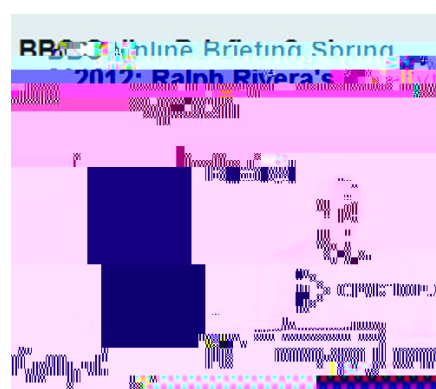
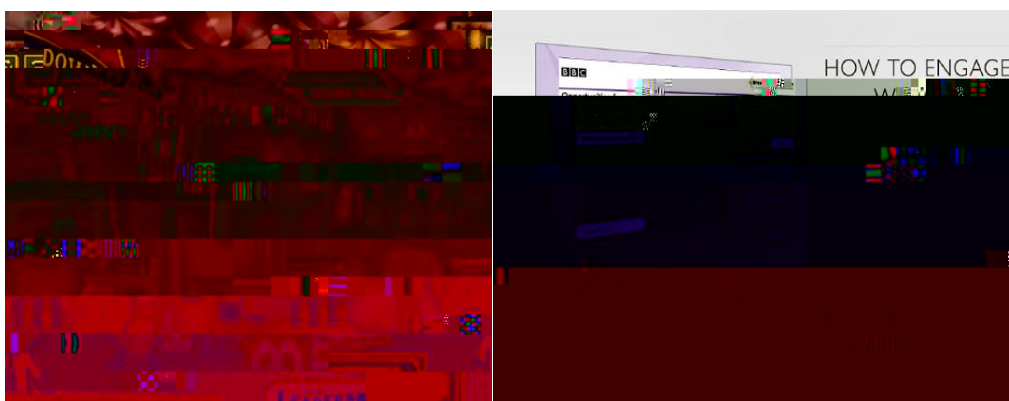




# Executive Response to the Trust Review of Online Supply 2012/13

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[Images clockwise from top left: Dick & Dom's Hoopla - interactive game, produced by Team Cooper Ltd for CBBC; Supplier Briefing slide from 2012 A&Mi industry briefing; Connected Studio ideas wall; BBC Online industry briefing, May 2012]


This paper summarises the BBC Executive's response to the strategic issues raised by the BBC T

BBC Online's external eligible spend is relatively small given the overall size of the digital market. It is therefore not possible for the BBC to have the same economic impact in this sector as it does for TV and Radio. Similarly, given the distinctive nature of Online as a medium, it is not possible to do a direct read-across of the benefits of competition (e.g. lack of an equivalent unit of comparison to the "programme hour"), or implement a Window of Creative Competition (WoCC) in the same way as it applies to those markets

In lieu of any comparable market-leading role, we see the quota for Online as a mechanism for achieving two distinct benefits for Licence Fee Payers (LFPs), based on the principle of increasing competition between internal and external teams:

- (1) Delivering continuous improvements in VfM; and
- (2) Providing increased support for innovation and creativity.

There is general agreement that a WoCC for Online similar to those which bring benefits to TV and Radio would not work for Online – due to the diverse nature of what is commissioned, which ranges from pure content commissions to technology-only projects, as well as "hybrid" developments based on a blend of technology and editorial inputs (e.g. iPlayer and Connected Red Button).



In response to the complexity of the eligible base at the time of the Trust review (2010), BBC Online made fundamental changes to the way we construct and communicate what spend is eligible for the quota. This change was based on the principle that all audience-facing content should be eligible, with the exception of news and sport, which are covered by the journalistic exemption. The new eligible base came into effect at the start of FY12/13, with a number of positive benefits:

- x More spend is now considered eligible than would have been under the previous base
- x Greater simplicity of definitions improves transparency, both internally and externally
- x Focus on audience-facing services





significant impact, for example in the devolved Nations, where this in line with the objectives of the wider BBC strategy.

As noted above, we remain committed to delivering the benefits of competition in this space to the Licence Fee Payer. Taking the market context into account, along with the recent changes made to the quota definitions, we recommend retaining the existing quota and supply arrangement for a further two years (i.e. to end of financial year 14/15).

Over the same time frame we will make several specific changes aimed at improving overall operational effectiveness, including:

- x Communicating the quota objectives and performance more widely with the market
- x Ensuring that the “build vs. buy” decision-making process is fully rolled out across product groups and teams
- x Ensuring commissioner contact details are readily available and up-to-date online
- x Replacing our existing reporting metrics with a new set of categories which are more meaningful to industry
- x Working with industry to explore new models of IPR via programmes such as the Connected Studio.

We will report annually to the Trust on performance against these commitments, and publish a summary of these findings alongside the annual BBC Online Out-turn report. We expect to carry out a further review of the quota and its objectives and report back to the Trust in financial year 15/16.

**Discuss this report on the BBC Internet Blog**

For a discussion of any of the issues raised in this report please see the BBC Internet Blog [http://www.bbc.co.uk/blogs/bbcinternet/2013/01/external\\_supply\\_review.html](http://www.bbc.co.uk/blogs/bbcinternet/2013/01/external_supply_review.html)