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From: THE PRIVATE SECRETARY



cc BSG ✓  
HOME OFFICE  
QUEEN ANNE'S GATE  
LONDON SW1H 9AT

Prime Minister

26 February 1988

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Dear Andy,

BRITISH SATELLITE BROADCASTING

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The Home Secretary suggested that the Prime Minister and MISC 128 colleagues might be interested to see the enclosed text of the speech given by Mr Anthony Simonds-Gooding, Chief Executive of BSB, at the recent Financial Times Conference on cable and satellite broadcasting. The speech gives a brief account of BSB's progress to date and plans for the future. Pages 14-16 of the text are particularly addressed to the Government.

I am copying this letter and its enclosures to the Private Secretaries to other members of MISC 128 and to Trevor Woolley (Cabinet Office).

Yours ever,

Glin

C R MILLER

P A Bearpark, Esq.,

THE  
LIBRARY  
OF THE  
MUSEUM OF  
ART AND HISTORY



2011  
JMF

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BSB PREPARES FOR LAUNCH

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A. INTRODUCTION

MY NAME IS ANTHONY SIMONDS-GOODING AND I AM CHIEF  
EXECUTIVE OF AN EXCITING NEW VENTURE IN THE WORLD OF  
U.K. TELEVISION - BRITISH SATELLITE BROADCASTING.

AS SUCCESSFUL RECIPIENTS OF THE U.K. GOVERNMENT'S  
FIRST DBS LICENCE, AWARDED FOR 15 YEARS, WE ARE  
SETTING OUT TO CHALLENGE THE TRADITIONAL DOMINANCE OF  
THE FOUR ESTABLISHED TERRESTRIAL CHANNELS.

IN JUST OVER 18 MONTHS FROM TODAY - IN SEPTEMBER 1989  
- WE ARE CHARGED WITH BRINGING TO THE U.K. MARKET FOUR  
NEW NATIONAL TELEVISION SERVICES.

ONE SERVICE WILL BE FUNDED BY SUBSCRIPTION AND WILL BE  
A DEDICATED FILM SERVICE. THE OTHER THREE SERVICES  
WILL BE FUNDED BY ADVERTISING AND WILL OFFER A  
CHILDREN/FAMILY CHANNEL, / A NEWS/LIVE/CURRENT  
AFFAIRS/MAGAZINE/SPORTS CHANNEL, / AND A GENERAL  
ENTERTAINMENTS CHANNEL. WE HAVE ALSO BEEN AWARDED  
THE FRANCHISE FOR A DATA CHANNEL.

WE DO NOT UNDER-ESTIMATE THE TASK BEFORE US. WE HAVE  
THE POTENTIAL OF OFFERING 72 HOURS PROGRAMMING A  
DAY. IT WILL BE LIKE LAUNCHING BBC AND ITV IN ONE  
HIT, NOT TO MENTION THE INFRASTRUCTURE REQUIRED TO  
MAKE THESE SERVICES A REALITY - SATELLITE, GROUND  
STATIONS, RECEIVERS, INFORMATION SYSTEMS, SUBSCRIBER  
MANAGEMENT, SALES FORCE AND SO ON.

WE BELIEVE IT IS MANAGEABLE. AND IF WE ARE  
SUCCESSFUL, THEN IT MUST BE A MILESTONE EVENT IN THE  
HISTORY OF BRITISH BROADCASTING.

B. PROGRESS TO DATE

WE HAVE A 19 MONTH COUNT-DOWN AHEAD OF US. WHAT IS OUR PROGRESS TO DATE?

SATELLITE

THESE AND THE LAUNCH VEHICLES WERE ORDERED LAST MAY - THE FIRST FOR DELIVERY IN ORBIT TO BSB ON 15TH AUGUST 1989.

WE HAVE SELECTED ARGUABLY THE MOST EFFECTIVE PARTNERSHIP AVAILABLE IN THE WORLD TODAY.

THE HUGHES HS 376 SATELLITE, OF WHICH 30 HAVE ALREADY BEEN BUILT, IS THE ONLY 'PRODUCTION LINE' SATELLITE IN THE WORLD, AND TO DATE THERE HAVE BEEN NO IN-ORBIT FAILURES.

IT WILL BE A MCDONNELL DOUGLAS DELTA LAUNCH - 98% SUCCESS RECORD IN THE LAST 10 YEARS, WITH ITS MOST RECENT SUCCESSFUL LAUNCHING BEING LAST WEEK.

BUT WE ARE LEAVING NOTHING TO CHANCE. BSB HAS PURCHASED A SECOND 'IDENTICAL' COMBINATION - PARTIALLY TO CATER FOR THE UNLIKELY EVENT OF A LAUNCH FAILURE. WITH A SUCCESSFUL FIRST LAUNCH, THE SECOND SATELLITE WILL BE DELIVERED INTO A 'PARKING' ORBIT A FEW MONTHS LATER. FROM THIS POSITION, IT WILL BE POSSIBLE TO QUICKLY PUT THE 'BACK-UP' INTO SERVICE SHOULD A PROBLEM ARISE.

THIS INDICATES BSB'S SERIOUSNESS OF INTENT AND  
DETERMINATION TO BE ON TIME AND SAFE.

RECEIVER

TURNING TO THE RECEIVER, RECEIVERS WILL REQUIRE A  
SET-TOP BOX, ABOUT THE SIZE OF A COMPACT DISC PLAYER,  
TO RECEIVE SIGNALS FROM THEIR SMALL DISH AERIAL. WE  
CAN PROMISE 'SMALL' BECAUSE OUR SATELLITE IS  
HIGH-POWERED (110 WATTS PER CHANNEL TRANSMISSION  
POWER, DELIVERED BY RELIABLE TWIN 55 WATT AMPLIFIERS,  
AS OPPOSED TO THE MORE CONVENTIONAL SATELLITE  
TRANSMISSIONS OF 20-40 WATTS) CONCENTRATING ON A U.K.  
AND EIRE FOOTPRINT. THE GREATER THE POWER, THE  
SMALLER THE RECEPTION DISH. SO OUR PRODUCT'S  
RECEIVER WILL BE FAR LESS INTRUSIVE (AND MUCH EASIER  
TO INSTAL) THAN OTHER LOW OR MEDIUM-POWERED,  
PAN-EUROPEAN ALTERNATIVES.

THIS RECEIVER WILL WORK TO THE D-MAC SYSTEM AND WILL  
BE ENCRYPTED. WE HAVE PUT TO OPEN TENDER THE  
MANUFACTURING OF THE EQUIPMENT COVERING OVER 60  
COMPANIES, AND ANY COMPANY IN THE WORLD IS WELCOME TO  
APPLY (QUICKLY!). THESE WILL BE REDUCED TO A SHORT  
LIST, AND WE HOPE TO ANNOUNCE A FINAL SPECIFICATION IN  
MARCH.

OUR KEY PRIORITY IS TO PRODUCE THE EQUIPMENT ON TIME,  
AND AT SUFFICIENT QUANTITIES PER MANUFACTURER TO  
ENSURE THE LOWEST POSSIBLE CONSUMER PRICE. WE  
BELIEVE THAT THE EQUIPMENT WILL BE AVAILABLE TO THE  
MARKET AT AROUND £200 PER SET.

#### GROUND STATIONS

THESE CONSIST OF AN UP-LINK, A TTAC BUILDING, A HEAD  
OFFICE, A TRANSMISSION CENTRE, A COMPUTER CENTRE, A  
CUSTOMER MANAGEMENT CENTRE.

WE ARE CONCLUDING NEGOTIATIONS ON ALL KEY GROUND  
CENTRES, AND I WOULD BE DISAPPOINTED IF WE CANNOT  
ANNOUNCE SUCCESSFUL CONCLUSION ON ALL MAJOR LOCATIONS  
WITHIN THE NEXT FOUR WEEKS.

#### PEOPLE

THE TOP MANAGEMENT TEAM IS NEARLY COMPLETE -  
PROGRAMMES, MARKETING, SALES, RETAIL LIAISON,  
TECHNICAL, FINANCE, INFORMATION, PERSONNEL AND SO ON.

THIS TOP TEAM WILL BE FULLY IN PLACE AND WORKING  
ACROSS ALL FRONTS BY APRIL.

WE HAVE EMBARKED ON A RECRUITING PROGRAMME WHICH  
INDICATES SOME 140 PEOPLE BY THE END OF THIS YEAR  
(OVER HALF OF WHICH ARE TO DO WITH PROGRAMMING) AND  
SOME 300+ WHEN WE GO ON AIR.

NOTE THAT PROGRAMME PRODUCTION HAS NO PART OF THE  
INFRASTRUCTURE. WE WILL BE RELYING ON ACQUISITION  
AND COMMISSIONING OF MATERIAL. WE BELIEVE THAT TO BE  
A MUCH MORE FLEXIBLE, COST-EFFECTIVE WAY TO SET ABOUT  
PROGRAMMES.

SO MUCH FOR INFRASTRUCTURE. TELEVISION IS ALL ABOUT  
THE QUALITY OF PROGRAMMING. WHAT HAS BSB DONE TO  
DATE IN THIS FIELD?

#### PROGRAMMING

WE HAVE A SUBSTANTIAL CONSUMER RESEARCH PROGRAMME IN  
THE FIELD, WHICH WILL HELP GUIDE OUR PROGRAMMES INTO  
DISTINCTIVE, ATTRACTIVE AND LUCRATIVE FIELDS.

WE ARE CONSTRUCTING A BASIC CONSUMER FRAMEWORK,  
EXAMINING LIKES AND DISLIKES, DEFINING TARGET MARKETS,  
AND IDENTIFYING ANY OPPORTUNITIES THAT WE BELIEVE THE  
COMPETITION MAY BE OFFERING US.

MEANWHILE, IN PARALLEL, I CAN REPORT PROGRESS ON A  
NUMBER OF INTERESTING FRONTS.

WE HAVE STRUCK A 3-YEAR £30M+ DEAL WITH ITN TO  
PRODUCE FOR US UP TO 8 HOURS DAILY OF NEWS MAGAZINES,  
AIMED AT A YOUNGER AUDIENCE, FRESH AND DISTINCTIVE.

ITN HAS SET UP A SEPARATE COMPANY TO DO THIS. IT  
WILL BE OUR BRAND AND PRODUCED DAILY FROM A NEW STUDIO  
PRODUCTION FACILITY AND NEWSROOM TO BE HOUSED IN BSB'S  
NEW LONDON HEADQUARTERS.



THIS WEEK BSB'S <sup>NEW</sup> CHANNEL GOES OUT TO TENDER FOR ITS SPORT, WOMEN'S MAGAZINES AND MUSIC SERVICES. || THIS OVER THREE YEARS COULD GIVE TO OUR INDEPENDENT PRODUCTION COMMUNITY AN OPPORTUNITY WORTH ANYWHERE BETWEEN £30M AND £60M.

NEGOTIATIONS ARE WELL ADVANCED WITH A NUMBER OF HOLLYWOOD STUDIOS FOR OUR SCREEN CHANNEL, THE U.K.'S FIRST NATIONAL SUBSCRIPTION CHANNEL. WE WOULD HOPE TO REPORT SPECIFIC DEALS FROM APRIL/MAY ONWARDS.

WE ARE WORKING ON IDEAS ON HOW BSB MIGHT SUPPORT THE RE-EMERGING BRITISH FILM-MAKING INDUSTRY TO MUTUAL ADVANTAGE.

THESE ARE JUST SOME OF THE INITIATIVES. THERE ARE MANY MORE.

INCIDENTALLY, BSB HAS NOW DECIDED TO INCORPORATE A PAY-PER-VIEW FACILITY - WHERE THE VIEWER CAN CHOOSE PROGRAMME BY PROGRAMME, WHETHER HE WISHES TO PAY FOR IT.

WE SEE THIS INITIALLY BEING USED FOR SPECIAL EVENTS - A SPECIAL SPORTING EVENT, A FILM PREMIERE, A POP CONCERT, AND SO ON - THEN PROGRESSIVELY EXTENDING THIS SERVICE AS APPROPRIATE.

C. BSB AND ITS 4 KEY COMMUNITIES - THE VIEWER. THE  
ADVERTISER, GOVERNMENT, AND THE INVESTOR

HAVING INDICATED OUR PROGRESS TO DATE, WHICH I BELIEVE TO BE ENCOURAGING, WHEN ALL IS SAID AND DONE, TO ESTABLISH A SUSTAINABLE THIRD FORCE IN BRITISH TELEVISION BROADCASTING IN THE TIME AVAILABLE IS A DAUNTING TASK. ONE WOULD BE STUPID TO THINK OTHERWISE.

MANY HERE WILL REMEMBER THE DEMISE OF THE CLUB OF 21.

MORE RECENTLY THERE HAS BEEN THE FAILURE OF THE RECENT GERMAN DBS SATELLITE, AND THE DELAY OF THE FRENCH DBS SATELLITE.

WE BELIEVE THAT WE HAVE MINIMISED THE RISKS AS FAR AS POSSIBLE, ESPECIALLY THE OBVIOUS ONES OF SATELLITES AND LAUNCH VEHICLES.

NEVERTHELESS, BSB NEEDS TO BE SURE OF A REASONABLY FAIR WIND, IF IT IS TO SUCCEED - AND I SPEAK HERE OF A WIND FROM FOUR PARTICULAR SOURCES - THE VIEWING PUBLIC, / THE ADVERTISING COMMUNITY, / THE GOVERNMENT AND THE INVESTING COMMUNITY.

HOWEVER, IF BSB IS TO DESERVE THEIR SUPPORT, IT NEEDS TO BRING IN RETURN SOME CLEAR BENEFITS TO THE PARTY - OR SHOULD I SAY, THE FOUR PARTIES.

NOW'T FOR NOW'T.

I BELIEVE BSB CAN OFFER SUBSTANTIAL BENEFITS. LET ME QUICKLY LIST THEM UNDER THE FOUR HEADINGS - VIEWER, / ADVERTISER, / GOVERNMENT / AND INVESTOR.

WHAT HAS BSB TO OFFER?

FIRST TO THE VIEWER

WE WILL OFFER MORE CHOICE. OUR OWN RESEARCH, AND INDEPENDENTLY COMMISSIONED RESEARCH, CONFIRMS AGAIN AND AGAIN AN UNFULFILLED DEMAND FOR MORE, QUALITY PROGRAMMING. WE WILL BRING THAT EXTRA CHOICE, VIRTUALLY DOUBLE.

HOWEVER, 'MORE' IS NOT ENOUGH. WE NEED ALSO TO OFFER 'DIFFERENCE'.

I HAVE ALREADY SPOKEN ABOUT SCREEN - OUR DEDICATED FILM CHANNEL. THIS WILL BE DIFFERENT. RESEARCH INDICATES AGAIN AN INSATIABLE DEMAND FOR MOVIES. WE WILL OFFER MORE MOVIES - MUCH MORE, 380 A YEAR - WITH AIR-DATES WAY, WAY AHEAD OF CURRENT TERRESTRIAL, AND EVEN CABLE CHANNELS.

BUT PERHAPS, OUR MOST POTENT POINT OF DIFFERENCE WILL BE OUR STRUCTURAL ADVANTAGE AGAINST BBC AND ITV. WE HAVE 3 CHANNELS AND A POTENTIAL OF 72 HOURS PER DAY TO PLAY WITH - ALL ACTIVELY CROSS-SCHEDULED AND CROSS-MARKETED.

THIS MEANS, THAT WE WILL BE ABLE TO DEVOTE MUCH MORE TIME  
TO SPECIFIC PRODUCTS AND SPECIFIC AUDIENCES.

SOME EXAMPLES

IF YOU LIKE NEWS, WE CAN GIVE YOU 8 HOURS A DAY.

IF YOU DON'T LIKE NEWS YOU COULD WATCH ONE, OR  
OTHER OF OUR TWO BSB SERVICES.

IF YOU LIKE SPORT, WE CAN GIVE YOU GRANDSTAND  
SEVEN NIGHTS A WEEK. IF YOU DON'T LIKE SPORT,  
YOU CAN WATCH ONE OR OTHER OF OUR TWO BSB SERVICES.

IF YOU LIKE MOVIES, WE CAN GIVE YOU FOUR MOVIES  
EVERY NIGHT OF THE WEEK, AND SO ON.

REAL, ATTRACTIVE POINTS OF DIFFERENCE. (AND ONES  
WHICH WE BELIEVE ALLOW US REALISTICALLY TO COMPETE  
WITH THE GOLIATHS OF THE BBC AND ITV, WITHOUT SLUGGING  
IT OUT ON A PURE £ TO £ BASIS, WHICH WE COULD NEVER  
AFFORD, NOR WISH TO).

THEN THERE IS THE PAY-PER-VIEW SERVICE, ALREADY  
MENTIONED.

WE ARE ALSO INTERESTED IN DEVELOPING A HOME SHOPPING  
SERVICE - DIRECT MAIL, OFF THE SCREEN.

I HAVE NO DOUBT THAT WE WILL OFFER THE VIEWER MORE.  
AND THAT 'MORE' CAN BE ATTRACTIVELY DIFFERENT.

TURN NOW TO THE ADVERTISER

THERE IS NOT A SHADOW OF A DOUBT HERE, THAT WE WILL RECEIVE SIGNIFICANT SUPPORT FROM THE ADVERTISING COMMUNITY, IF WE PROPERLY DELIVER.

OUR 3 ADVERTISING-FUNDED SERVICES VIRTUALLY DOUBLE THE POTENTIAL SHELF-SPACE ON OFFER TO THE ADVERTISERS.

WE WILL AIM TO OFFER MORE COST-EFFECTIVE ADVERTISING, PARTLY THROUGH OUR OWN ECONOMIES OF SCALE AND PARTLY BY OFFERING PROGRAMMING THAT IS BETTER ABLE TO REACH A DEFINED TARGET AUDIENCE, WITHOUT WASTAGE.

AS AN EXAMPLE OF OUR ECONOMIES OF SCALE, TAKE SELLING. THE CURRENT ITV SYSTEM HAS A SALES FORCE NATIONALLY APPROACHING 2000. WE WILL HAVE A SALES FORCE OF WELL UNDER 100, BECAUSE WE ARE ABLE TO SELL 3 CHANNELS, PACKAGED TOGETHER AND NATIONAL - AS AGAINST THE FRAGMENTED, GEOGRAPHIC SYSTEM OF ITV.

AND IT IS THE STRUCTURAL ADVANTAGE THAT BSB ENJOYS, AND WHICH I DESCRIBED EARLIER, THAT ALLOWS US TO OFFER ADVERTISERS BETTER TARGETTED ADVERTISING.

£60M HAD BEEN SET ASIDE FOR MARKETING THE SERVICE TO THE CONSUMER DURING THE FIRST TWO YEARS OF LAUNCH - A BUDGET WHICH WILL ENSURE THAT THERE WILL BE A 100% AWARENESS AND COMPREHENSION BY THE CONSUMER AS TO WHAT BSB IS OFFERING.

IN SUMMARY, WE BELIEVE, THAT WHAT BSB BRINGS TO THE  
PARTY FOR THE ADVERTISER IS A REAL ALTERNATIVE TO THE  
CURRENT MONOPOLY.

INCIDENTALLY, IT SHOULD BE POINTED OUT THAT THIS  
BENEFIT TO THE ADVERTISER COMES AFTER VERY, HEAVY  
INVESTMENT BY BSB.

LET ME EXPLAIN.

BSB HAS AN ELEGANTLY INTEGRATED BUSINESS PLAN, WHERE  
EACH PART IS DEPENDENT ON THE OTHER. THE PARTS I  
REFER TO ARE THE ADVERTISING AND SUBSCRIPTION REVENUES.

IN ORDER TO COMPETE SIGNIFICANTLY WITH ITV FOR  
ADVERTISING SPACE (AND NOT TO BE JUST A WORTHY BUT  
MINOR SIDE-SHOW, JUST SCRATCHING AT THE MONOPOLY) ONE  
NEEDS SIZEABLE AUDIENCES.

TO GAIN SIZEABLE AUDIENCES, ONE MUST INVEST HEAVILY IN  
PROGRAMMING.

SUCH PROGRAMMING INVESTMENT COSTS A GREAT DEAL OF  
MONEY. IN FACT OUR BUSINESS PLAN ASSUMES GROSS  
CUMULATIVE LOSSES FROM THE 3 ADVERTISING FUNDED  
CHANNELS OF SOME £250M OVER THREE YEARS, BEFORE MONIES  
ON THE ADVERTISING ACCOUNT START COMING BACK.

WHAT MAKES THIS SORT OF INVESTMENT POSSIBLE IS  
FIRSTLY, THE BELIEF THAT IN THE MID- TO LONG-TERM THE  
ADVERTISING MARKET WILL OFFER A SIGNIFICANT OPPORTUNITY  
WORTH PAYING OUT FOR.

BUT SECONDLY, IT IS ONLY AFFORDABLE DURING THE  
FORMATIVE THREE YEARS, BECAUSE IT IS FUNDED BY A  
SUBSCRIPTION SERVICE, WHICH WILL OFFER POSITIVE CASH  
REVENUES FROM YEAR 1 ONWARDS.

IT IS ONLY IN THIS WAY, THAT ONE CAN AIM AT CREATING A  
SIGNIFICANT, RATHER THAN PERIPHERAL, COMPETITOR TO ITV  
FOR ADVERTISING MONIES.

TURNING TO THE GOVERNMENT. WHAT BENEFITS COULD BSB  
OFFER?

WE BELIEVE THERE TO BE GREAT MUTUALITY OF AIMS, AS  
BETWEEN THE GOVERNMENT AND BSB.

WE RECOGNISE, THAT THE GOVERNMENT IS STILL AT THE  
FORMULATION STAGE OF ITS FUTURE BROADCASTING STRATEGY,  
BUT WHATEVER TURNS UP, ONE CAN BE FORGIVEN FOR  
SPECULATING THAT IT WILL BE AN EXCITING PLAN, WHICH BY  
THE END OF A DECADE WILL HAVE CHANGED THE U.K.'S  
BROADCASTING ECOLOGY OUT OF ALL RECOGNITION, AND BE  
THE BETTER FOR IT. THE ISSUE IS HOW BEST TO MAKE  
THAT JOURNEY. CAREFUL JUDGEMENTS NEED TO BE MADE TO  
ENCOURAGE INVESTMENT ALONG THE WAY: TO ENSURE THAT BY  
GOING FOR MORE NOW, ONE DOES NOT RISK ENDING UP WITH A  
LOT LESS LATER. AVOIDS DE-REGULATION BECOMING  
DESTABILISATION. AVOIDING LAME-DUCKS, WITH A  
CONSEQUENT DROPPING OF QUALITY AND STANDARDS. THE  
LIST IS LONG, BUT THE ISSUES ARE REAL.

WE BELIEVE THAT WE ARE THE GOVERNMENT'S MOST  
SIGNIFICANT ALLY IN THIS EXCITING, BUT HAZARDOUS  
JOURNEY FOR MANY REASONS.

I HAVE ALREADY TALKED ENOUGH ABOUT ADDING CONSUMER  
CHOICE, OFFERING MORE PROGRAMMES, DIFFERENT PROGRAMMES.

I HAVE TALKED ABOUT CONSUMER SOVEREIGNTY IN TERMS OF  
SUBSCRIPTION, AND ULTIMATE CONSUMER SOVEREIGNTY  
THROUGH PAY-PER-VIEW.



I HAVE TALKED ABOUT OUR DETERMINATION TO BRING REAL COMPETITIVENESS TO THE ADVERTISING MARKET.

LET ME ADD ONE OR TWO OTHER POINTS OF SIGNIFICANT VALUE TO GOVERNMENT:

- WE WILL BE A U.K. REGULATED SERVICE. REGULATED TO THE U.K. GUIDELINES ON VIOLENCE, TASTE AND DECENCY. MOREOVER OUR EQUIPMENT CAN OFFER A PARENTAL CONTROL BUTTON, PROVIDING INDIVIDUAL HOUSEHOLDS WITH CONTROL OVER THEIR OWN TASTE AND DECENCY STANDARDS.

NO OTHER U.K. REGULATED T.V. SERVICE CAN LAUNCH BEFORE BSB. WE ARE THE COMPETITION FOR EXISTING SERVICES AND WE ARE NATIONAL ON DAY 1. A NATIONAL FIRST FOR SUBSCRIPTION AND FOR PAY-PER-VIEW.

- WE BRING TO THE INDUSTRY THE OPPORTUNITY TO ESTABLISH NEW WORKING PRACTICES. WITNESS OUR DEAL WITH ITN, AS AN EXAMPLE.
- BSB IS PRIVATELY FINANCED, IN FULL. NO GOVERNMENT MONEY.
- WE WILL OFFER MAJOR, MAJOR OPPORUNITIES FOR INDEPENDENT PRODUCTION HOUSES, AND HOPEFULLY CONTRIBUTE TO THE RENAISSANCE OF THE BRITISH FILM INDUSTRY.

- IN THE LONGER TERM, WE OFFER GOVERNMENT AND THE  
MANUFACTURING INDUSTRY AN EVOLUTIONARY ROUTE TO  
HIGH DEFINITION TELEVISION.

BUT LET ME ADD ONE MORE, NOT SO OBVIOUS, BUT KEY  
BENEFIT, THAT BSB CAN OFFER GOVERNMENT - THAT OF BEING  
ITS TEST-BED, AS THE U.K. PROCEEDS THROUGH ITS DECADE  
OF CHANGE, TAKING IT UP A NEW LEARNING CURVE.

IT WOULD SEEM TO US, THAT IF LESSONS CAN BE LEARNED  
FROM FIRST STEPS, BEFORE SUBSEQUENT ONES ARE  
AUTHORISED, THIS MUST BE A GOOD THING.

HAVING OBSERVED BSB'S IMPACT ON THE MARKETS (VIEWER,  
ADVERTISING AND SUBSCRIPTION) OVER ITS INITIAL 3  
YEARS, THE GOVERNMENT WILL BE WELL PLACED TO JUDGE  
WHAT THE MARKETS WILL BEAR, AND HOW BEST TO DEPLOY  
FURTHER DBS CHANNELS AND NEW TERRESTRIAL SERVICES.  
ADOPTING THIS LEARNING-CURVE STRATEGY, THERE WOULD  
STILL BE AMPLE TIME TO IMAGINE IN 10 YEARS FROM NOW  
OVER A DOZEN DIFFERENT T.V. SERVICES OPERATING  
SUCCESSFULLY IN THE U.K. WE SEE A PARALLEL IN THE  
MINNOW, BSB, TAKING ON THE DUOPOLY OF BBC AND ITV, AND  
THE MERCURY/BT SITUATION.

IN SUMMARY, THE GOVERNMENT NEEDS TO FOSTER A FAIR AND  
COMPETITIVE MARKET.

LET ME TURN NOW TO THE FOURTH AND FINAL COMMUNITY,  
FROM WHICH BSB NEEDS SUPPORT, IF IT IS TO PROSPER -  
THE INVESTMENT COMMUNITY. WHAT DOES BSB OFFER HERE?

THE PROJECT OFFERS AN EXCELLENT RETURN ON INVESTMENT,  
AND DESERVEDLY SO. THE NUMBERS ARE LARGE. IT IS A  
VOYAGE INTO THE UNKNOWN. IT IS SOME TIME BEFORE THE  
MONEY STARTS FLOWING BACK. HOWEVER, WHEN IT DOES IT  
IS IN WORTHWHILE QUANTITIES.

IT IS A £600M INITIAL INVESTMENT PROJECT, WHICH COVERS  
BSB FROM NOW UNTIL ABOUT END-1992, AT WHICH STAGE THE  
ENTERPRISE STARTS TO MAKE PROFITS AND THE ANNUAL  
CASH-FLOW TURNS POSITIVE.

FOR INVESTORS, PRESENT AND FUTURE, IT IS INCUMBENT ON  
BSB'S MANAGEMENT TO BRING TO BOTH VIEWER AND  
ADVERTISER, THE BENEFITS THAT I DESCRIBED EARLIER.

WE AIM FOR SOME £2.0M HOUSEHOLDS BY 1992 (10% OF HOMES  
WITH TELEVISION): 5.0M BY 1997: 10M BY THE END OF  
THE FRANCHISE PERIOD (2004). ON THESE CONSERVATIVE  
MARKET PENETRATION TARGETS, BSB'S RETURN ON INVESTMENT  
WILL BE VERY SATISFACTORY. THIS WILL INCLUDE THE  
'MUST CARRY' CABLE MARKET IN ACCORDANCE WITH OUR  
FRANCHISE.

BUT ALSO, INVESTORS, CURRENT AND FUTURE, WILL LOOK AT THE GOVERNMENT'S BROADCASTING STRATEGY AND TIMING OF ITS ROUTE-MAP - TO CHECK OUT, WHETHER IN THEIR JUDGEMENT INVESTMENTS OF SUCH DIMENSION FROM THE PRIVATE SECTOR CONTINUE TO LOOK ATTRACTIVE. FOR ITS PART, BSB BELIEVES THAT THE POTENTIAL IN TERMS OF MUTUALITY OF AIM, AS BETWEEN GOVERNMENT AND BSB, IS ENORMOUS.

THANK YOU.

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A. J. J. SIMONDS-GOODING

17TH FEBRUARY 1988