



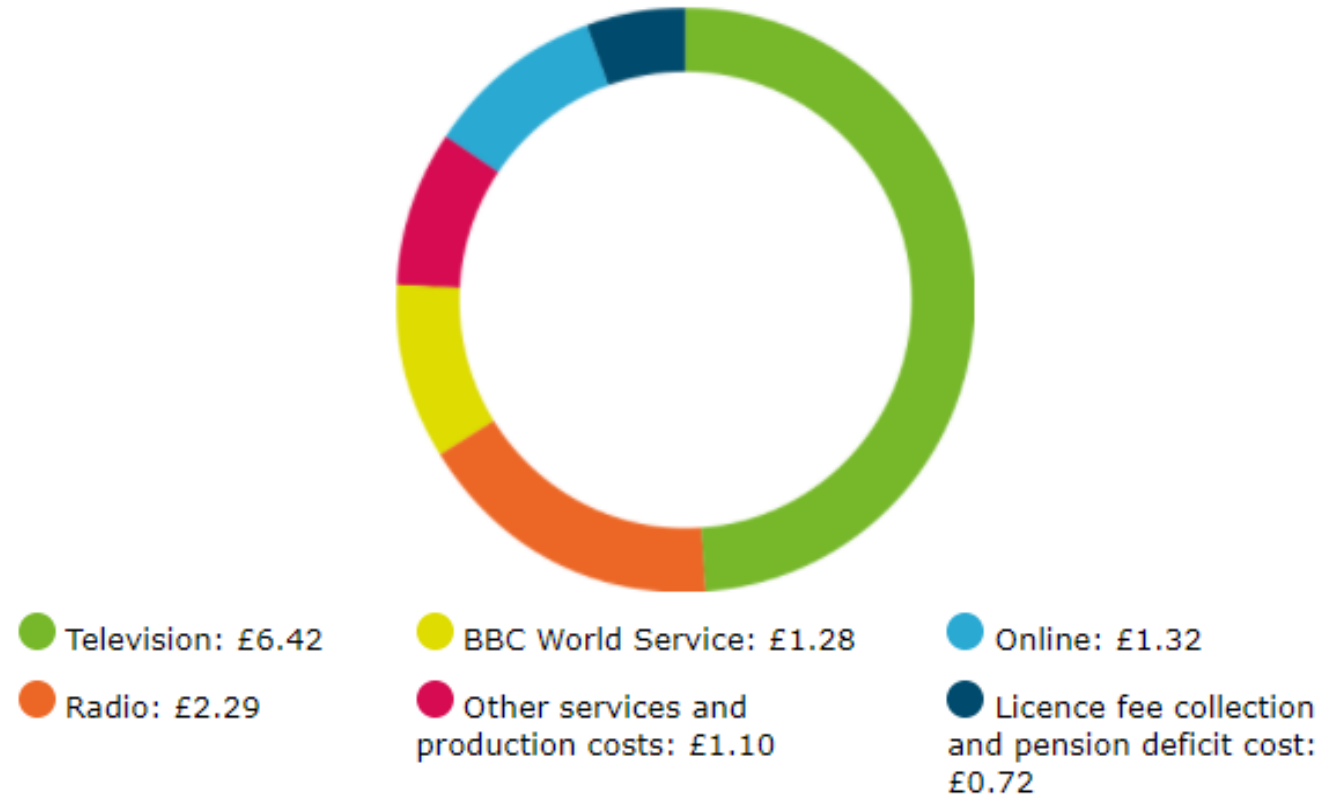
# Rights Management at the BBC in 2021

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# Rights Management at the BBC: Key Numbers








Funded by a universal licence fee:	£159 / year
Licence Fee Income 2020/21:	£3.5 bn
TV, Radio, iPlayer, Sounds & Online:	86%
Contracts managed per year:	c. 300,000
Global weekly audience:	468m (438m BBC News)

**Monthly Spend in 2020/21: £13.13 per household**

















## TV Services 2020/21

	<b>Content (£m)</b> We spent a total of £1,358 million on these services in 2020/21	<b>Reach (%)</b> UK population who use the service each week	<b>Time spent watching a channel each week (hh:mm)</b> Length of time the average viewer spent each week with the service	<b>Costs per user hour</b> How much it costs to deliver each service for each hour used
	£924m 2019/20: £1,037m	63% 2019/20: 65%	07:43 2019/20: 07:05	6p 2019/20: 7p
	£261m 2019/20: £337m	42% 2019/20: 42%	03:10 2019/20: 03:03	6p 2019/20: 8p
	£29m 2019/20: £38m	12% 2019/20: 12%	01:49 2019/20: 01:54	4p 2019/20: 5p
	£58m 2019/20: £58m	3% 2019/20: 3%	02:15 2019/20: 02:28	22p 2019/20: 20p
	£25m 2019/20: £28m	5% 2019/20: 6%	04:15 2019/20: 04:16	3p 2019/20: 3p
	£59m 2019/20: £57m	12% 2019/20: 9%	03:26 2019/20: 03:11	4p 2019/20: 6p
	£2m 2019/20: £2m	1% 2019/20: 1%	01:38 2019/20: 02:02	5p 2019/20: 4p

## Radio Services 2020/21

<b>Network radio</b>	<b>Content (£m)</b> We spent a total of £277 million on these services in 2020/21	<b>Network radio</b>	<b>Content (£m)</b> We spent a total of £277 million on these services in 2020/21
	£36m 2019/20: £38m		£3m 2019/20: £3m
	£8m 2019/20: £8m		£44m 2019/20: £48m
	£47m 2019/20: £49m		£3m 2019/20: £3m
	£34m 2019/20: £36m		£12m 2019/20: £12m
	£83m 2019/20: £88m		£7m 2019/20: £8m

## Online Services 2020/21

	<b>Content (£m)</b> We spent a total of £236 million on these services in 2020/21	<b>Reach (%)</b> UK population who use the service each week	<b>Consumption</b> Average weekly	<b>Reach (%)</b> UK 16-34s who use	<b>Time spent using the service each week (hh:mm)</b>
 BBC Online comprises the BBC's portfolio of online products on desktop, connected TV, mobile and tablet, including news, sport and weather; our children's services CBBC and CBeebies; and Knowledge and Learning – as well as IP-delivered TV and radio services, with both live and on-demand programmes available on BBC iPlayer	£236m 2019/20: £238m	63% 2019/20: 54%			
 BBC Three is constantly innovating to provoke thought and to entertain audiences from 16 year olds to 30-somethings with original comedy, drama and factual programming that celebrates new British talent	124,643,603* 2019/20: 120,367,453	6% 2019/20: 5%			02:24 2019/20: 02:19



# Rights Management at the BBC: IP's Relevance to the BBC's Business

## Relevance to our business:

IP is the creative currency of the media industry. As a creatively led organisation, the arrangements over IP are an integral part of the BBC's creative process, enabling content to be made, funded, used, and commercialised.

## Ownership / control of Intellectual property:

- Delivers audience value;
- Fuels economic value;
- Stimulates innovation;
- Provides competitive advantage;
- Informs government and policy makers;
- Shapes the market;
- Creates virtuous circle of value (eg Podcast->TV show-> book-> format)

Our role, purpose, and objectives is to create, acquire, and exploit Intellectual Property to maximise audience value and commercial return in an increasingly digital, global, and competitive marketplace.

### *Create IP*

Commissioners; producers; directors;  
writers; performers; musicians;  
presenters; contributors; engineers &  
developers; journalists;  
existing © (*music, archive footage;*  
*artwork; stills*)

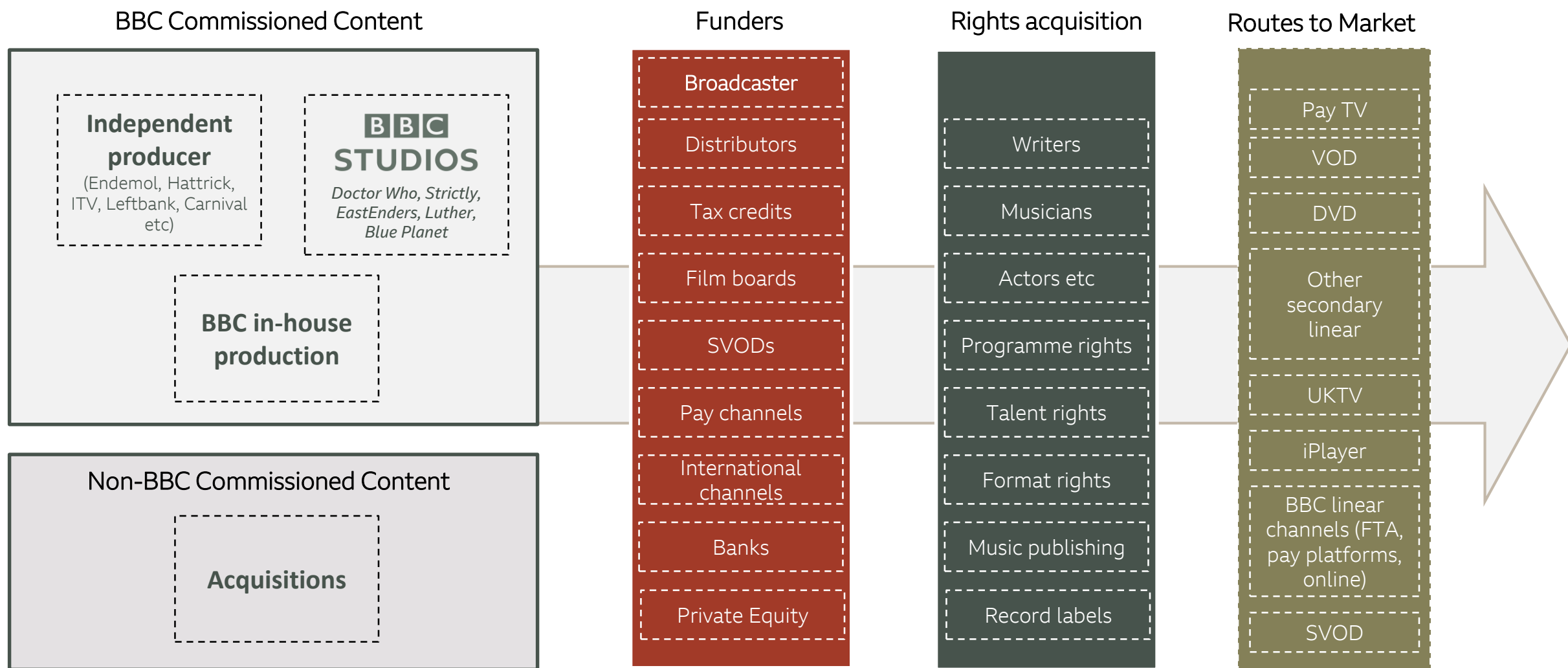
### *Acquire IP*

- Assigned or licensed
- Framework agreements (eg Indies)
- Blanket deals (eg music)
- Bespoke arrangements (eg presenters)
- Buyouts or ongoing payment

### *Exploit IP*

- BBC Studios Distribution
- Britbox (SVOD service)
- UK: on UKTV Sky
- Standalone UK & International Products
- Emerging Platforms & Markets
- Investment and Co-Production

# Rights Management at the BBC: IP & Exploitation strategy for BBC Television



# Rights Management at the BBC: Who we licence from

## Create IP

### Commissions

#### PROGRAMME RIGHTS

- Independent TV Producers
- Independent Audio Productions
- BBC Studios Production (BBCSP)



#### CONTRIBUTOR RIGHTS

- Key Talent (PMA)
- Actors (Equity)
- Writers (Writers Guild)
- Directors (Directors UK)
- Musicians (Musicians Union)
- Conductors (ISM)



#### WORKS IN COPYRIGHT

- Performers Rights & Sound recordings (PRS,PPL)
- Photographs & Artworks (DACS & BAPLA)
- Film Sequences (Archives)
- Published Works (Publishers Association)

## Acquire IP

### Acquisitions

#### EXISTING PRODUCTIONS

- International Film Studios (Disney, NBC etc)

#### PRE-BUYS

- UK Based Production Studios
- Foreign Production Studios
- BBC Films Productions

#### BBC FILMS

## Collective Management Organisations



## Collective Bargaining Agreements



## Standard Terms contracts and voluntary frameworks

- |                       |                        |
|-----------------------|------------------------|
| Presenters            | Archive sequences      |
| Contributors          | Book options / formats |
| Script formats        |                        |
| Digital Rights Models |                        |

## Who we buy from

## Current limitations to IPR acquisition

## IP Strategy ambitions

### Commissions

#### PROGRAMME RIGHTS

- Independent TV Producers (PACT)
- Independent Audio Productions (AUK)
- BBC Studios Production (BBCSP)

#### CONTRIBUTOR RIGHTS

- Key Talent (PMA)
- Actors (Equity)
- Writers (Writers Guild)
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### Acquisitions

#### EXISTING PRODUCTIONS

- International Film Studios (Disney, NBC etc)
- UK Based Production Studios

#### PRE-BUYS

- Foreign Production Studios
- BBC Films Productions

#### BBC FILMS

➤ Framework with Independent TV Producers is governed by out-of-date regulation.

➤ Contributor Rights Frameworks cover specified BBC public service & commercial uses, new BBC Services require renegotiation

➤ Rights definitions and valuations are not harmonised across different frameworks

➤ Generally licences specify limited linear transmissions without provision for conversion into iPlayer availability

➤ Limited catch up availability on iPlayer and some restrictions re tech/DRM

➤ Limited UK exclusivity depending on existing licences and our level of spend

1.

Convert Traditional TX buying models into platform-neutral time + consumption informed models

2.

Simplified rights definitions linked to the Charter and harmonised across all frameworks

3.

Modernised definition of Net revenue for D2C commercial exploitation

4.

Modernised rights management systems informed by new audience measurements

5.

Broker best balance between PS and commercial requirements to deliver optimum negotiation outcome

6.

Build & maintain productive relationships with rights partners



*Regulated UK Terms of Trade set a market expectation where producers own the IP, in contrast to the US market where broadcasters own the IP:*



## UK Market

- ‘Terms of Trade’ (ToT) guarantee Indies’ ownership over IP they originate, since the **Comms Act 2003**
- While Public Service Broadcasters are only obliged to offer such ToT for PS channels to Qualifying Indies, it **sets a market expectation that all indies will have ownership over the IP**



## US SVODs in UK Market

- Large US deep-pocketed SVODs, brought the **US model of rights licensing and talent contracting** to the UK market – buying and controlling rights up front in order to strengthen their consumer offer
- Whilst some UK producers traded all rights for a higher upfront fees, others (where they had the clout to do so) were able to retain some control or ownership of their IP
- **SVODs have now started flexing their terms** to access best talent and ideas, e.g. *Grand Tour* negotiated producer backend from Amazon, Likewise for *The Crown* and Netflix



## US Market

- The US market operates under **different dynamics**
- **Broadcasters retain IP ownership** to allow for extensive international exploitation and typically buy out as much as possible all underlying rights from contributors
- The majority of production done on a **‘work-for-hire’** basis
- Under this model broadcasters usually offer much higher **production fees**

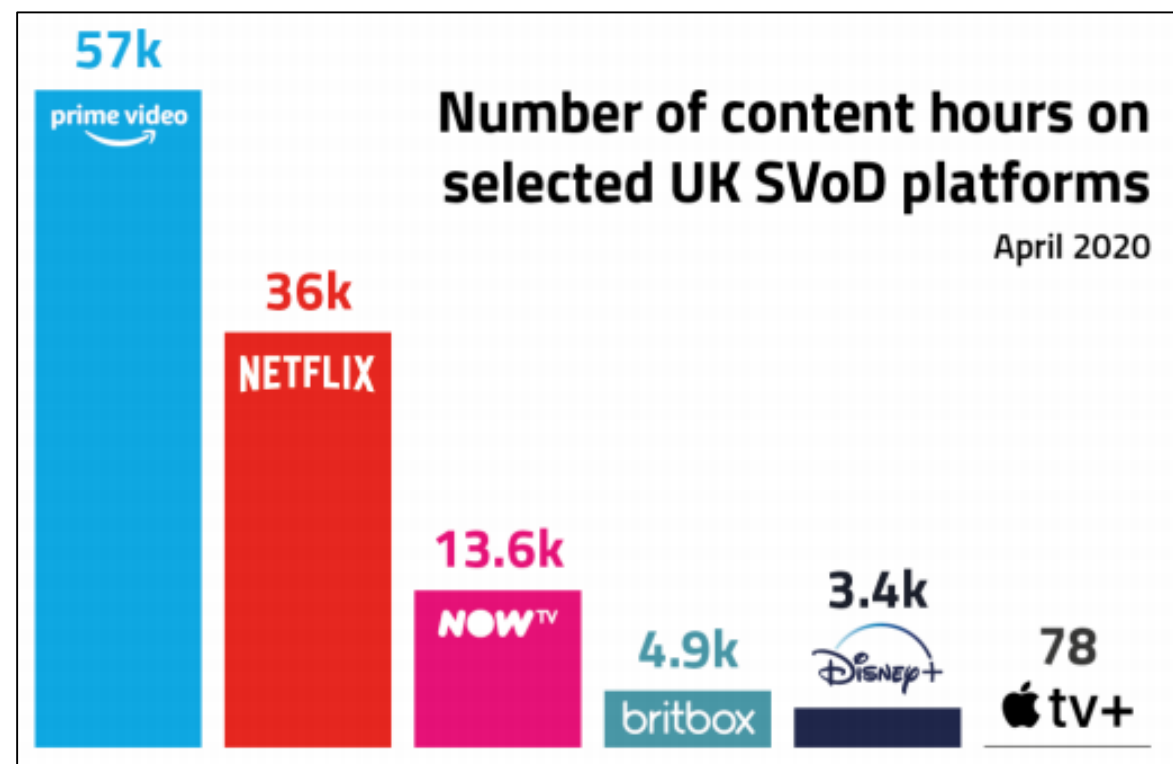
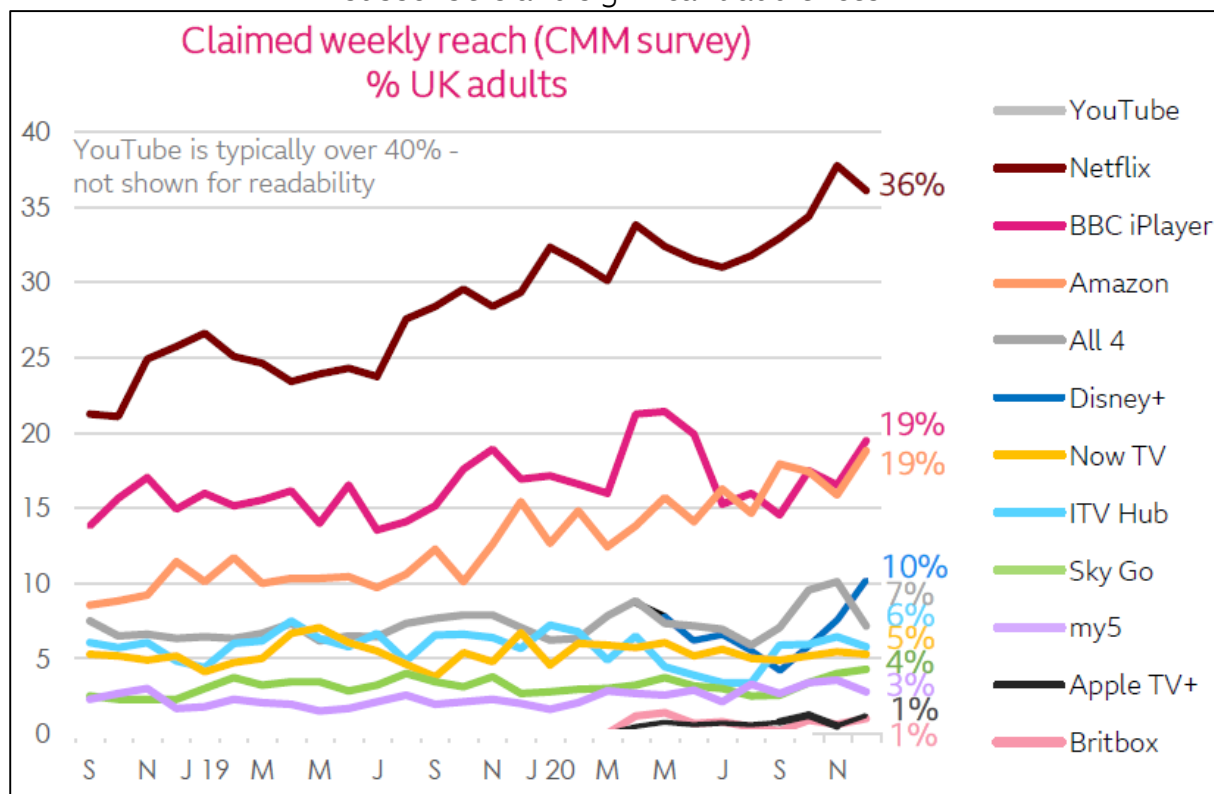
# Rights Management at the BBC: UK Market Competition

Over the past 4 years, the growth of the UK SVOD market has grown significantly, with US SVODs overtaking viewing of BBC's own FVOD offer on BBC iPlayer in the UK.

A strong BBC IP position is a key dependency for a successful business. The premiere window and UK exclusivity are battlegrounds in negotiations as we balance the need to grow audiences with the need to secure funding for productions

## The impact of Direct to Consumer (D2C)

The D2C model has taken hold in the UK, with global SVODs winning subscribers and significant audiences



Source: Ampere Analysis - Ofcom Media Nations 2020 Report

# Rights Management at the BBC: Strategic response to a shifting market

- *Linear audiences continue to show continued declines across all ages*
- *Pay TV channels (e.g. UKTV) are in a declining market with Sky, Virgin and BT all rationalising their channels*
- *The On-Air ad market has struggled in the face of the growth of lower value but more targeted digital advertising.*
- *AVOD propositions are a growing response to this decline*
- *In response the BBC has focused on reach, brand and value goals to allow iPlayer to thrive in the VOD landscape.*

## Strategic Goals in the UK Market



REACH

**Grow reach, time spent and frequency**  
with audiences



BRAND

**Build and enhance the BBC's brand and reputation** on owned, invested and third party platforms



VALUE

**Improve the sustainable economics of the BBC** by reducing licence fee costs and growing commercial revenue

## Implementation – Phase One



Gaining **better control of BBC IP** in the UK



**Making iPlayer a destination VOD service**



Launching **BritBox as a complementary commercial VOD offer** in the UK



**Integrating UKTV** into the BBC Group



**Establishing clear frameworks** for rights, windowing and partnerships

*Key challenges in balancing investment in IP creation for BBC Services with the need of producers and distributors to exploits their IP and see a return of investment through exploitation in the commercial space.*

