, a 'dumbing down' of quality in specialist factual and a deskilling in its production (IV2, 18, 39, 67, 68, 73, 74, 77, 78, 91, 95) (see 14).

These changes are not solely attributable to the *Communications Act* and terms of trade. However, many felt that changes were underpinned by the Act's emphasis on competition and profitability within the sector. This has led to consolidation in the sector to achieve economies of scale and a consequent focus on formats (6b). In particular, we encountered a number of instances where, either in an attempt to position a company as a more attractive acquisition or as a result of a company's purchase by a Superindie (IV18. 76), there had been a refocus in programming away from blue chip documentary to factual-entertainment: 'the fatted calf was being prepared', as one interviewee put it (IV76). Consolidation also directly impacted the experience of production, with directors and producers complaining that the production budget and editorial control were no longer in their hands, but in those of the accountants and shareholders (IV74, 77). As a producer who had worked across the sector commented, it is 'difficult to get [growth] without suddenly realising that you have gone down the [format] line … to make something a bit more, kind of, you know, trashy' (IV75).

> "It gets harder and harder to communicate what's actually going on in science, history, specialist factual … We spend most of our time retelling very familiar stories so you spend all your time looking for some minimal twist"
> (IV67)

[25] Pact, (2011), p. 11.
[26] Ibid. p. 13
[27] BBC (2008), p. 103
[28] Nikolychuk, L., et. al. (2008) *UK Independent Television & Film Production Sectors: Exploring New Collaborative (Business)* Models, p. 11
[29] Ofcom, (2012)

(b) Co-production, overseas sales and emphasis on formats can limit focus on PSB

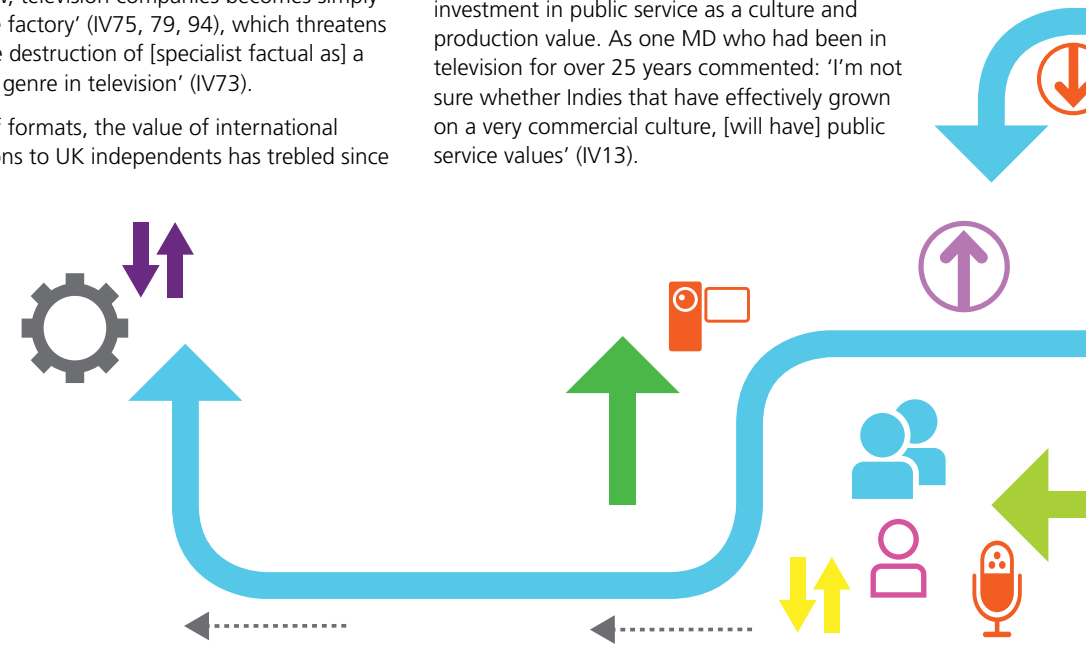
The UK is the largest exporter of television formats in the world, with the independent sector contributing 72% of the UK's formats in 2009.[30] Whilst the economic value of such exports is clear, many felt there were significant costs attached to the growth in importance in formats and other overseas sources of finance. In particular there was concern that the 2003 *Communications Act* had led to an emphasis on formats, which can compromise the ability to produce PSB output by:

- Providing for less exploration of difficult issues in 'singles' (IV12)
- Impacting on development of new talent in the industry because story-telling becomes formatted and creative freedom limited (IV78)
- Increasing pressure on production ethics (IV79)
- Reducing the opportunities, scope and scale for original documentary production (IV91)
- Being incompatible with programming that 'made a difference' (IV68)
- Shying away from topics or approaches that might harm the reputation of a company in overseas markets (IV97)

In this view, television companies becomes simply 'a sausage factory' (IV75, 79, 94), which threatens 'wholesale destruction of [specialist factual as] a successful genre in television' (IV73).

Outside of formats, the value of international commissions to UK independents has trebled since the passing of the 2003 *Communications Act*, rising from £215m in 2004 to its current £652m. Growth in the independent sector, according to Pact, is now largely driven by international revenues, which account for £771m of total £2.2bn sector revenue in 2012 (35%).[31] This reliance on international co-productions and commissions provoked wide concern that public service objectives could be compromised. As one BBC commissioner suggested, 'we are experiencing [tensions] all the time' between the commercial drive of an overseas co-financing deal and the PSB requirements of the Corporation. For this commissioner, the brand-halo of the BBC that other funders were buying into helped to mitigate against commercial pressures, but 'there is not always a meeting of minds' (IV63). Conversely, one producer thought that exporting programmes does 'more to inform an audience worldwide … that is perfectly public service broadcasting; we live in a capitalist society: business is never a dirty word and shouldn't be' (IV60).

Finally, given the prominence of 'the national' in regulatory and institutional approaches to PSB, we suggest that its surprising absence from the way interviewees in the independent sector understood PSB may be closely linked to this focus on international sales and formats. The increasing importance of non-PSBs as commissioning sources may therefore impact on independents continuing investment in public service as a culture and production value. As one MD who had been in television for over 25 years commented: 'I'm not sure whether Indies that have effectively grown on a very commercial culture, [will have] public service values' (IV13).



[30] Pact, (2011), p. 14
[31] Figures from Pact Census, 2012

8. Rights remain an important and unresolved issue for multiplatform producers

Ofcom's 2006 review of the television sector found that, in relation to new media rights, there was 'broad agreement that it would be preferable to agree the detail of a new framework through commercial negotiation rather than through Ofcom intervention (although there was some scepticism whether a commercial agreement was in fact possible)'.[32] Although Terms of Trade for VOD and windowing have now been agreed with the PSBs, the scepticism Ofcom noted about new media rights more generally appears to have been well-founded. Digital rights attached to multiplatform work remain subject to negotiation on a 'case by case' basis, which inhibits shared learning (IV14, 15, 19, 24, 51, 80, 82, 86). The lack of industry standards in multiplatform rights is underpinned by three interconnected issues:

- Funding
- Balance of power
- Exploitability of rights

In contrast to television commissioning, PSBs tend to fund 100% of multiplatform work on any given commission (IV1). As a consequence, most independents see PSBs' approach to rights as aggressive, 'trying to own all the rights', or take a licence over a five-to-seven year period that made the return of those rights 'meaningless', with negotiations always favouring the broadcaster (IV1, 14, 15, 19, 24, 26, 31, 49). This often left producers feeling that their work was under-valued:

> 'Nine times out of ten you'll sign something and part of your contract is you have no rights at all to anything. Anything you invent is owned by [the broadcaster] forever and you know, "thank you very much, here's £3.70, now fuck off"' (IV15)

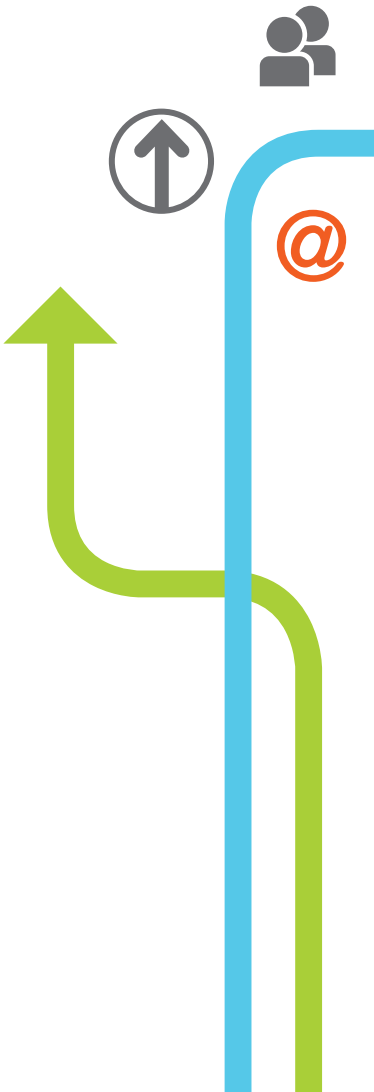
However, there is also contestation as to exploitability of those rights, with many stating that they had little, or no, value (IV3, 10, 20, 24, 46, 50, 51, 59, 62, 67, 70, 80, 81, 89). Nevertheless, the effect of the current regime is to re-inscribe the 'work for hire' model of the digital sector, which may impact negatively on digital agencies contribution to the economics and culture of PSB (see 5). The 'locking up' of digital rights in the current model can lead to a situation where PSBs and independents 'both lose out' (IV86) on any possible further exploitation of IP. Given the iterative modes of development that operate in the digital economy, this may have significantly adverse affects on the industry and UK plc as a whole **(R7)**.

It should be noted that C4 and Pact are currently negotiating such terms of trade in a move many interviewees welcomed as building on a shift to a more open stance by C4 since 2011. Any new terms of trade or regulation will need to take account of the following points:

(a) Digital rights have proven difficult to exploit

Multiplatform, and online in particular, is 'inherently very difficult to monetise' (IV104). Salutary lessons can be learned from a number of television companies which have attempted to build in-house digital media teams, appointing heads of 'New Media' and digital producers, only to find that these ventures were financially unsustainable (IV2, 8, 18, 34, 58, 67). Even those who had successfully monetised multiplatform work advised that it was virtually impossible to do so 'from a standing start now', as it required large overheads and long term investment in skills and cultures that weren't immediately offset by monetary rewards (IV105). Survey data confirmed these difficulties: only a fifth of respondents indicated they had been able to exploit multiplatform IP in secondary markets.

The difficulty of exploiting digital rights is compounded by what many BBC interviewees saw as an inherent tension in the blurring of commercial and public service boundaries in online spaces (IV3, 10, 64, 69, 70). This was further complicated by instances where public sector institutions or commercial players were working in partnership with the PSB, making 'rights a minefield' (IV6). Many interviewees, however, felt the BBC should be less constrained in this area, likening the situation to commercial books sold through BBC Worldwide (IV1, 25, 51, 86, 105). It was welcome, therefore, that the BBC is creating journeys from 'its public service space, in a neutral way and with very clear signposting, to the commercial space' (Bal Samra, Director, BBC Rights & Business Affairs / Director, Vision Operations, Interview 31/01/2011).



[32] Ofcom, (2006), p. 10.

> Digital companies can't have it both ways. So there's going to have to be a compromise. But I would always do something at cost and retain IP rather than do something at a huge profit and have no IP
> (IV86)

(b) A new rights model for multiplatform that returns rights to producers must be balanced against the threat to the PSB compact it might entail

For those who saw digital rights as a new potential stream of revenue, there was a strong feeling that PSBs weren't using 'these multiplatform rights [and therefore] need to give them back to the producer' (IV25). In particular there is frustration that the current lack of agreed standard terms of trade leads to an impasse with IP completely unexploited by either broadcaster or indie. Companies spoke of extremely lengthy negotiations with both PSBs that made little progress and were still unresolved even at the point when the associated programme was broadcast (IV6, 19, 86, 99, 104). This leads to a situation where digital agencies, in particular, don't 'really feel empowered whatsoever legally in a multiplatform scenario' (IV19). This lack of standard terms and legal protection is likely to continue to act as a strong barrier to the establishment of an IP-based model for digital agencies and multiplatform public service productions, with the balance of power in favour of the broadcasters. Such a model may be further inhibited by digital agencies' lack of familiarity with an IP and development model (see 6d) and the powerful disincentive of lawyers' fees to develop such a model (IV14, 15, 19, 81, 86, 104).

Despite these obstacles and the lack of widely shared business models, a large number of companies expressed a view that the value of rights would not be fully understood or exploited until they were put in the hands of digital producers. The lessons from the television sector's experience of the 2003 *Communications Act* in this regard are clear: digital agencies have to accept more risk and lower production fees in exchange for retaining rights and making money further down the line.

However, the lessons from the television sector also suggest that such a standard rights arrangement may also threaten the fragile PSB compact.

For example, if a deficit-financing structure accompanies such a rights model, this would almost certainly affect the way digital agencies worked on PSB commissions (see 6). As one company, vastly experienced in multiplatform production, explained:

> It would change our thinking about how we have to commercialise something from the start, how to monetise it in other territories, how do we make money from those to make up that shortfall, so I am hoping that it doesn't go that way
> (IV105)

Similarly some PSB commissioners were more comfortable that there was no conflict between PSB and profit in multiplatform production when it was based on a work-for-hire model (IV69). Moreover, there is also evidence to suggest commercialising digital IP overseas may be further complicated by the fact that many US broadcasters, the largest market for UK format exports, expect to produce any digital elements in-house.

Clearly any rights agreement will need to strike a delicate balance. It is, however, encouraging that digital agencies have a strong commitment to PSB (see 1 and 5), which has not been undermined when individual companies have won the 'fight for rights' (IV86) in multiplatform public service production (see 8). Outside of the production of factual content, the Digital Fiction Factory partnership between Creative England, the BBC, Channel 4 and Conker Media offers a valuable model for generating long-term success and return in multiplatform IP formats. Recommendations 4 and 7 propose further ways to increase the exploitation of rights as well as safeguard the PSB compact **(R4, R7)**.

9. Business and production models for multiplatform content remain unclear, but some important examples suggest a future for commercially viable multiplatform public service content

> There's a clear funding structure for TV. That's why it's still got the gravity: You pitch a show, you make it and you keep the rights. Who doesn't want that model? We're clinging to it as long as we possibly we can
>
> (IV17)

> We haven't got a model that works, but we really haven't got a TV model either, which is clearly understood
>
> (IV1)

The difficulties in exploiting digital rights and the strong pull of the television-funding model, aligned to its more well-defined metrics of success, inhibits the development of widespread business and production company models for multiplatform. However, new production and business models are emerging in which multiplatform is a significant revenue stream.

Over half of all companies surveyed (59%), and nearly all companies interviewed, had worked on multiplatform productions in the last 5 years. Figure 5 shows 42 Pact members provided detailed information on their revenues from multiplatform work over the past 5 years via our survey. Collectively they indicated that just under £30million pounds in revenue had been generated by multiplatform work. This may appear relatively minor in the context of a £2.8bn industry. Indeed, for over 2/3rds of these companies, multiplatform work represented between just 1-10% of their company's turnover. However, within this sector there was a significant group of companies for whom multiplatform work represented over 50% of their turnover – with eight companies responsible for revenues in excess of £10m. These companies tended to be smaller, with 5 companies experiencing under £1m annual turnover. All of these companies indicated that at least 10% of their multiplatform work had enabled rights retention, with 2 companies specifying that they had retained rights in over 70% of their multiplatform work. Broadcasters remained the predominant commissioners of such content, but many also indicated brands and TV production companies as the main sources of multiplatform work.

A number of examples indicate that it is not only possible to generate substantial profits, but also do so in a manner that is commensurate with PSB. Although it is largely felt that the BBC's approach reduced opportunities for IP work (see 11), there is a strong sense that Channel 4 is willing to back the development of new models, with on-going negotiations on terms of trade seen as a positive step by most digital agencies interviewed. As one C4 commissioner reflected on the difficulties Indies had in making multiplatform work as a business and public service proposition:

'We need to work closely with production companies to crack it, and make sure it's commercially viable' (Kate Quilton, Channel 4 Multiplatform Commissioning Editor, Factual, Interview 18/01/2012).

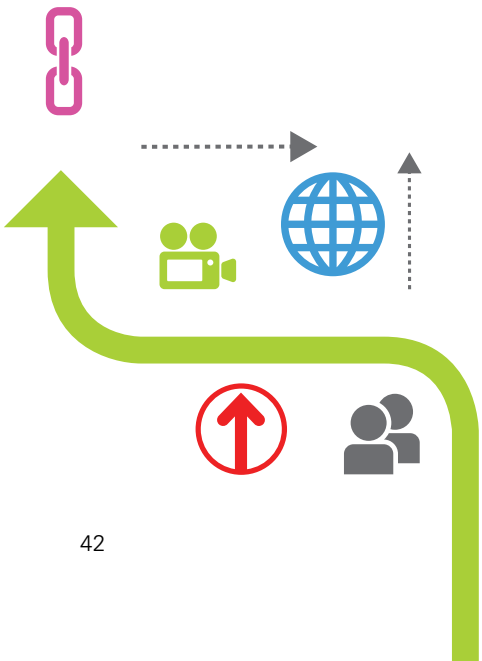
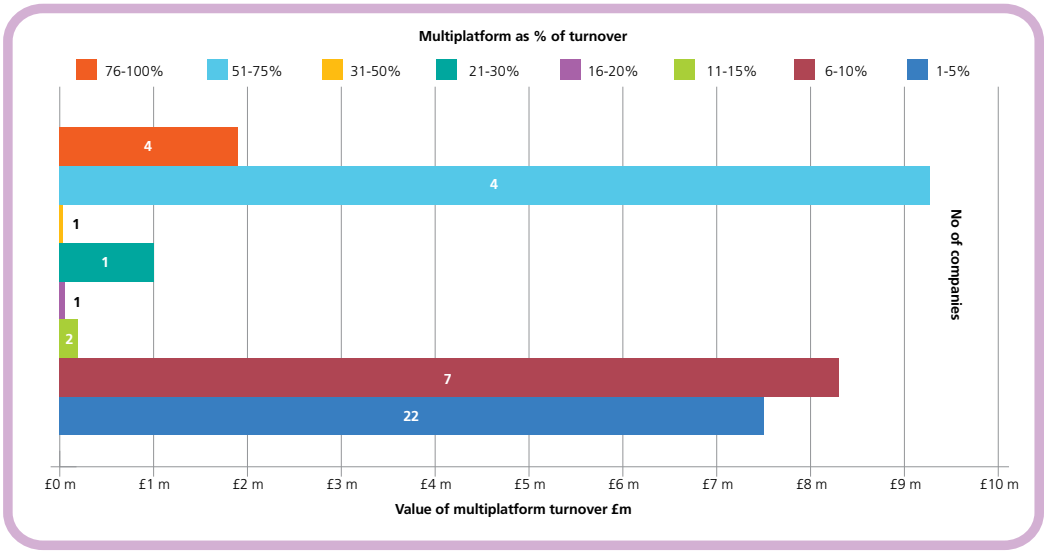


Figure 5: Multiplatform turnover as % of profit for independents



a) New production company models are emerging

Four new production models were apparent across the sector:

1.TV with in-house digital divisions

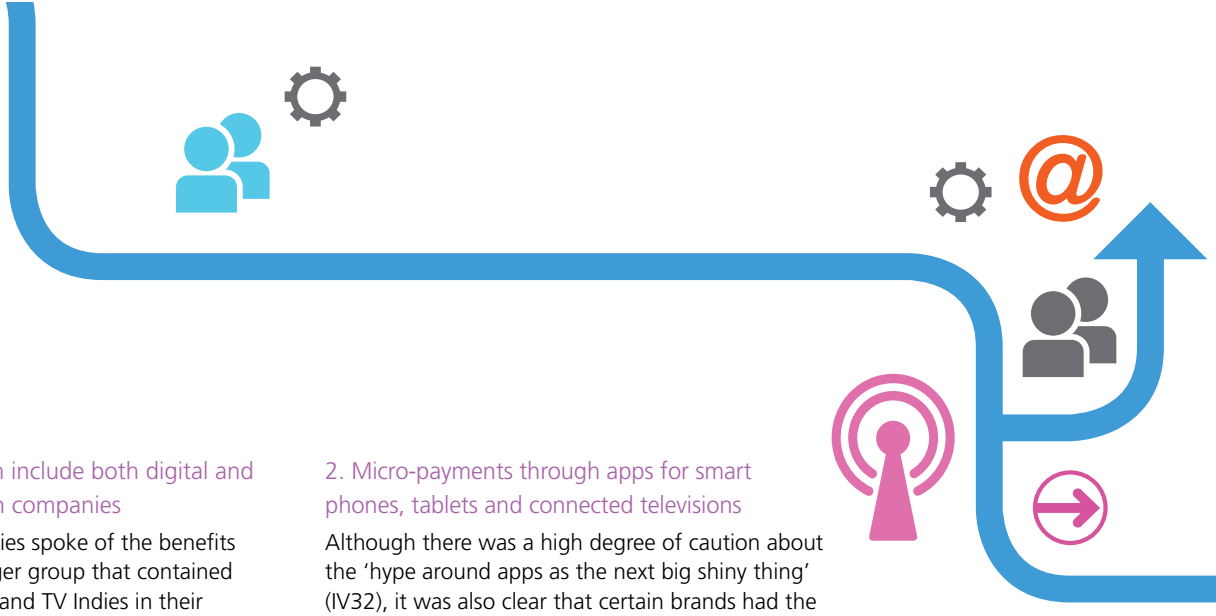
'There is no model where the two things (television and digital) sit in the same company very happily' (IV4). But this picture is rapidly changing: 17 television companies in our survey indicated they now had digital divisions employing approx 3-5 people on average, including one company with an in-house digital games department. 65% of these companies had turnover in excess of £5million, with multiplatform accounting for an average 6-10% of this figure. As our case study of Keo suggests (see 9b), companies with in-house digital are producing new business models for multiplatform public service content.

2. On-going partnerships

On-going partnerships were rare across the sector (see 5), but a number had fostered long-term relationships through a collaborative approach. 10% of survey respondents indicated their multiplatform work had come from on-going relationships with television production companies, with all of these relationships enabling the digital producer to retain IP. Digital companies also found innovative ways to facilitate collaboration; for example, providing free office space for digital start-ups in exchange for their creative input and an agreement to 'partner-up' in ways that could expand each companies skill-sets and business opportunities (IV104). Another television company with an in-house digital team spoke of building a network of partnerships in response to the frustration of having experienced 'forced marriages' between TV and digital agencies created by commissioners. Instead, they had developed a commitment to working with other television companies from the development phase under a non-disclosure agreement in order to foster long-term collaboration (IV105).

3.Hybrid multiplatform companies

Whilst there were 4 digital agencies that had in-house video production departments, it is notable that our list of interviewees includes one from a 'hybrid' company, which steadfastly refused to be characterised as a TV Indie with a digital in-house team, or a digital agency with video production skills. Instead, The Connected Set is a cross platform content creation company building formats for broadcasters and cultural institutions. The business model of the company is closer to that of a traditional TV Indie, with 90% of their work based on IP and 40% of their working week devoted to development, because 'you can't scale a company in work for hire long-term' (IV86). The company's work is spread across gaming, mobile phone applications, web sites, social media and television and is funded by broadcasters, the public sector, publishers, museums and galleries as well as television companies. Uninhibited by a predominantly broadcast or digital production culture, The Connected Set specialises in the convergence of TV and web. The company invokes a range of innovative models for monetising their work through formats, licensing and open models of distribution.



4. Superindies which include both digital and television production companies

A number of companies spoke of the benefits of belonging to a larger group that contained both digital agencies and TV Indies in their portfolio. Some, like Zodiak Media, have a dedicated digital hub that would partner with TV companies within the group to create digital solutions to existing TV formats or work collaboratively to build new concepts.

(b) New business models for monetising multiplatform content are emerging

Whilst multiplatform work may predominantly have been funded 100% by the PSBs, at the end of exclusive license periods or through separate negotiations, some companies had developed new revenue streams from their work:

1. Formats and licensing

A number of digital companies felt that 'digital multiplatform formats that bring together TV, radio and pieces of content to be used interactively' (IV24) were emerging, which would replicate 'the television format idea, [taking] the brand bible to another country and charging a fee' (IV31). A growing reputation in multiplatform work enables digital agencies to plug into the more development-orientated cultures of TV companies in order to produce 'jointly developed formats' (IV14). Although working within formats could be creatively restricting (see 7), mixing television's format modes of production with digital's iterative processes could enable companies to grow multiplatform experiences into bigger, more complex and successful brands (IV32). In turn, the knowledge and technical infrastructure could be deployed across a company's output (IV14, 26, 31, 32, 49, 86).

2. Micro-payments through apps for smart phones, tablets and connected televisions

Although there was a high degree of caution about the 'hype around apps as the next big shiny thing' (IV32), it was also clear that certain brands had the power to stand out in the 'crowded marketplace' (IV51). For Maverick, although 'there was a very public service reason' to keep *Embarrassing Bodies'* My Mole Checker app free in the UK, it is possible to develop 'different models for different countries (Dan Jones, Head of Multiplatform, Maverick). Keo has also developed a subscription model for its *River Cottage* brand, and Fresh One a micro-payments model for its *Jamie Oliver* recipe apps. All these models required initial public service investment and a brand that remained commensurate with public service values.

3. Open source distribution

Given the difficulties in exploiting digital rights, some producers had embraced these uncertainties as a distribution model. Preloaded's 2009 game commission, 1066 for Channel 4, was designed to encourage primarily teens and young males to get interested in history, but had much wider impact as a result of this open-source philosophy:

> "Our distribution plan was to allow it to be pirated, to be ripped and for people to put it on their own sites. But all the data came back to one central point. And it worked, because over 30million people have played the game worldwide. As a distribution model its awesome"
>
> Paul Canty,
> Managing Director Preloaded, 08/08/2011

Both Channel 4 and Preloaded recognised that whilst the majority of these plays didn't fulfil the PSB mission of the project, they enhanced the game's reputation and in turn drove up plays amongst the key target demographic. For Preloaded, the experience of 1066 significantly enhanced their own brand enabling them to win new work and gain a global audience for their games.

Case Study

Keo: Multiplatform business models

Keo (**www.keofilms.com/)** describes itself as an 'integrated broadcast, commercial and online production company', which has been making PSB content for over 15 years. Interviewees at Keo described a 'Keo ethos' (IV31, 38, 39, 75), characterised by work that has 'something to say [and] a reason to exist beyond achieving ratings'. In 2009, Keo Digital was established, taking this ethos into the production of sites and apps.

According to Nick Underhill, Keo Digital's Managing Director, their multiplatform business aims to make its sites 'sustainable': in terms of profit, community and the longevity of PSB ethos. Initially funded by Channel 4, Keo has developed two multiplatform models balancing public service and profit:

1.Campaigning communities

Keo, with Channel 4, has been at the forefront of new modes of multiplatform 'campaigning' productions:

- 2009's *Chicken Out* campaign mobilised 180,000 people to improve the treatment of broiler chickens and the labelling of chicken in supermarkets.
- 2011's *Fish Fight* campaign saw over 800,000 people sign the petition against EU fishery 'discard' laws and eventually a European Commission recommendation to change EU law itself.

At the end of these television campaigns, however, it is difficult for Indies to walk away from these communities and causes (IV20). Underhill explains that Keo works with NGOs operating 'in this space long term to then take that campaign over', agreeing a contract that retains brand identity, and a set of commitments that retain Keo's credibility.

This makes business sense for Keo, as their on-going relationship with the community means that 'if we want to publicise something which is related, we are able to reach that audience and that database that we have built'. With a unified technical platform across their multiplatform work, Keo are already able to reach nearly 2 million users.

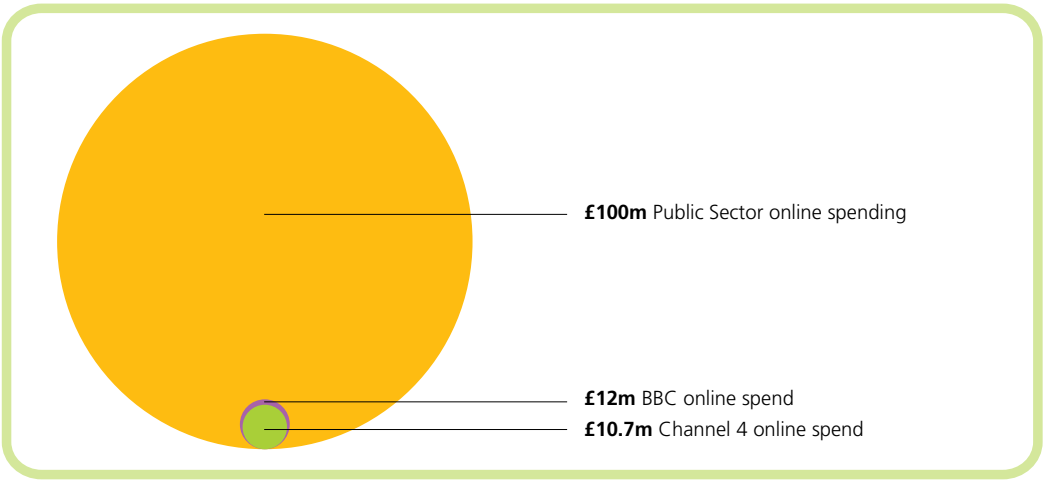
2. International licensing

Landshare is an online community fostering collaboration between people with a passion for home-grown food, connecting those with land to share with those who want to cultivate food. Built in connection with Keo's River Cottage brand, it has over 69,000 members in the thriving UK Landshare community. This success enabled Keo to license international versions of the site to Australia and Canada, further expanding this community. Keo provide its international partners with all the technical expertise, knowledge and infrastructure for a low up-front fee. Underhill explains that this provides Keo with an opportunity for a 'global response', shares in overseas sponsorship deals and the potential for television commissions that effectively 'turn the TV model on its head'. Underlying the license is a set of KPIs and safeguards that ensure their international partners are able to fulfil the ongoing PSB commitments of the format.

10. New investors in UK content challenge, but may also complement, the central role of PSBs in the creation of unique UK multiplatform content

Beyond the cultural imperative for PSB that some indies felt, the PSB compact has historically been driven by the economic conditions of a 'pretty oligopolistic market dominated by the public service broadcasters, [which mean Indies] don't have that many places to go' (IV2). However, particularly with the growth in multiplatform, multichannel and overseas opportunities, the marketplace is beginning to change. According to COBA (Commercial Broadcasters Association), commissioning of UK television indies by cable and satellite channels has trebled since 2004. Nevertheless such investment has increased relatively slowly, growing just £30m in the past 4 years, from £402million in 2008 to £432million in 2011. In this regard, more might be done to promote greater competition for UK PSB content **(R6)**. Whilst television production therefore remains largely dominated by the UK's five main PSBs, which invested £1.3bn on first-run originated output in 2011, 'the supply and demand metrics in an online multiplatform arena … are as wide as it goes and international' (Bal Samra, Director, BBC Rights & Business Affairs / Director, Vision Operations, Interview 31/01/2011).[33]

Figure 6: Estimated multiplatform public service market



Importantly the growth in commissioning sources for both television and digital media companies was not simply commercial rivals to the PSBs, but also public sector clients, such as NGOs and government departments, as well as cultural institutions like museums and galleries.

(a) New commissioners of multiplatform public service content are emerging

Over half (19/36) the companies interviewed across television and digital media work with other public service organisations and cultural institutions. Estimates suggest that the investment in digital and multiplatform content from UK public sector institutions was between £80-£100m pounds per year (IV50, 71). In this marketplace the BBC characterised itself as 'a relatively marginal player' (Bal Samra, Interview 31/01/2011), whilst C4 described this spend as 'twice the annual budget of E4' (IV50) (see figure 10a). New sources of multiplatform commissioning are greatly expanded by the international market for such public service content, with UK independents working with established museums and galleries such as MoMA, British Library, Tate, as well as charitable organisations, such as the Wellcome Trust.

In contrast to the majority of television companies who felt that it had become harder to make PSB productions (see 7a), there are a significant number of television and digital companies which welcome the diverse array of potential clients that now commission public service orientated content. Thus, although it may be 'more complicated' to finance such productions, 'what we can do now, in many different ways, makes things a much richer, more diverse cultural media context than it's been at any other point, without question' (IV4). In particular, many television and digital producers are enthusiastic about the role galleries and museums are playing in increasing competition for public service content: 'public service content provision has become a hell of a lot more competitive than it was before' (IV40).

Moreover, many felt it was easier to work for these public and cultural institutions than the PSBs, because such commissioners had more

[33]Figures from COBA, *Investment in UK Content*, 2011; and Ofcom 2012 *PSB Report*. A figure that will be further bolstered by Sky's commitment to spend £600m on UK content by 2014.

defined remits, 'clarity of purpose' (IV17) and were unencumbered by the 'baggage' of broadcast production cultures (IV1, 14, 17, 19, 24). This competition may be beneficial for PSB, as such online organisations have 'as much right to determine what the public space is in a multiplatform world' as the PSBs do (IV1).

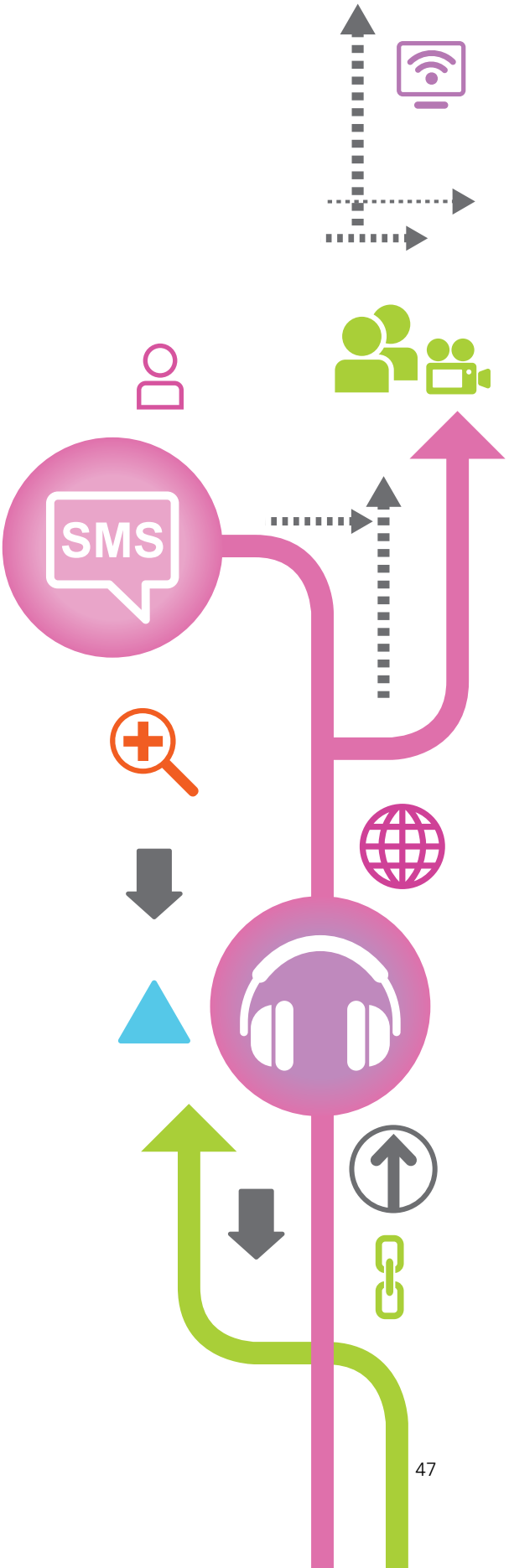
In addition to these public sector sources of multiplatform commissioning, there was also increasing competition for public service style content from commercial competitors, such as a health channel to be launched by YouTube, which a number of independents were competing to run. Importantly, it has been largely due to the PSB compact that independents have been able to successfully work with such other public sector organisations, applying the ethics, duty of care, rigour and research learned in the UK's PSB mediascape with their commitment to 'making a difference' to a range of new public sector contexts. At the same time, digital agencies' work with other public sector clients enables them to bring new ways of thinking to multiplatform PSB (see 5)

(b) Increasing competition may harm the PSB compact

The increase in sources of multiplatform public service content commissioning is welcomed. However, this expansion of the public service market also has less positive implications for the future of independent multiplatform public service content:

- Unlike the PSBs, other public institutions don't necessarily have a UK quota to work with/employ British companies.
- Barriers to entry are much lower, and the public service multiplatform marketplace is populated by a diverse supply base – from digital agencies, to software companies and advertising agencies

PSBs therefore will continue to have a foundational role to play in the development of a digital public service sector and multiplatform content, increasingly in collaboration with new public sector commissioners. Projects like the BBC's and Arts Council England *The Space* are an excellent example of the role the PSBs might play in fostering such partnerships. However, it is imperative that the cultural investments and lessons of the independent sector's compact with PSBs are also included in such partnerships **(R6.i)**.



11. Skills shortages exist across the sector in terms of multiplatform and public service training

Two significant issues emerged around training in our research **(R8)**:

(a) There is a need for further multiplatform training

'Putting the right team together when you are a traditional TV company is a huge challenge. You can't use any of your traditional contacts; you're looking for people with very different skill sets. And I think what we've discovered is that there aren't that many people out there with that skill set' (IV102).

Across both digital and television companies, there was often felt to be a shortage of multiplatform skills within the sector. Creative Skillset's 2011 *Labour Market Intelligence Digests* (2011) reveal that employers' identify 'skills to develop content for multiple platforms' as the second most important skills gap in the sector, behind only technical skills. The emphasis on such skills is revealed by one company's recruitment of 'Twitter Directors', who are expected to 'shoot, edit and use social media to promote' the company and its output (IV40). Equally, from employees' perspectives, learning new multiplatform skills was the second most important motivation for seeking training after the need to find new work. Training, however, is not simply about technical cross-platform production skills, but also about ensuring an understanding of the different production practices, timelines and business models between television and digital media (see 6c).

This lack of understanding and shortage of technical skills makes it not only 'really hard to find the right kind of people' (IV102), but also has significant implications for the sector:

- A propensity for broadcasters to rely on a small network of companies and producers for multiplatform work: the 'little black book' of producers as one commissioner put it (IV80);
- A tendency for digital skills to be generational: this was routinely identified as a factor behind the cultural barriers between production cultures (see 6a);
- A lack of understanding between production cultures that produces tensions in partnerships between TV and digital cultures as well as inhibits the ability to leverage full value from multiplatform productions (see 6);
- The shift away from multiplatform at the BBC has led to the loss of a 'training ground' for staff, whereby multiplatform work enabled younger members of the team to develop new skills and, in some instances, take editorial leadership of non-broadcast elements that enhanced the programme and their careers (IV10, 52, 55, 56, 64);
- However, there is a welcome move by the BBC to 'integrate multiplatform training into all other aspects of training … because everyone is de facto a multiplatform content producer' (IV64).

(b) Public service should inform training to ensure the continuing quality of future UK programming and multiplatform productions

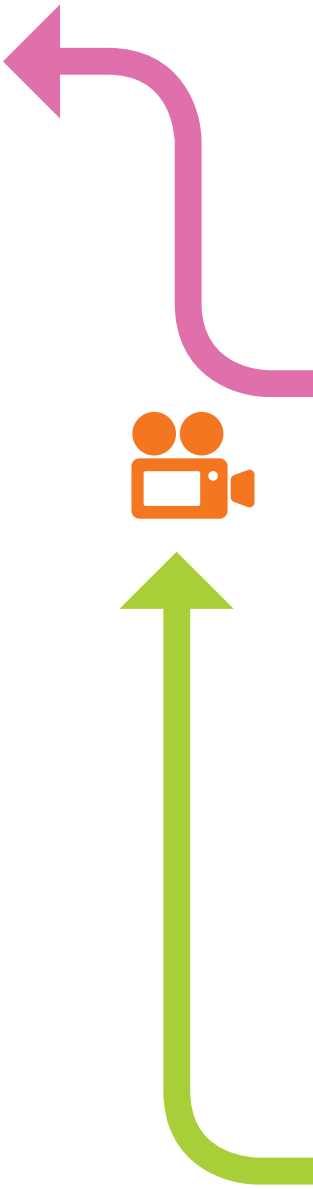
Quality is understood as the predominant characteristic of PSB according to our interviewees. However, it is also clear that quality goes beyond merely 'high production' values. Quality aligns with production skills, techniques and approaches to subject matter that have a strong correlation to PSB production modes: research, rigour, ethics, duty of care and editorial sensibilities (see 1c). Moreover, these practices are also key business assets for Indies. As one MD commented 'rigour around research, care of the contributor, the care of the story is also the care of the budget' (IV37).

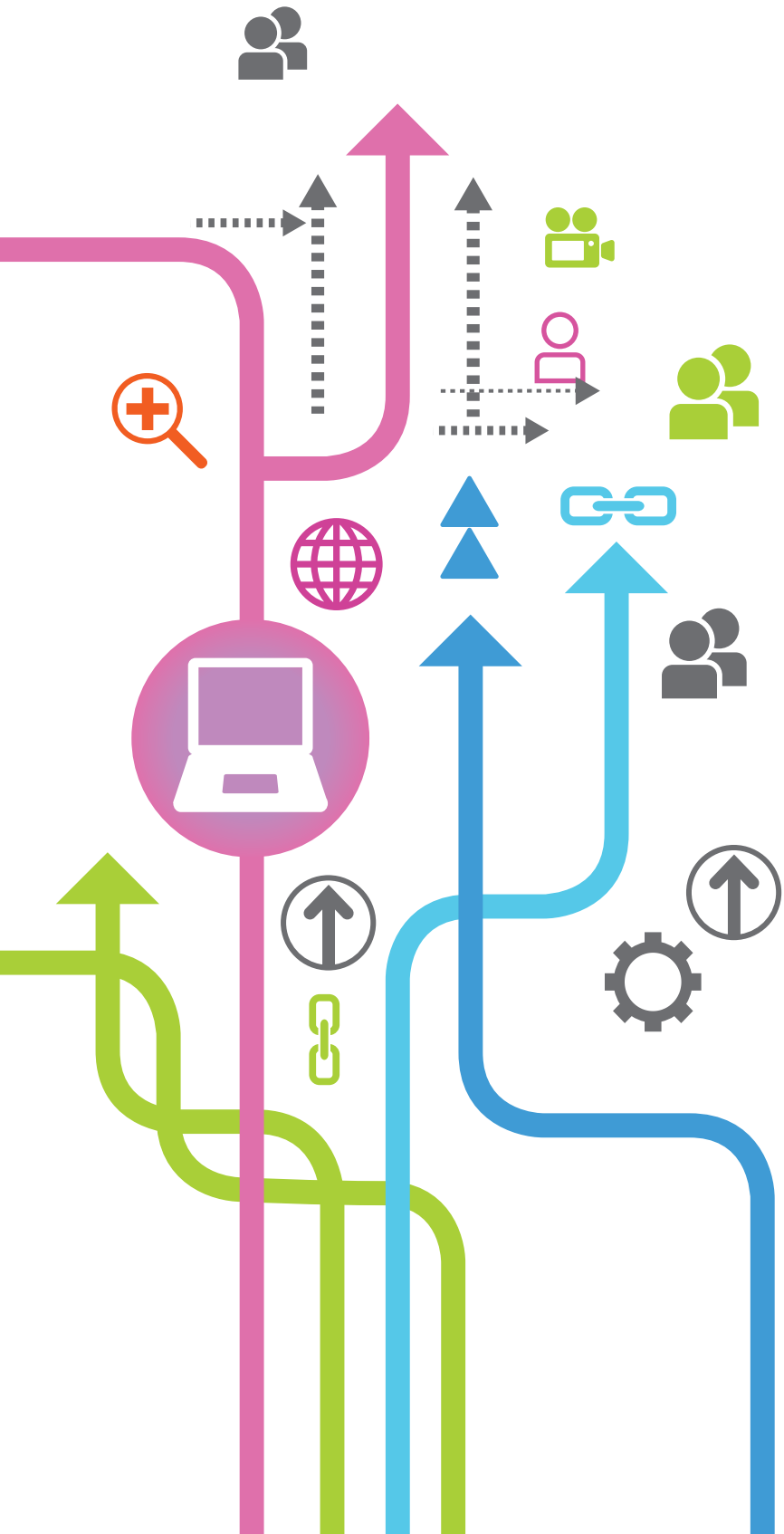
The concern extends into multiplatform work, where there are often on-going relationships with online communities that require a duty of care and ethics to inform production practice.

'We need to have responsible procedures, we know from the outset if a comment comes through … someone with suicidal thoughts, they were sexually abused… we have a duty to help them … you can help prevent someone from committing suicide' [FN, 20/02/12].

Other examples of PSB as a type of training that informs multiplatform production practices include:

- Thorough and accurate research – increasingly in the face of pressure to 'fit a format';
- Duty of care to contributors, online and social media communities;
- Data protection practices and the ethical treatment of online data;
- Additional internal compliance procedures in working with vulnerable people.





Many felt that public service as a mode of working should inform training more directly. One senior producer spoke with apprehension about the lack of training offered young staff:

'It is not acceptable to send APs out to interview difficult people or handle difficult subjects with no sort of social, or moral, or political, or television sense of what they're doing' (IV78).

This anxiety was echoed amongst a number of senior figures in the industry, who see younger staff joining the sector as 'less aware of PSB's place in the media' (FN, 30/03/2012). The lack of awareness and interest in public service for new entrants may be problematic for their career development in a number of ways:

- Hiring policies of companies;
- Lack of training against legal or ethical mistakes, which may affect chances of future employment;
- Lack of awareness of some of the ethical, legal and production processes of PSB may make new work entrants more pliant, but may also adversely impact their conditions of labour and wages.

PSB formed part of companies' hiring policy in at least 4 companies, ensuring that everyone employed 'has that sort of [public service] ethos' (IV105), whilst others commented that employees sought out their company because 'of our reputation for making quite serious programmes … [that have] something to say' (IV39). Failure to follow this policy led to friction in some instances where a producer hired had not been able to 'deliver the programme that we really wanted, because they [were] … more interested in entertainment than they are [sic] in telling it how it is, or telling a reality' (Ibid). Beyond such explicit hiring policies, many in the sector argued that independents 'very much reflect the people who found them' (IV79), with 20% of interviewees indicating that the company founder's belief in PSB affected the production ethos.

Our research suggests that there is a clear need to invest in public service as a form of training. This should not be separate from the skills that make successful television and multiplatform producers, but integral to them **(R8)**.

12. The changing meanings of 'multiplatform', particularly at the BBC, offer important insights into the future of multiplatform PSB content

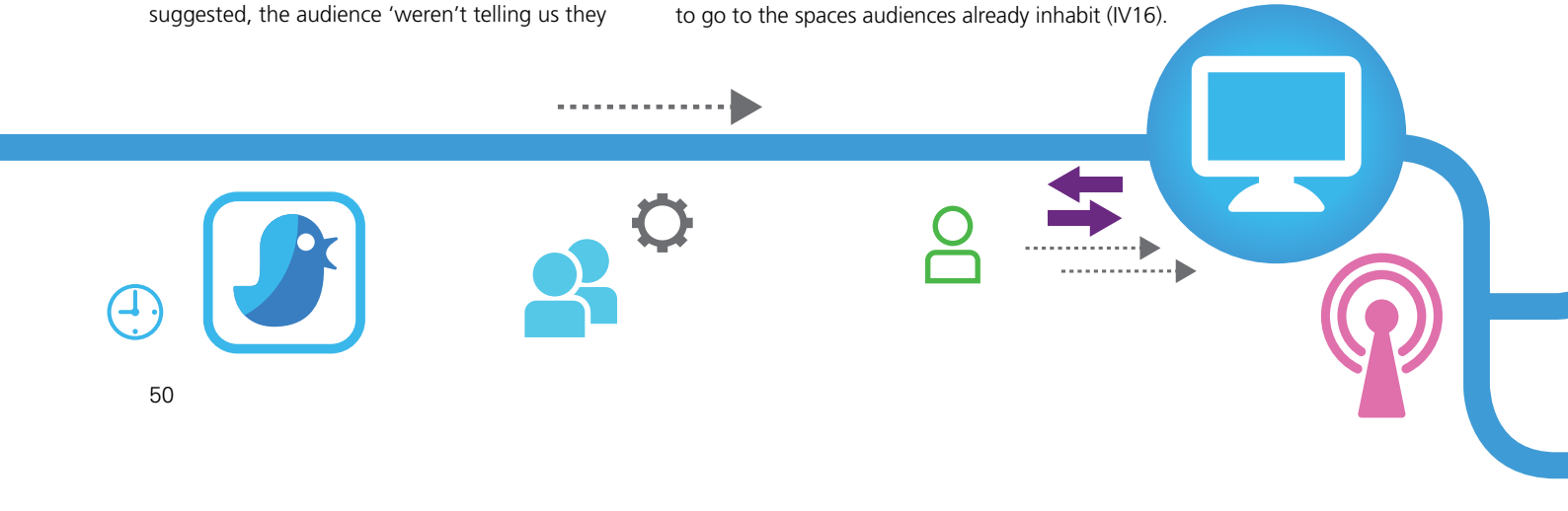
The UK has been the world-leader in multiplatform productions fuelled by the creativity of the independent sector's compact with the PSBs. This status has been achieved by a willingness to take risks and experiment in multiplatform production models, form and content. Over the past decade, the meanings and priorities of multiplatform public service production have shifted significantly, moving through two distinct phases of experimentation (see 2a). As the UK enters a third phase of multiplatform, the preceding periods offer important lessons for the future of the PSB compact, particularly as it relates to multiplatform production.

It is important to note that some of the criticisms of the BBC here relate to the Corporation's unique position as a licence-fee funded organisation. Its need to avoid undue market impact and the 20% cuts the Corporation faced in 2010's licence fee settlement, have both significantly affected the BBC's ability to take risks and continue its experimental role in PS multiplatform commissioning and production. This affects both the Corporation's relationship with the independent sector and the creation of multiplatform public service content.

(a) Experimentation has been privileged over reach, impact and value for money

During the two phases of experimentation at each PSB, there was a marked emphasis on creating bespoke solutions for individual multiplatform projects – from interactive television viewing galleries to websites to community forums, archives and mobile games. This competition between PSBs in multiplatform investment produced some significant successes (see 3). However, both broadcasters found that in many cases value for money, reach and impact were often poorly achieved. 26% of BBC interviewees suggested the BBC's multiplatform productions under these periods of experimentation lacked impact, ratings and value for money. As one BBC senior executive suggested, the audience 'weren't telling us they absolutely loved' their multiplatform work (IV63). This led to very high costs per unique user for multiplatform projects, often 'way, way over £1/unique user', according to a senior executive (IV69). Equally a Channel 4 interviewee spoke of 'rationalis[ing] metrics post-project. We've had a look at what we can measure then tried to tell the story afterwards … just picking the biggest number and saying it was a success' (IV16). In particular, there was criticism from the digital sector that C4's online-only education commissions were insufficiently tied to the broadcaster's brand, domain and wider online presence (IV26, 99). As at the BBC, without television's 'loud hailer' (IV17), there was a lack of impact and scale in many of C4's multiplatform experimentations during the second phase of multiplatform production during the mid- to late-2000s.

Value for money and efficiency are clearly important discourses in what multiplatform PSB means for many digital producers, particularly inside the broadcasters where over a third of BBC interviewees and over half Channel 4 commissioners align multiplatform PSB with value for money. A related lesson for many interviewees from this period of experimentation was the need to build sustainable technical infrastructures that were 'robust, scalable and reusable' (IV64), which could not only create efficiencies of scale across multiplatform projects, but also cope with mass participation from the public (IV70). Both broadcasters had experienced failures where the sheer number wishing to interact with their programming and brand had caused server crashes and frustrating experiences for producers and audiences of multiplatform content. There has also been a diminished need for bespoke solutions because of the rise of third party tools and platforms: from Flickr to Twitter, Facebook to Pinterest, a range of third party applications now exist that facilitate interaction, community, sharing and personalisation of content that were not previously available. For most multiplatform producers and commissioners it is now imperative to go to the spaces audiences already inhabit (IV16).



> What is iPlayer? It's a fancy new way of delivering a traditional experience. It's not a multiplatform experience. It's linear consumption, and one of the reasons the BBC feels very comfortable with it is that it is actually a clever new way of having a very traditional experience ... it shows somewhat our cultural limitations there

Mark Thompson, Former BBC Director General, Interview 17/02/2011

(b) The BBC's approach to multiplatform shifted to mean 'iPlayer first, everything else after'.

Strategies, such as *Creative Future's* (2006) vision for a 360° multiplatform BBC, require a profound transformation of the cultures of production, away from broadcast linear as the default setting. The barriers to adoption of multiplatform production practices detailed in 6 were all keenly felt by interviewees from within the Corporation which, in conjunction with a split between the BBC's Vision content production teams and the technologists in the newly created Future Media and Technology (FM&T), led to a strategy that placed 'iPlayer first, everything else after' (IV21).

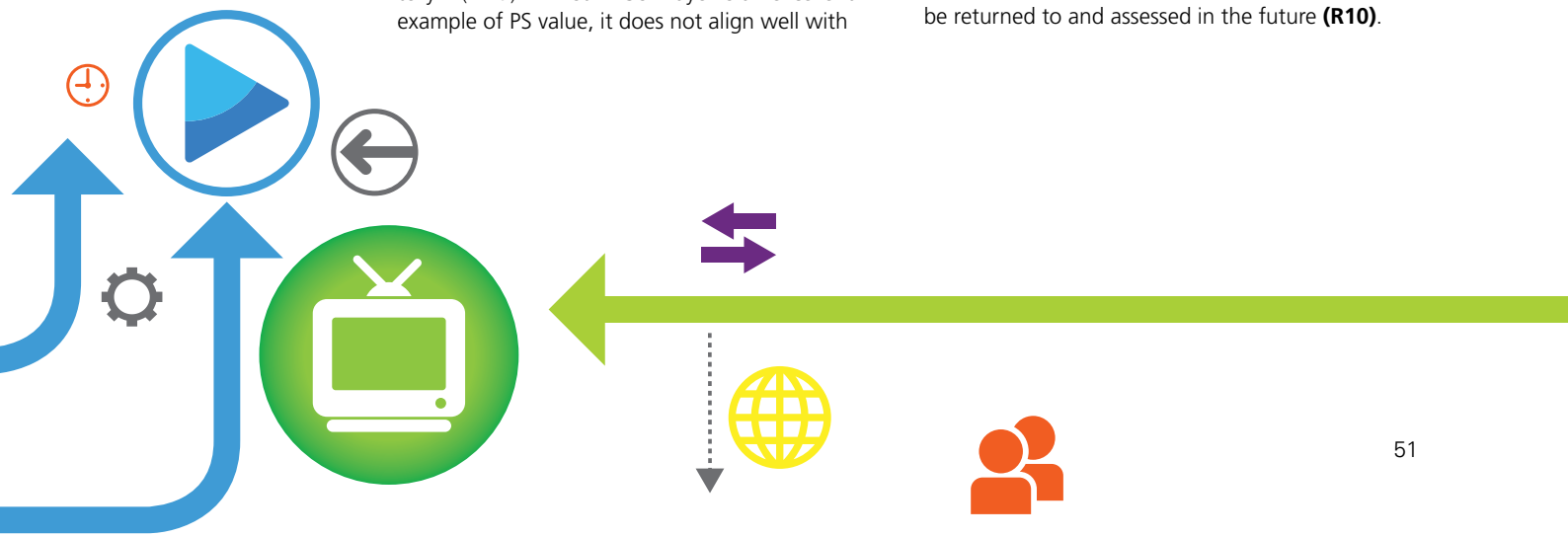
The split between Vision and FM&T was referred to across our BBC and wider independent sector interviews as crucial to the BBC's emphasis on the iPlayer, which saw FM&T's focus on 'enterprise level' solutions pull in a different direction to editorial teams' interest in bespoke 360° productions (IV10, 29, 33, 52, 64, 66, 71). The development and success of iPlayer coincided with the Trust's decision to freeze all online commissioning in 2007-08 due to an alleged £36m over-spend on the Corporation's online presence: bbc.co.uk. This saw multiplatform teams and developments 'lose the momentum and belief of their TV counterparts', and create a 'bottleneck' in ideas that would require FM&T support once the freeze was lifted (IV10, 28).

Moreover, as Mark Thompson comments, iPlayer aligned with a vision of the internet that a long-established broadcast production culture was 'comfortable with'. Such a strategy was in hoc with the linear legacies of television producers: 'There was a moment when Vision as a whole gave a huge sigh of relief when iPlayer came out [and they said] "I get the web, I get it, it's like telly"' (IV29). Whilst BBC's iPlayer is an excellent example of PS value, it does not align well with the BBC's articulated multiplatform strategies nor the shared meanings of multiplatform found across the sector. As more than one interviewee reflected, the emphasis on iPlayer by the BBC views the internet as 'just a bunch of pipes for delivering telly through' (IV1, 24, 81). Moreover, there was a feeling that the Corporation will lose creative innovation and leadership in multiplatform PSB content. As one multiplatform producer put it, the emphasis on iPlayer, products and 'fewer, bigger, better', felt 'like having your balls cut off' (IV66), whilst another noted the budget cuts of *Delivering Quality First* had 'pushed production further towards TV' (IV84). This emphasis on iPlayer is, perhaps, incompatible with Ofcom's 2009 recommendation that public service content should not be restricted to linear content **(R2.ii)**.

It should be noted that FM&T has since been split. When interviewed at the start of 2011, Mark Thompson emphasised an emerging approach at the Corporation that was designed to ensure technologists, engineers and content producers shape the future of the Corporation (Interview 17/02/2011). There were encouraging signs in final interviews conducted at the BBC that multiplatform production staff were more closely linked to their FM counterparts (IV84, 88), with an emphasis on creating 'interactive junctions' in iPlayer that would send users to online experiences beyond television (IV84).

It is also a welcome move that Channel 4 integrated its equivalent departments in 2011, with interviewees emphasising that there weren't 'two cultures' at the broadcaster (IV16, 20, 61, 67, 89). As one independent television chief executive stated, C4's multiplatform approach 'does seem to be more integrated.... that means we pay more attention to it' (IV67). A small minority remain sceptical of this shift (IV77).

The impact of these recent alignments will need to be returned to and assessed in the future **(R10)**.



(c) The changing meanings of multiplatform strategies at the BBC led to 'mixed messages' to the independent sector

The changing meanings of multiplatform at the BBC, combined with the freeze placed on Online commissioning in 2007-08 and the cancellation of BBC Jam in 2007, led to 'mixed messages' (IV3) in its relationship with the independent sector (IV1, 3, 15, 19, 24, 26, 31, 49, 51). There was a widespread feeling that the BBC had experienced a lack of stability in its approach to multiplatform, which resulted in the independent sector 'suffering from this volatility' (IV3):

> "I have got absolutely no idea what the vision at White City is over the forthcoming, or last year and the forthcoming years, as to what its multiplatform strategy is"
>
> (IV19)

Due to the fast-changing nature of digital media, 2006's *Creative Future* strategy to transform the licence-fee funded Corporation into a multiplatform organisation promised to offer much financial, strategic and organisational stability to the development of not only multiplatform public service content, but also a multiplatform public service sector. However, as a number of former senior multiplatform executives at the BBC reflected, the Corporation's adoption of a 360° multiplatform vision in *Creative Future* quickly ran into a 'perfect storm' connected to the Jam/Online service licence problems and the development of iPlayer (IV3, 10, 36, 52). Between 2007 and 2010, there were significant re-structures, re-alignments of strategic goals and 'financial levels fluctuat[ing] wildly, even within financial years' (IV36).

Undoubtedly these instabilities damaged some of the relationships between the independent sector and the BBC (12b). 80% of those surveyed suggested the BBC was 'average' to work with on multiplatform productions, with the remaining 20% finding it 'poor'. This contrasts starkly to C4's rating as a multiplatform commissioner, which saw 69% of respondents rate the broadcaster as 'good' or 'extremely good' in their handling of multiplatform production and commissioning process.

A quarter of interviewees expressed disappointment at what they perceive as a withdrawal by the BBC from its multiplatform commitments. As one digital MD stated, the BBC's 'mixed messages' had undermined its 'relationship with the UK industry, [who] know that they can have the plug pulled from under them at any given time with no support' (IV19). This is likely to be compounded by *Delivering Quality First's* (2010) cutting of online budgets by 25%, above the headline 20% savings the Corporation has had to make. Such a cut will be keenly felt by the independent sector – particularly given the level of spending detailed in 13c – which has questioned the Corporation's commitment and understanding of the role of PSB online. As one interviewee surmised, the BBC appears to have 'lost confidence in the internet as a medium, [in the] concept of public service online' (IV1).

It should also be noted there was some strongly articulated discontent within the industry as to how the public service broadcasters, particularly the BBC, accounted for their digital activities and what proportion was indicated as part of quotas. In particular, the separation of technology spends and content spends can deny the creative, and public service, role that independents can play in technology builds **(R2.3)**.

13. The current approach to multiplatform at both broadcasters suggests key lessons have been learned, but there remains some distance to travel

The meanings, strategies and approaches to multiplatform by the PSBs continue to shift, with many positive steps already taken in this third phase of multiplatform production in the UK. The lessons learnt from the past decade of multiplatform experimentation must continue to inform the PSBs' approach to commissioning and production **(R2, R4, R7)**.

(a) Innovation, by itself, is not sufficient to fulfil multiplatform PSB value

> "It happens to be the case that in doing multiplatform commissioning you're also tending to be innovative; and, up to a point, that has been an accepted rationale or an end in itself. … I'm determined to go beyond that and to be making specific contributions to strategic goals rather than falling back on "it's innovative". Because, truthfully, everything Channel 4 does, it's supposed to be innovative in one dimension or another. Innovation isn't a good enough reason by itself; and it's certainly not the sole preserve of digital teams"
>
> Richard Davidson-Houston, Head of Channel 4 Online
> Interview 09/05/2012

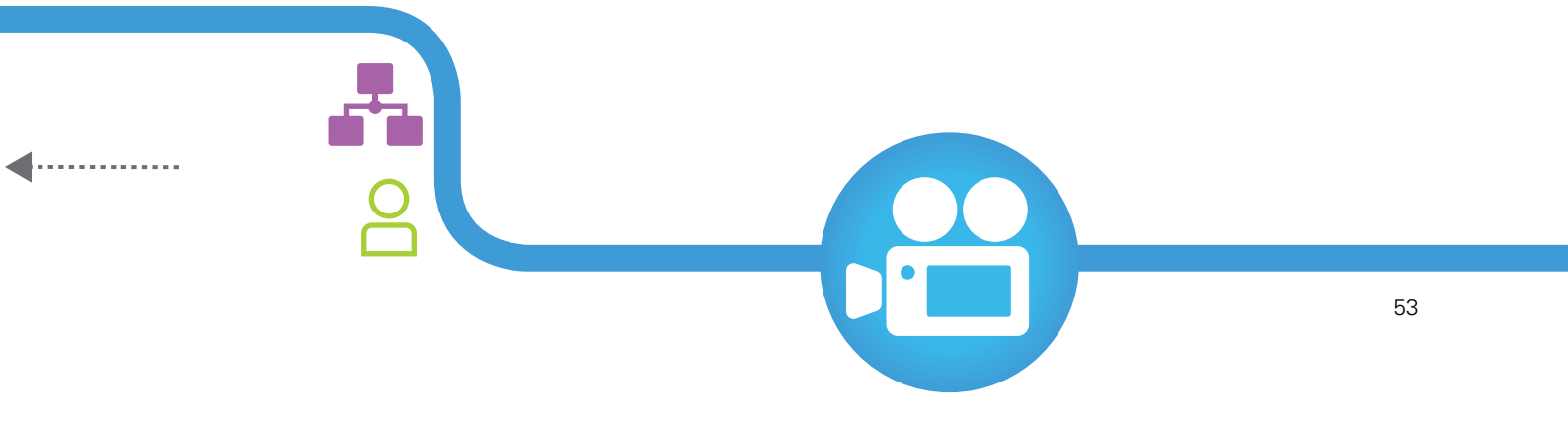
Whilst innovation was understood as a key mode of PSB production in the independent sector (see 1c), particularly in terms of the ways of working found in digital companies (see 5a), it was also clear that many interviewees felt that innovation was no longer sufficient to justify a continuing commitment of public funds for multiplatform production. In particular, over 25% of BBC interviewees felt that the BBC's period of multiplatform experimentation had privileged innovation over impact and value for money. As one BBC commissioner suggested, 'I don't think because you have more stuff – You necessarily innovate better' (IV63).

In this regard, the closure of 4iP and the move to integrate C4's dedicated online education commissions with established C4 brands and platforms caused little concern for the majority of interviewees. Even those who felt that 4iP's closure may jeopardise C4's digital future, by hindering their ability to 'compete with the start-ups who are going to want to kill them', recognised that 'C4's unique asset is that it owns a chunk of public spectrum and it's got millions of people who watch. They would be insane not to make ... the most of that' (IV24). An approach that utilised the power of television's 'loud hailer' (IV17) and of delivering public service value back to the PSB's core remits is widely perceived as appropriate. In this light, the need for industry standard metrics for multiplatform content becomes more apparent.

Nevertheless, it is also clear that the pursuit of innovation should not be abandoned. As many interviewees suggested, the effects of experimentation in multiplatform may have a profound impact on the production practices of the future. Indeed many argued that failure was crucial to the business models and success of digital production's iterative modes of development (IV16, 33, 42, 61, 82, 85, 101). PSBs must therefore continue to have a remit to experiment, innovate, take risks and sometimes fail in their online and multiplatform transformations.

(b) The BBC's current strategy promises greater integration and value for money, but poses significant risks for the future of independent multiplatform public service content

'Does the BBC have a responsibility to invest in and support the indie sector in multimedia as much as television and radio? Yes we do. … Our challenge on the web is that the public's uses of the web don't obviously lend themselves to indie production: the news machine and iPlayer, these gigantic things, they don't really offer creative opportunities to Indies. So we're really trying to … find new opportunities for indies' (Mark Thompson, Former BBC Director General, Interview 17/02/2011).



The BBC's shift to products heralded a move away from some of the experimentation of its *Creative Future* and earlier periods, with the emphasis now on a strategy of 'one service, ten products, four screens'. The emphasis on products, including the iPlayer, led the Corporation to pledge it will 'never do anything that's commissioned against a single programme' (IV69), 'pushing back against the online tendency towards infinite growth, which is often poorly organised' (IV70). This shift is based on a need to create greater value for money, by 'implementing things at an enterprise level (IV64), with an overall aim of bringing down the current 6.1p cost per unique user to around 5p (IV69).[34] In conjunction with the greater integration of multiplatform training and collaboration between Future Media and Vision staff (11a), these are important and laudable aims.

Nevertheless, this shift to emphasising efficiency also has profound costs:

- The potential to stifle risk and innovation;
- The steep decline of competition in commissioning multiplatform content;
- A 'brain drain' from the Corporation of talented staff who understood the nexus between the internet and TV;
- A loss of relationships between the Corporation and digital suppliers.

25% of our interviewees, including a significant number of BBC and C4 employees, indicated disappointment at what they perceived as a withdrawal of the BBC from multiplatform production. There was widespread concern that the shift in strategy represents a 'retrenchment' (IV35, 47, 52) to safer, more traditional ground, which would result in risk aversion in commissioning. Internally, many television and multiplatform producers felt that the emphasis on iPlayer had made multiplatform a 'tick box exercise without anyone having to lift a finger' (IV29), or by simply uploading 'one clip per programme' (IV65). This fear of 'retreat' (IV33) is compounded by the independent sector's concern that they have lost relationships with established multiplatform commissioners and lacked clarity as to who would now commission such work. The shift to 'fewer, bigger, better' may also increase the trend towards consolidation in the sector as fewer opportunities for independents to work on multiplatform projects arise (IV11). In turn, the BBC's current strategy has the potential effect of making C4 the 'only game in town' (IV85), which concerned both C4 and the independent sector: many of the senior television producers and MDs interviewed commented that 'the public good is served by that [competition] (IV18), without which, 'we would see a severe decline in public service quality' (IV40).

Some also suggest lack of competition is further undermined by the Corporation's shift to an e-tendering system for digital work. Introduced to counter complaints that digital and multiplatform commissioning was solely reliant on 'who you knew', the new system has provoked equal criticism for the loss of personal relationships with the Corporation it entails. More significant, however, has been the concern over the lack of IP-generating opportunities that have resulted from the new system and change in strategy. The BBC's revised Online Advisory Group, which gives a valuable voice to independent digital producers in the BBC's digital strategies, may play an important role in attempting to balance these tensions **(R2.3)**.

Additionally, there was also scepticism within the independent sector that the move to products would generate the efficiency savings claimed, with calls for the BBC to more clearly account for the distribution costs associated with iPlayer, which some argued rose for every additional user in bandwidth expenditure. Although these shifts have led some companies to indicate they never looked at the e-tendering system or had lost interest in working with the BBC, there remained widespread enthusiasm for the Corporation to act as a creative partner in developing a public service digital sector. It is important, therefore, that in the drive to economic competitiveness, the BBC is not placed in a position whereby efficiency is always valued above cultural good, including the support of creative freedoms, both internally and in the wider independent sector.

[34] Current costs from BBC (2012) *Annual Executive Review*, 2-6

(c) There is a tension between encouraging a diversity of suppliers and fostering a digital public service sector, which C4's strategy must balance

Ofcom recognises that diversity of supply can 'ultimately act against viewer interests' by damaging the distinctive quality of PSB output and therefore should not be pursued 'for its own sake'.[35] Our research suggests that this delicate balancing act is not, as yet, being effectively managed across PSBs' commissioning of the digital sector. Whilst nearly all C4 interviewees and survey respondents felt diversity of supplier base is part of their PSB remit, only 4 digital agencies and no television companies thought this was an important PSB value.

One of the key lessons from thirty years of an independent TV sector is that plentiful competition has not necessarily 'assisted the fortunes of indie producers'.[36] Pact's 2012 census indicates a general trend of decreasing profit margins in the sector, which can be understood in relation to a downward trend in spend by UK commissioners (see 7). However, given the number of new commissioning sources available to indies, it also clear that excess competition can adversely impact the bargaining power of all but the most 'important' or biggest suppliers. In turn, conditions of production, pressures on budgets and employees are likely to deteriorate accordingly.

There is evidence that the BBC and C4's current approaches to commissioning of the digital sector risk producing a similar outcome. In 2010/11 the PSBs spent a combined £22.7m on what they defined as eligible digital content. This was collectively stretched across 386 companies, producing an average investment per company of approximately £58k, with C4's investment spread slightly more generously at £66k across 150 companies compared to the BBC's £50k spent on 236 companies. Moreover, the tendency for both C4 and the BBC was to commission a greater range of suppliers each year, with C4 pursuing a strategy of increased diversity that may replicate the experience of the BBC, which saw it commission 68 new companies in 2008/09 to supply digital content, rising to 92 new companies by 2010/11. This can lead to a situation where 'there are a lot of people chasing after quite a small pot of money, it is a bit of a dumb business' (IV81).

The relative level of investment per company pales in comparison to television. For example, C4 spent £370m on just 276 companies at an average investment of £1.34m/company. Given the tensions in profit-public service discussed above (See: 1a; 6a-c), this suggests that the money spent on the independent digital sector is spread too thinly to truly support a digital public service sector. Given the median company turnover of digital agencies responding to our survey was £2-5million, the majority of their income comes from other sources. As one BBC senior executive admitted, the average commission size to digital agencies did 'not create growth in the UK marketplace' (IV71).

We recommend the creation of a suppliers list for Channel 4 to help address this tension **(R7)**. This is proposed as a two-tiered system in order to address the lessons from the experience of the BBC New Media Suppliers List, which indicates such a list alone will not provide the solution to the problem of balancing the need for diversity, transparency and the fostering of a discrete digital public service sector. The BBC's 2011 Online external report shows that the New Media supplier list was not particularly effective: at its height, 83% of commissions went to companies on the approved suppliers list. But in 09/10 just 47% went to this list and even less in 10/11 when the list was being phased out – 37%.

[35] Ofcom, 2006, pp.13-14.
[36] Doyle, G. & Paterson, R. (2008).
[37] It is not suggested that this figure is what the PSBs spent on each company, as commissioning budgets will vary greatly across individual project. The amount, however, provides a useful shorthand to indicate the comparative spread of investment in the sector. Figures are taken from *C4's Annual 2011 Report* and BBC's *Online External Quota Out Turn Report 2010/11*.
[38] BBC, (2011). *Online External Quota Out Turn Report 2010/11*.
[39] Futurescape research, November 2011: www.mediapost.com/publications/article/163101/too-many-devices-for-video-let-social-tv-save-the.html#ixzz1i395idZk

14. The independent sector is strongly in favour of C4 and the BBC having a defined and strong role in the development of Connected TV and the future of multiplatform

The changing meanings of multiplatform (see 2a, 12) have led many of our interviewees to understand Connected TV as the latest iteration of the term. Connected TV and the emergence of 'dual' or 'twin' screening experiences point to the continuing importance of television as the 'loud hailer' (IV17) for related media experiences: 40% of tweets are about TV programmes. It is therefore extremely positive that over two-thirds of those surveyed indicated that they thought Channel 4 and the BBC should 'have a specified role in the development of Connected TV'.

Each broadcaster was seen to have overlapping, but distinct, responsibilities in the Connected TV future, including support for an 'app market'. Responses to our survey indicated that companies overwhelmingly support diversity of marketplace in terms of who might control the point of sale for Connected TV applications. This, however, will have its price as re-versioning of applications will have significant production costs. Commercial competition will therefore be welcome. However, the BBC's remit for universality of access and the fact that multiplatform PSB content has generally been 100% funded by the broadcasters, mean the PSBs will remain a key financial stimulant of such an app market, with important lessons from the evolution of rights in multiplatform to be learnt **(R5)**.

(a) For the BBC to support the development of a digital public service sector and remain the cornerstone of PSB in a connected TV landscape

Respondents indicated two main roles for the BBC in the development of connected TV: firstly, supporting the development of a digital public service sector; and secondly ensuring the BBC remains the cornerstone of PSB in a connected TV landscape. Significantly, there was little concern that the BBC's activities in this area would result in 'colonising' in online space.

However, it was also clear that the BBC must do more than focus on the role of iPlayer in this space, as there was clear support for the BBC to build on its compact with the independent sector without fear of undue market impact if it moved beyond this narrow remit.

Figure 7: BBC Connected TV role

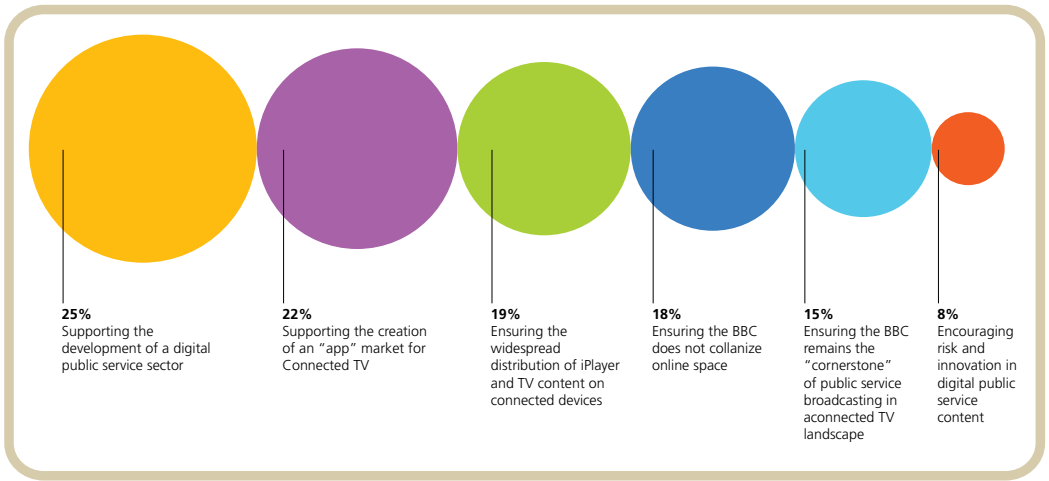


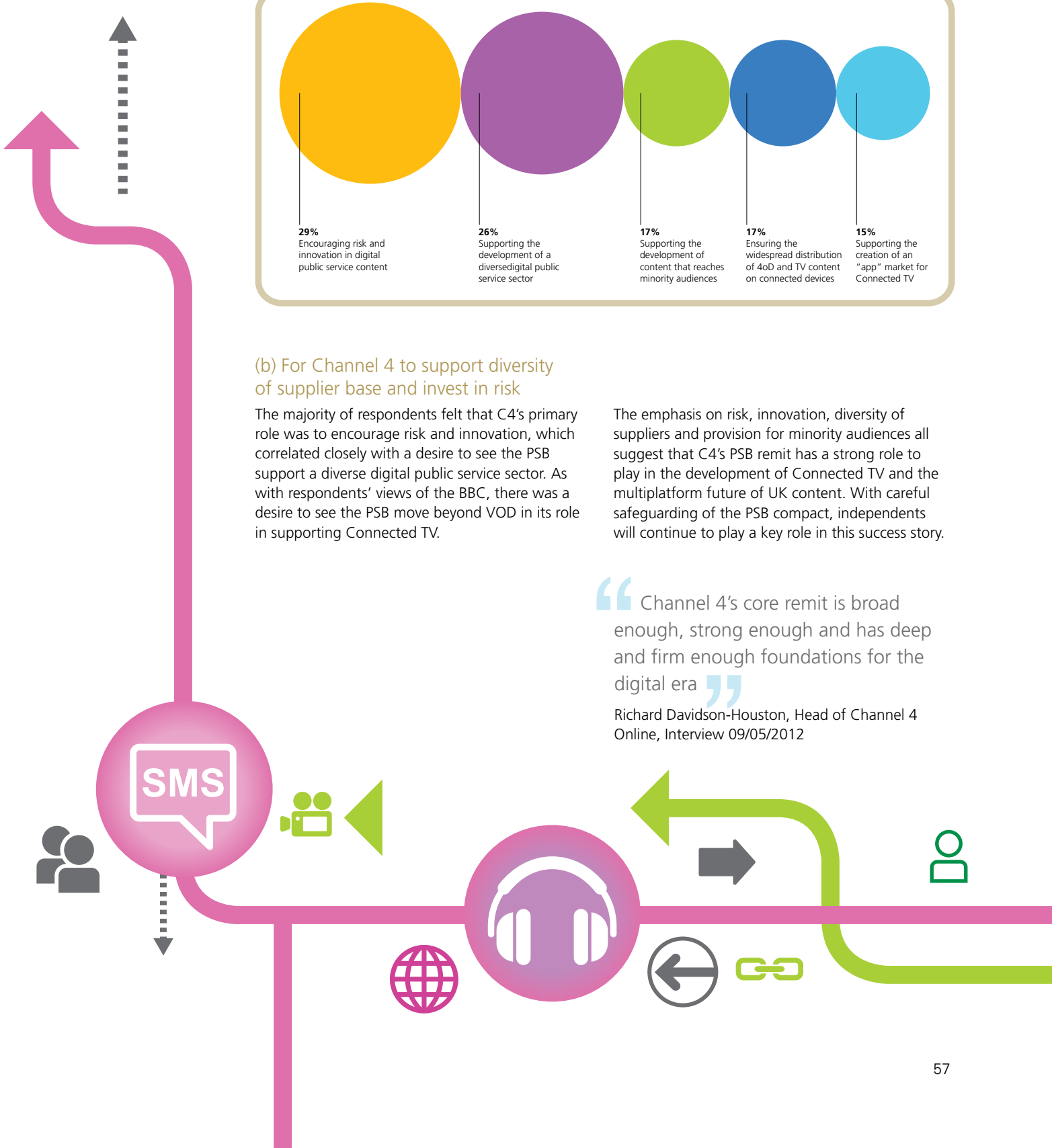
Figure 8: C4 Connected TV role

(b) For Channel 4 to support diversity of supplier base and invest in risk

The majority of respondents felt that C4's primary role was to encourage risk and innovation, which correlated closely with a desire to see the PSB support a diverse digital public service sector. As with respondents' views of the BBC, there was a desire to see the PSB move beyond VOD in its role in supporting Connected TV.

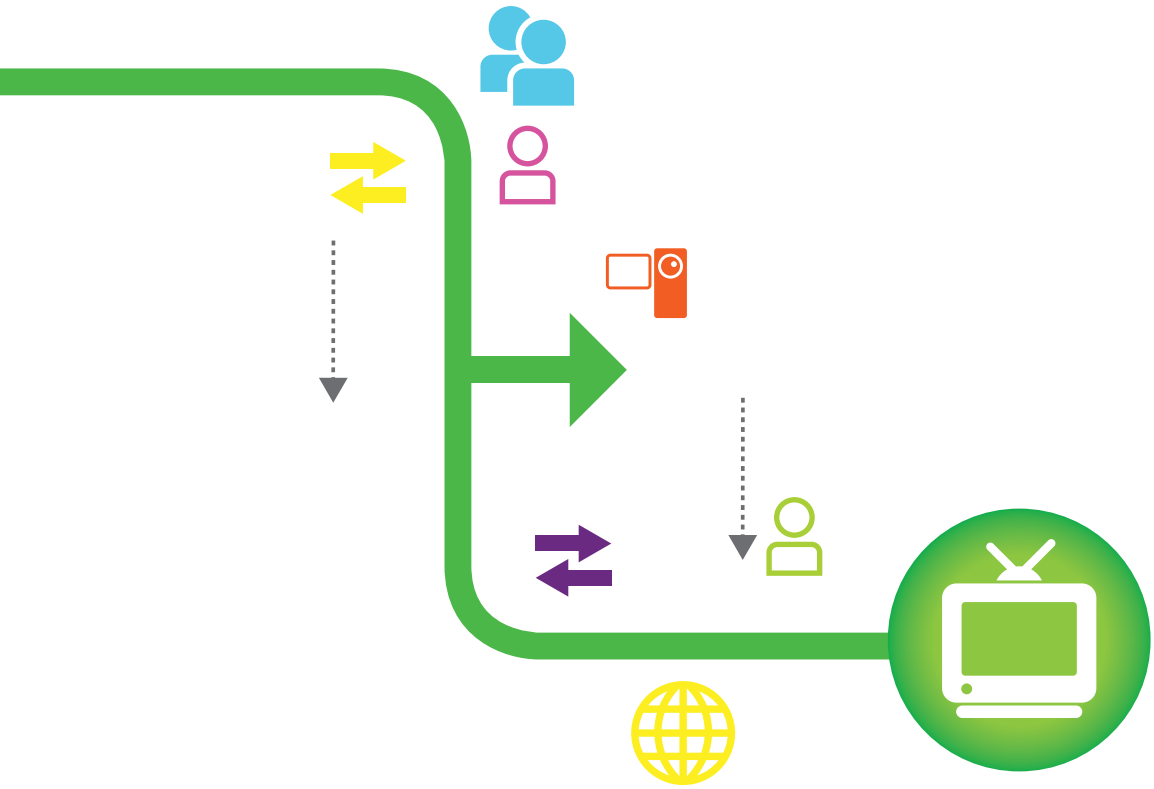
The emphasis on risk, innovation, diversity of suppliers and provision for minority audiences all suggest that C4's PSB remit has a strong role to play in the development of Connected TV and the multiplatform future of UK content. With careful safeguarding of the PSB compact, independents will continue to play a key role in this success story.

> "Channel 4's core remit is broad enough, strong enough and has deep and firm enough foundations for the digital era"
>
> Richard Davidson-Houston, Head of Channel 4 Online, Interview 09/05/2012



Conclusions: The future for a multiplatform PSB compact

The independent production sector has supplied the BBC and Channel 4 for 30 years with high-quality informative, innovative, challenging, entertaining and engaging programming and content that 'makes a difference'. UK audiences and UK plc have reaped the benefit of this compact, both culturally and economically, which has been enriched by the role multiplatform and digital agencies have recently come to play in PSB.

If we can safeguard the conditions of the compact to ensure that Indies continue their commitment to PSB, the future promises new opportunities to extend and amplify the economic and cultural value of the UK's unique and distinctive PSB content.

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