



# **Regulation of converging media: principles to make it workable**

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22 June 2007  
Geneva

# Outline of the presentation



- Media market trends:
  - What is media?
  - What is converged - or new – media?
  - What kind of issues does convergence present?
- Converged media – challenges for...
  - providers
  - regulators
- Sketching the response to the changing environment

# Media market trends: what is media?



**Media** - a generic term

- systems of production and dissemination of information and entertainment as well as
- exertion of various kinds of social controls.

Unlike a channel which is limited to a contiguous physical medium between the sender and a receiver of communications, media include the institutions which determine the nature, programming and form of distribution.

**New media** is a broad term that usually refers to new technologies and communication methods in the context of their effects on the established mainstream media. Over the time the term was used to refer to anything that was Internet-related.

Although there is a variety of definitions, usually two consistent characteristics are implied:

- Uniquely **individualized information** can simultaneously be delivered or displayed to a potentially **infinite number** of people.
- **All players** involved (e.g. publishers, broadcasters, consumers) share equal or **reciprocal control** over content.

# Media market trends



## Information (content):

- digitized
- democratized (easy to create, save, edit, share, etc.)
- highly transferable
- minimized losses (if at all);
- remotely accessed;
- widely distributed
- embodied by no specific platform
- personalized

A strong network and / or more data sold: is that enough?

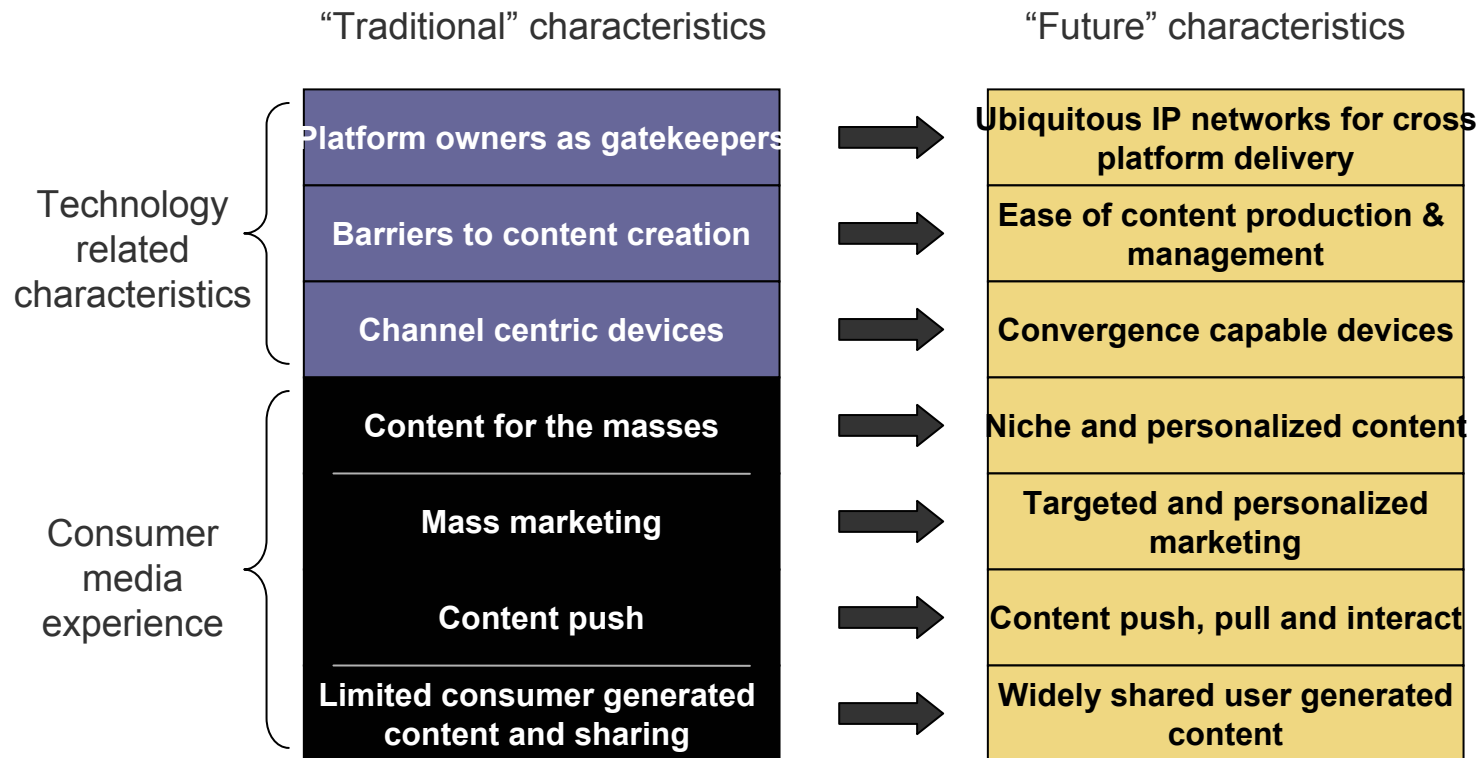
- ... differentiation of life styles v. growth of mass-consumption ...
- ... individualization and content niche-isation v. global reach ...

Globally, more hours are spent consuming digital media (eg. Internet) than any analogue media (incl. TVR). Digital technologies are transforming businesses and governments, policy making and resisting, and changing the ways we live and interact, creating possibilities for ....

# Media market trends



As experts and observers say, media industry is changing in fundamental ways...



The question is: what we are living now? And what we are regulating?

# Media market trends



From 1995 to 2004, “old” media started to expand into producing “new” media, thus blurring the boundaries between the two. Much “old” media content was re-purposed in a new digital format, but with **little substantial change**.

Web-newspapers in Lithuania:



# Media market trends



In a sense, the oldest media have never died, but the tools we used have changed dramatically:

Movies, pieces of music, books or newspapers can all be expressed in the same binary code. Discrete forms of analogue media are just different dialects of the language of computerese.

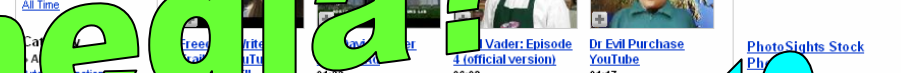
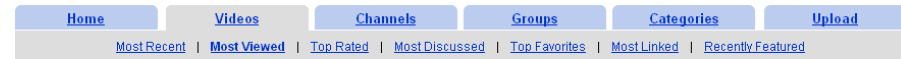




# Media market trends



- Every user can easily become content (including harmful) over internet provider;
- Option to personalize own TV, radio, etc.



Is this media?  
Any serious argument against?  
Any idea on regulation?

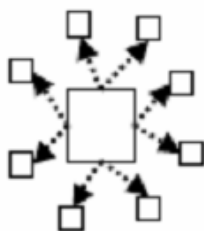




# Media market trends



Mass media to personal media.



A Product you buy

TV as dominant force

Anglo-American hit content dominates

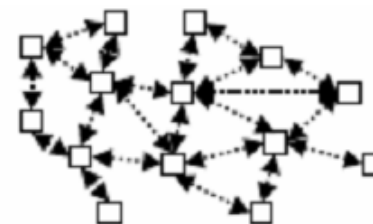
Living room (lean back)

On schedule

One-way 'broadcast'

Consume

A few very large players



A Service you subscribe to

Web as dominant force

Diverse & niche contents dominant

Anywhere (lean back & forward)

Anytime

Receiver also SENDS

Participate / *Usafe*

Many small / mid-size players

# Media market trends



State borders do not limit media delivery any more.

New devices allow to pick up TV and video from a home PC equipped with a TV card on an internet-enabled device from anywhere in the world – it is a nightmare for the single state-wide regulatory authorities.



Download Orb and start MyCasting all your media to any Internet-connected mobile phone, PDA or laptop. That's media freedom.



mymusic



myphotos



myvideos



myTV



myextras



Lets sum up:

- Unlimited number of audiovisual content delivery channels
- States' borderlines are no more restrictive factors to reach consumers
- The same content can be delivered over different transport means, but:
  - Different means are still regulated separately
  - Content providers are still licensed
  - Licensing does not guarantee IPR protection
  - Some transport means risk to be ignored due to the lack of legal ground...

# Media provision issues: providers' view



In a converged media environment, where anyone has the technical ability to choose and create content, what's the rationale for “old-fashioned” media regulation?

- The complex and advanced network system = less possibilities apply centralized approach;
- Web aggregates basically all the platforms = shall they to be treated non-equally? Shall fair competition not be considered as essential?
- Innovation (= thus consumer satisfaction) in an uncertain and risky environment = burdensome regulations shall not potentially hinder / discourage new technologies?
- Intervention in the market = will it be viable? Any intervention occasion or when it is the sole means available to ever clearly define the scope and does not unfairly penalize any media against competing means of content delivery?
- Self regulation = shall be workable?

Consumers – on what they are focused on? Content delivery means or final products are the ones driving their behavior?

- Consumers are demanding innovation in media provision;
- Strategy: more value from a media provider:
  - stay longer;
  - come back more often;
  - move seamlessly across their array of products;
- Market value increase through alternative ways of generating additional revenue from existing networks.

few simple rules  
pro-innovation  
pro-consumer

# Media provision issues: regulator's view



Can we really expect the future network of networks to be totally self-regulating, with no rules by government?

- Diversity does not assure social or operational optimality when different participants pursue different strategies, while private and public objectives diverge
- Issues of free flow of information, interconnectivity, universality of service, and international asymmetry will not vanish with competition
- Media literacy is essential for the user to control his consumption, but not easily achievable
- It is easy to forget about the audience if you are wrapped up in making programs for multiple platforms
- Each competitor has different advantages and disadvantages, but policymakers and implementers can easily increase competitive advantage through regulation [shall they?]
- Regulation forms for “old” providers cannot be automatically transferred for “new” ones
- In any case, regulations between the offline and online world should be harmonized and
- minors need to be protected from harmful content.

# Challenges to regulator



Traditional separate regulation of services and technologies:

- becomes inconsistent and threatens to over-regulation
- is characterised by a wide range of inter-institutional coordination
- lacks systematic attitude, distorts normal regulatory actions, fosters uncertainty in the market
- distorts competitive market processes.

But also ...

- Advent of new networks and services providers, new technologies of communications, new services of electronic communications seems never stop
- Demand for market and regulatory conditions that would allow market players to decide over technologies, networks and services and promote investments as well as proactive market decisions gets stronger
- Requirements of society to gain the greatest benefit from technology development poses the need for regulation to be as innovative as convergent market ...
  - this in essence means flexibility in structural decisions
- ... but at the same time securing the public interest.



# Sketching the response



EU approach - TV without frontiers directive update.



European Commission  
Information Society and Media

New technologies in the transmission of audiovisual media services call for adaptation of the regulatory framework:

- taking account of the impact of
  - structural change
  - the spread of ICT
  - technological developments on business models
- ensuring optimal conditions of competitiveness and legal certainty as well as respect for cultural and linguistic diversity.



# Sketching the response



## Regulation:

- Light-touch, flexible and future oriented:
  - Not trying to “cover” all possible media delivery technologies by legal acts;
  - Equally applied to all delivery means;
- Realistic:
  - With clear perception, that the number of content delivery channels is unlimited;
  - Conscious of limited regulatory institutions jurisdiction;
- Content but not transport means oriented:
  - A program can be delivered via different means, if the content meets established requirements;
- Enabling further investments:
  - Investments to foreign countries with the aim to reach a particular (e.g. Lithuanian) audience from there is not acceptable;
  - Unnecessary administrative obstacles should be removed;
- Ensuring programs critical to the public and their proper delivery:
  - Delivery of relevant programs to the consumers must be ensured regardless of the technological development.

## What's the regulatory vision?

No licensing for content providers

Harmonized regulation of the domain but not technologies / products

General principles development, including “easy come – easy go”

Implementation supervision requires more efforts and is far harder

# Conclusions



“The convergence of technologies such as communications networks, media content and devices requires **“policy convergence”**. (Viviane Reding, Brussels, 1 June 2005)

Regulation has no other options than to be proactive, future oriented and go in line with changing landscape of content delivery, however priority should be given to minimum intervention to the market.

Huge variety of information delivery channels does not mean free flow of information and optimal connectivity by definition.

Since number of content delivery means is not going to be limited, attention to equality of stakeholders and consumer rights protection should be given.

This should be ensured through balance between decreasing conventional regulatory measures and empowered market self-supervision.

# Thank you



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