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NEW MEDIA INFLUENCES ON THE PUBLIC BROADCASTER'S CONTENT VALUE CHAIN AND BUSINESS MODEL

By

Imraan Dawood Khan

A research report submitted to the Faculty of Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management (in the field of Information Communication Technology – Policy and Regulation).

March 2011

ABSTRACT

The emergence of new media technologies has influenced the broadcasting marketplace causing it to evolve and become more competitive. The various platforms that new media technologies have made available for content repurposing and the increased number of channels available via digital television and radio has altered the landscape of the public service broadcaster in an unprecedented manner. Thus, questioning its viability amongst the other private media organisations whose core focus is on commercialisation of content rather than serving the public interest. Based on the case study of the South African Broadcasting Corporation (SABC), this study articulates the influence of new media broadcasting on the public broadcaster's business model and value chain. It investigated the legitimacy of public service broadcasting in the new media age. This study examined the current status of the SABC's broadcasting policy and concluded that there is urgency for policy revisions to be fast tracked.

KEY WORDS

Public Service Broadcasting
New media technologies
South African Broadcasting Corporation
Business model
Value chain

DECLARATION

I declare that this research report is my own, unaided work. It is submitted to the Faculty of Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management (in the field of Information Communication Technology – Policy and Regulation). It has not been submitted before for any degree or submission at any other university.

_____

Imraan Dawood Khan
30 March 2011

DEDICATION

I wish to dedicate this research output to my parents and to my wife, for their unwavering perseverance and support, during a crucial time where I did not have the luxury of time given the triple constraints of work obligations, family life and educational commitments. I am indeed grateful to you.

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This work would not have been possible without the generosity of many SABC personnel. I'm also grateful to those staff members who contributed to this work outside the interview process.

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Special thanks go to my wife Naz and children; Raadhiya, Humairaa, Zaakirah, Atiyah and Mohummed Zaahid who have not enjoyed much time with me during the compilation of this thesis. I look forward to days of undistracted pleasure with them.

I sincerely hope this work contributes to a better understanding of the evolution of new media broadcasting and public service broadcasting in South Africa.

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Glossary of Terms

Analogue: Types of a waveform signal that contains information such as image, voice, and data. Analogue signals have unpredictable height (amplitude) and width (frequency) and can vary infinitely over a given range.

Bandwidth: The available space between two given points on the electromagnetic spectrum and, inter alia, the amount of information that can be squeezed into that space.

British Broadcasting Corporation (BBC): The main public service broadcaster in the United Kingdom founded as the British Broadcasting Corporation in 1922.

Broadband: Broadband in telecommunications is a term which refers to a signalling method which includes or handles a relatively wide range of frequencies which may be divided into channels or frequency bins. In data communications a modem will transmit a bandwidth of 64 kilobits per second (Kbit/s) over a telephone line; over the same telephone line a bandwidth of several megabits per second can be handled by ADSL.

Broadcast: A single radio or TV programme; the transmission or duration of a programme. Any message that is transmitted over a large area, not necessarily by a broadcast station, is said to be broadcast. For example, facsimile transmission of a document to more than one fax machine is called broadcasting.

Convergence: The digital takeover of information and communication produces a new kind of interchangability and interconnectedness among different media forms.

Digital: Information sent as a series of high (1) and low (0) signals separated by a fixed period of time.

Digitalisation of public service media : A switch from analogue to digital signal transmission by the publicly-owned and/or operated media service providers

International Telecommunications Union (ITU): Originally the International Telegraph Union, the ITU is the international organisation established in 1865 to standardise and regulate international radio and telecommunications.

New media: Digital (new) "new media": digital broadcasting in its various forms (DVB-T, DVB-C, DVB-S, DVB-H, i.e. Terrestrial, cable, satellite and reception of mobile television on a handheld device, i.e. a cellular phone, or a PDA), interactive broadcasting, the Internet, mobile telephony, new platforms for content delivery

Office of Communications (OFCOM): The regulator of broadcasting in the United Kingdom.

Public broadcasting: Non-profit radio and TV stations that are supported by individual subscribers, foundations, government, and other funding sources, including corporations

Radio Frequency (RF): Refers to the use of radio carrier waves to transmit a broadcast signal.

List of Abbreviations

ATT	Analogue Terrestrial Television
BBC	British Broadcasting Corporation
CRTC	Canadian Radio Television and Telecommunications Commission
CTO	Chief Technology Officer
DOC	Department of Communications
DTT	Digital Terrestrial Television
DVB-H	Digital Video Broadcast - Handheld
EBU	European Broadcasting Union
EC	Electronic Communications
ECA	Electronic Communications Amendment
EPG	Electronic Programme Guide
HD	High Definition
IBA	Independent Broadcasting Authority
ICASA	Independent Communications Authority of South Africa
ICT	Information Communication Technology
IOL	Independent Online
IP	Internet Protocol
IT	Information Technology
ITU	International Telecommunications Union
OFCOM	Office of Communications (UK)
PBS	Public Broadcasting Services
PSB	Public Service Broadcasting
RF	Radio Frequency
SABC	South African Broadcasting Corporation
SADC	Southern African Development Countries
TV	Television
UGC	User Generated Content

UK	United Kingdom
USA	United States of America

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Chapter 1: Introduction

The broadcasting landscape has undergone significant changes since the democratisation of South Africa in 1994. Prior to this, the ruling government had exclusive control of the airwaves, by regulating and controlling the provision of broadcasting services. Radio and television are very influential mediums of communication and collectively have an enormous potential to influence public opinion. Thus, the primary reason for the state control of broadcasting in the apartheid era was for the government to promote its political agenda. Since democratisation, the broadcasting industry has witnessed the transition of the South African Broadcasting Corporation (SABC) from a state broadcaster to a public entity as well as the emergence of privately owned commercial broadcasters in the market. The SABC is the public service broadcaster (PSB) in South Africa.

At the same time, the introduction of digital technologies has been the primary catalyst responsible for the convergence of broadcasting, telecommunications and information technology (IT). The combination of both these events have revolutionised the broadcasting arena in a way that repositions the management of content to be published on multiple platforms across devices. A good example of this phenomenon includes the fixed telephone line being changed to the miniaturised cherry-picking Blackberry that is engulfed in the intelligence capabilities of handheld driven disposable devices and tools. These tools can be connected anywhere, anytime and for any need, thus presenting a shift in how broadcasting services are delivered and consumed.

The process of democratisation coupled with digitisation and convergence has been the primary driver for change and growth in the world of media business and the commercialisation of service offerings across a myriad of broadcasting players resulting in an unprecedented acceleration of business

opportunities and solutions. This has sprouted companies that gave rise to new media broadcasting service offerings and unique specialised solutions.

According to Juneaue (2000, p.6), new media broadcasting is broadly defined as "the migration of broadcasting content to mobile and internet protocol (IP) distribution". Collins *et.al*, (2000, p.1) in Roseborough (2007, p.26) claim that new media broadcasting leads to more "services, more choice between services, increased specialisation, branding services for specific target audiences, and increasing substitutability between media", such as web-casting, electronic news for printed news, video cassettes and pay per view for cinema. This makes it "harder for public service broadcasters to live up to their own society's expectations of them" *(ibid).*

Lievrouw and Livingstone (2006, p.2) define new media broadcasting as "the artefacts or devices used to communicate or convey information, the communication activities and practices in which people engage to communicate or share information and the social arrangements or organisational forms that develop around those devices and practices". Lievrouw and Livingstone's (2006, p.2) definition implies that new media broadcasting platforms are capable of meeting the demands of the average consumer. The PSB is challenged to meet such a demand so that it can unfold into something bigger and with greater expectations. At the end of the day it is about meeting the challenges of citizens in need of an economic upliftment through educational learning, keeping citizens updated on news and current affairs whilst at the same time providing entertainment to them. This is a standard synergy that drives all PSB's that may be operating wherever.

The multiple definitions of new media revolve around a few common denominators such as IP, mobile and social media sharing. These common

traits are specific to new media broadcasting and are used later on in the report. It is evident from the multiple new media broadcast definitions presented, that the dynamics of the broadcasting industry has been altered in an unprecedented manner and there is no turning back.

Convergence can be defined in general terms as the merging of different technologies being infused, so that services can be provided for both explicit and implicit needs of divergent commercial customers all in need of similar services across industries. A more pronounced definition of the term convergence would be a “phenomenon involving the interlocking of computing and information technology companies, telecommunication networks, and content providers from the publishing worlds of newspapers, magazines, music, radio, television, films, and entertainment software. Media convergence brings together the ‘three Cs’—computing, communications, and content” Thompson (2006, p.35). In a media specific context, convergence can be described as a takeover of all forms of media by one technology and the ability of digital systems to handle multimedia content at lower costs.

In light of the above, it is evident that new media has reduced the barriers to entry for new broadcast players and has made it easier for them to enter the market. Traditional forms of broadcasting are being challenged by increased competition and the ease at which new commercial players can provision sophisticated “green-field” infrastructure to broadcast content with reduced time to market.

This has a direct impact on traditional broadcasting service providers because previously, major advertisers purchased time slots between popular episodes for advertising their products and services from the PSB. This was the only way these organisations could guarantee placements for their

advertisements in prime time, even though it was costly. However, the evolution of the internet and new media has dramatically changed the manner in which the public consumes content. The PSB, as a traditional broadcaster, is losing the effect that once made it the preferred communication tool for major advertisers. These advertisers are now focussing on new digital platforms; for example digital terrestrial television, satellite and cable, which provide innovative advertising formats, more targeted and profiled audiences, clear measurability and premium engagement. Major advertisers believe that a better understanding of consumer segments can improve communication effectiveness and overall returns on advertising investments for them.

The above means that new media broadcasting makes it possible for the public to interact with media content providers in new, direct and innovative ways. For example, by “listening to digital radio, sending and receiving e-mails, chatting on-line, watching content and playing games on a single device regardless of whether it is fixed or mobile” Arpin (2007, p.1).

McChesney (2000), cited in Roseborough (2007, p.27), defines the PSB as being “run and regulated in the interest of the public. A public service broadcaster is a non-profit, non-commercial institution, supported by funds from the public to which it is accountable”. Juneaue (2000, p.3) positions public service broadcasting as “an information and education tool, accessible to all and meant for all, whatever their social and economic status”. Thus, the mandate is not restricted to information and cultural development, but also to entertainment and all that goes with such a request.

One of the elements of public broadcasting that sets it apart from commercial broadcasting is its source of revenue. The European Broadcasting Union (EBU) (2000, p.2) defines public revenue as “revenue that comes from the

state budget or other public funds or from mandatory fees paid by viewers and listeners". By comparison, commercial revenue concerns "income from contractual transactions on the market for example, advertising, sponsorship and programme sales" *(ibid).*

New media innovations are explored every day by programmers, broadcasters and distributors. All kinds of devices, such as computers, iPods, cameras, phones and others provide new opportunity for media content producers to interact directly with their audiences. Because a large number of the public have access to these devices, emerging new media broadcasting services are challenging traditional broadcasting services and the associated content value chain.

The value chain can be described as a chain of activities. "Products pass all activities of the chain in a certain order, and at each point or activity the product gains some value. The chain of activities gives the products more added value than the sum of added values of all the activities" Porter (1985, p.95). In a similar vein, Chan-Olmsted & Kang (2003, p.16) state that business models respond to the dynamics of the value chain because of the change in the value added to a product or service in each stage of its acquisition, transformation, management, marketing and sales, and distribution. Thus the value chain represents a systematic approach to presenting an industry by segmenting its different market activities that add different values to the final product, which in turn influences the business model.

Within the broadcasting domain, the term "value chain" is used to define a co-ordinated series of activities leading to the creation and delivery of a single product or service. With the emergence of new media, the broadcast value chain is undergoing a significant transformation. New media

broadcasting services are revolutionary, compared to traditional radio and television. “With the increased number of channels that digital television provides, it can be difficult for a Public Service Broadcaster (PSB) to survive amongst media systems which are commercialised in many countries around the world” (Korean Broadcast Systems, 2006, p.17).

It is crucial at this juncture to point out that the key reason for the PSB to exist is to serve the public interest to inform, educate and entertain. Its purpose differs from the state-controlled broadcaster and the profit-oriented commercial models that are prevalent within the broadcasting industry in other countries. Thus, the key operating principle that underpins a PSB should be to serve the public interest and not any political or commercial agenda. In South Africa, it is within the context of democratisation and convergence that the broadcasting landscape has undergone significant changes over the past decade. Concomitantly, new media technologies have changed viewer consumption habits. These trends have now put the spotlight on the relevance of public service broadcasting placing it at risk. It is critical that the PSB assess and evaluate its traditional approach of media services in order to reposition its offerings. Control measures are needed for the PSB to be serious about the competitive nature of the broadcasting business. As a result, it would be interesting to know how new media broadcasting affects the SABC’s content value chain and whether its business model needs to adapt to sustain the PSB in the future.

This chapter has thus far provided the introduction to this study. To illuminate the study further, it will provide a background, global media trends, the problem statement, the purpose statement, the research questions, conceptual framework, the case study structure and the report structure.

1.1 Background to the Study

In 1936 the South African Broadcasting Corporation (SABC) was established as a public service broadcaster under a Charter written by John Reith. During the apartheid years the SABC was used by the government for unbridled apartheid propaganda (Tomaselli *et al*. 1989, p.30). Between 1990 and 1994, South Africa moved from the apartheid era to an era of equality via multi-party elections and the SABC became a locus for national struggles over issues relating to control, racial composition, news content, language policy and ideology *(ibid).* In the technological sense, this meant that in the initial years after attaining democracy, no attention was given to the late capitalist economy into which broadcasting was now moving internationally as well as into the dynamics of a postmodern information society (Fourie, 2002, p. 30).

During the transition from apartheid to democracy, it was evident that delegates from South Africa and even the Southern African Development Countries (SADC) region were very few in numbers at the International Telecommunications Union (ITU) *ibid*. The resulting consequence for the young democracy and the SABC was a limited understanding of global technological issues. Primary emphasis was placed on meeting national objectives for transformation with a net result that progress in the evolution of the technology forefront was retarded. There was no drive to create robust and effective policies to ensure an introduction of more competitive markets that could force players to be more innovative and thereby keep the country technologically up to date compared to its international counterparts. As a result of the above, there was a lack of a strategic framework at the SABC that would have guided the organisation into embracing new market opportunities in line with new technology innovations that have accelerated exponentially over the years.

Currently, South Africa is at a crucial time in the development of the broadcasting and telecommunications industry. A global technological revolution is taking place in the transition from analogue to digital broadcasting. To manage a smooth migration from the analogue system to a digital broadcasting system, the Digital Dzonga Advisory Council was appointed by the late Minister Ivy Matsepe-Casaburri from Department of Communications (DoC) in 2008. The implication of this is that digital broadcasting would act as a catalyst to new media broadcasting. New media has become an arena where unprecedented changes have taken place. As a result, interventions that span technology as well as policy and regulation are required. With the advent of convergence and digitisation, South Africa has made considerable shifts in its policy framework as witnessed in the Electronic Communications (EC) Act. However, many of these were more aptly suited to address the technological issues associated with the digitised platforms, mostly in and around spectrum scarcity and market structures.

'Spectrum scarcity' is a term that is used to describe radio frequency spectrum as a conceptual tool to organise and map the physical phenomena of electromagnetic waves. These waves propagate through space at different frequencies, and the set of all possible frequencies is called the electromagnetic spectrum. The term radio spectrum typically refers to the full frequency range from 3 kHz to 300 GHz that may be used for various types of communication, e.g. wireless, broadcasting, mobile and the like. South Africa, like most other countries, considers the spectrum as a national resource and due to the limited range available, it must be managed appropriately.

The SABC provides radio stations as well as television broadcasts to the general public. The SABC is a traditional broadcaster as opposed to a channel (e.g., National Geographic), a traditional content aggregator (e.g., Multichoice) or a convergent content aggregator (e.g., Telkom Media). As a

traditional PSB, the SABC's mandate is to inform, educate and entertain its citizens. The SABC creates linear grids with a strong focus on its audience, produces part of its broadcasted programmes and news and broadcasts its channels free-to-air to viewers through Sentech's (the signal distributor) analogue terrestrial platform. In a linear broadcast, the viewer has no control over the content being viewed other than being able to change the volume, display and channel settings.

The SABC currently provides 18 radio stations as well as three television broadcast channels to the general public. Of the 18 radio stations, 15 are public service radio stations (each aimed at specific language communities) and three are commercial. As per the television channels (SABC annual report, 2008, p. 31), the SABC broadcasts SABC 1, SABC 2 and SABC 3 free-to-air directly to the viewers through Sentech's (the signal distributor) Analogue Terrestrial platform, which was recently augmented with a Digital Terrestrial platform (presently in dual illumination mode until 2015 as per the DoC) and charges a licence fee for that public service. But SABC 1, SABC 2, SABC 3 is also broadcast through Multichoice's DSTV service (DTH - Satellite). ICASA granted four additional Pay TV licenses to Telkom Media, e-SAT, On Digital Media and Walking on Water, ending Multichoice Africa's 12-year monopoly over the South African Pay-TV market. Following SABC's request, ICASA is now deliberating if these operators should be "forced" to transmit the public channels as part of their packages and if they should pay for those channels (potential must carry / must pay regulation).

The SABC pursues a mixed revenue model, with 73 percent coming from advertising, 18 percent from licence fees, 2 percent from the state fiscus and three percent from other funding (SABC Annual report 2009/2010, p.67). One of the SABC's key stated intentions is to diversify its operations, leveraging off newer technology in order to find newer funding streams, thus

relying less on advertising revenue (Cameron, 2007, p.30). Hence, it was very interesting to also investigate the manner in which the organisation planned to deal with the problems, or how the organisation would respond to the phenomenon of the new media broadcasting environment.

1.2 Global Media Trends

Convergence and digitisation bring together technologies used commonly on broadcasting and telecommunications. This gives rise to a range of new applications that has made it possible for the public to interact in innovative ways. On the broadcasting landscape, regulatory uncertainty is a problem that is growing due to the digital age. The cause of this uncertainty takes two forms, namely, the various platforms in which new media broadcasting is applied and the manner in which such platforms affect changing market structures. The phenomenon of convergence provides gaps in the regulatory domain making it difficult for players on the regulatory side to grasp what is going on (Chalaby and Segell, 1999, p.359).

In reviewing the PSB in the United Kingdom (UK), one of the key findings was that due to the rapidly changing technological environment, it was difficult to predict how markets would evolve and whether the need for intervention in public service content would remain (Smith, 2006, p.932). In addition, the review identified that the established PSB system was threatened by changes in the market, especially the move from analogue broadcasting to digital broadcasting and consequently "multi-channel television may mean it is no longer realistic to expect commercial broadcasters to deliver significant PSB obligations due to their fragmenting audience base" (*ibid).* This translates that PSB provision from commercially-funded organisations is under potential threat. However, in the context of the SABC, being a PSB and government-owned, it becomes evident that the

organisation should be relying on the state fiscus to fund it and not on other means of deriving revenue, for example advertising.

In Europe, the general assumption is that funding of the PSB influences content. The consensus is that the PSB needs a secure funding framework and that public funding is an important aspect of PSB systems. However, the most widely used funding model for the PSB is mixed funding which comprises a combination of public and commercial revenue (European Broadcasting Union EBU, 2006, p.83). The drive behind the potential and reality of new media broadcasting "is an implicit conviction that technology is capable of changing man, society and the way they interact and deal with each other" (Van den Bulck, 2008, p.336).

Murdock (2004, p.20) and Tracey (1998, p.72) argue that the advent of the new media digital space will threaten the existence of the public broadcaster and result in its demise in the future. This translates that the general rule of "who pays commands" may apply to the role of the PSB. The more dependent a PSB is on advertising or sponsorship revenue, the more it will be under pressure to achieve high audience ratings. This applies to the demographics of the population who are of primary importance to advertisers. On the other hand, Ward (2004, p.131) and Whittle (2004, p.9) posit that while digital new media technologies present challenges, they also present opportunities for the PSB to re-emphasise its mandate. These two theories ground the existence or proliferation of PSB in the emerging new media environment. Further analysis of these two paradigms is presented in the literature review.

The present new media-broadcasting environment is one that is unregulated. There is critical discourse around the world, and in South Africa, the debate is specifically on whether content should be regulated. The new media space

allows for content to be copied, reproduced or published to any online environment without consideration for the owner's rights to that piece of content. If allowed, the above has the potential to render the broadcaster irrelevant, but if proper policy is in place the relevance of the broadcaster's already trusted brand can acquire a heightened premium. The following is a presentation of the research problem in an attempt to guide the reader.

1.3 Problem Statement

The problem this research addresses is created by the emergence of new media broadcasting and the manner in which this affects the SABC's traditional content value chain and business model so much so that its emergence could have positive or negative implications on the PSB's future.

New media broadcasting affects the broadcaster's value chain by directly linking content producers with consumers. Historically the public service broadcaster disseminated its content to consumers via a *one-to-many* static distribution model, involving much advertising from which it primarily derived its revenue. With the advent of new media broadcasting, which had gained popularity and momentum in South Africa since 2006 as a result of increasing broadband penetration and technology innovation, producers can now distribute their content directly to consumers on a *one-to-one* interactive basis without the need of an intermediary. A narrowcast direct *one-to-one* interactivity of audiences with producers means that audience fragmentation can lead to a decline in PSB advertising revenue. This results in advertisers seeking to position their products on alternative digital platforms, for example, mobile platforms and websites. South Africa has a large mobile telephony footprint that exceeds fixed-line penetration currently. With declining handset costs and increasing capability of mobile devices, repurposing of content onto these devices is increasingly becoming viable as an alternative to traditional broadcast channels.

The broadcast content and audience landscape continues to become fragmented at an accelerated rate by virtue of new media broadcasting. Therefore, broadcasters are in a critical position where adapting to a fragmented audience and media landscape is crucial for survival. Additionally, the discourse among experts in the broadcast industry is whether the new media broadcast environment will lead to the decline or demise of the PSB or whether this new media environment will augment the already trusted established brand of the PSB, thus heightening its premium and increasing its relevance to the public. Thus, this research explores the influence of new media broadcasting on the SABC's content value chain in order to better understand the challenges and possible opportunities new media has on the public broadcaster and ways in which the PSB business model needs to adapt to ensure that the PSB sustains its business activities going forward.

1.4 Purpose Statement

The purpose of this research was to investigate the manner in which the emergence of new media broadcasting in South Africa affected the PSB's content value chain and business model. In addition, the study also examined public service broadcasting policy and regulation.

An interesting dynamic that was investigated in this research was one of how new media broadcasting presented itself within the context of the PSB's environment, whose mandate is to inform, educate and entertain its audiences. The value chain in use by the PSB presently to deliver on these imperatives will be altered significantly by virtue of new media broadcasting capabilities. The issue that needed to be addressed was how the PSB mandate would be interpreted within a digital media context. As highlighted earlier, the current business model in use by the PSB depended to a large

extent on advertising revenue. New media broadcasting influenced the sustainability of this business model by introducing anomalies to the traditional broadcasting content value chain, and as such this research investigated and illuminated the specific changes that occurred in the above value chain.

Furthermore, this research investigated the influence of the PSB's present business model and revenue streams and its viability in light of the emergence of new media broadcasting. Lastly, by better understanding the impact new media had on public broadcasting, it was anticipated that this research would offer guidance to policy makers and public service broadcasting executives on how to respond to emerging new media. It was also anticipated that the findings of this research would lead to recommendations on how policy reform could reposition the role of the PSB in light of emerging new media, while helping executives of the PSB to better understand how emerging new media could be incorporated into their business strategy and management.

1.5 Research Questions

Main Research Question

How has the emergence of new media broadcasting in South Africa affected the public service broadcaster's content value chain and business model?

Sub Questions

a. How does new media broadcasting present itself within the public service broadcaster's environment?

b. How is the PSB's mandate interpreted within the digital media context?

c. What specific changes have been occurring in the content value chain?

d. What are the strengths and weaknesses of the business model and related revenue streams?

e. What are the policy and regulatory implications pertaining to the above?

In relation to the aspect of challenges and/or opportunities that new media broadcasting will present, it is anticipated that research sub-questions b, c, d and e will elicit the requisite information from the research respondents in order to better understand the influence of new media on the public broadcaster going forward, as to whether it could pose a threat or whether it can be augmented to the PSB's already trusted brand thus presenting unprecedented opportunities in the new digital arena.

1.6 A Conceptual Framework

In response to the questions posed by this study, a conceptual framework was articulated using concepts relating to public service broadcasting and new media broadcasting. Around the world, PSBs are facing fundamental changes that are reshaping the manner in which they are perceived. The change in thinking about broadcasting arose due to technological developments as a result of digitisation, convergence of media technologies and the provision of new delivery platforms (Chalaby and Segell, 1999, p.361). Digitisation and convergence have resulted in information being ubiquitous across different networks and platforms.

The traditional analogue broadcasting value chain consists of an intermediary that sells television advertising slots. New media broadcasting changes the broadcasting value chain. Audiences can now interact directly

with the producers of content through the web and mobile wireless platforms. This is leading to a declining global trend in advertising revenue by intermediaries.

The global decline in bandwidth costs is landing on South African shores with the introduction of the undersea cables, which will slash broadband access prices and drive up subscription. Previously, creating broadcasting content required huge capital outlay and investment in broadcasting infrastructure. With the advent of digitisation, the ball game has changed. It has now become much easier for entrepreneurs, with the aid of new digital technologies, to generate their own content with exceptional quality levels and transpose this to the internet and mobile-web platforms. The above, in itself, also exacerbates the content regulation problem in the new era.

As a result of digitisation, the level of risks due to the large number of stakeholders involved in broadcasting, coupled with uncertainties, has drastically increased. The researcher's view of such uncertainties is that they include a demand for digital services from the market, increased competition, the path of technological progress and issues of convergence. Consequently, the current discourse among experts in the broadcasting industry questions whether the new media broadcasting environment will lead to the decline / demise of the public service broadcaster and thus threaten its future, or will the new media landscape augment the already trusted, established brand of the PSB, and thus heighten its premium and increase its relevance to the public, in an interactive demanding new media space. It must be noted that a fair amount of the challenges experienced by the PSB is due to their funding models, especially in lieu of its new media services. In mature democracies the challenge for the PSB has been the manner in which it could maintain independence from the state, while being obligated to it due to dependence on funding.

In this conceptualisation, the researcher attempts to illuminate the differences between traditional media and the new media value chain. This translates that the units of analyses in terms of the content value chain and business model is analysed in relation to its current flows of revenue from advertising, which will enable the researcher to gauge the extent to which new media broadcasting has impacted the public broadcaster, and what policy reforms and business strategy interventions, if any, are required moving forward. The key differentiating factor in this research lies in the country's transition from apartheid rule to democratisation and transformation in 1994. This, in turn, traced the SABC's move from being a state broadcaster to a public service broadcaster. Such a transition provided concepts like public accountability and a public service mandate that lead to policy interventions and illuminate the conceptual framework further.

Within this discussion, the SABC's relationship to democracy, which includes the ideal institutional roles of the PSB and public interest and citizenship, was examined. Concepts relating to digitisation and convergence were also commented on. The specific PSB characteristics that were examined in this study were independence, accountability, distinctiveness, and funding. Furthermore, this study engaged in a discussion on commercialisation and evolving value chains and business models. Finally, the concept and implications of new media broadcasting were discussed. A brief structure of the SABC, as the case study, is provided below.

1.7 Case Study Structure

The context of this study is situated within the parameters of the public service broadcaster in South Africa. The study itself was conducted at the SABC in Johannesburg and employees from various business units were ring-fenced for specific analysis, particularly Commercial Enterprises, the New Media Department, Content Enterprises, SABC Mobile and PBS Radio.

The SABC is predominantly a commercially funded complex media organisation which broadcasts locally, regionally and internationally.

This research is empirically based and employed a qualitative paradigm that investigated the new media influences on the PSB business model and value chain. The methodology focused on a case study, confined to the PSB, which comprised various business units whose aggregated outputs feed into the broadcasting value chain. As qualitative research, the researcher used two forms of data collection procedures which included semi-structured interviews and document analyses. Further theoretical issues relating to the design and methodology were also employed and are discussed in detail in chapter three.

Specifically, this research applied a method of constant comparative analysis. This method involved the collection of data, categorising it according to the research questions and then searching for emerging themes and recurrent events. This is consistent with Cresswell's (1998, cited in Leedy and Omrod, 2005, p.106) data analysis spiral. The approach involves going through the data several times taking the following steps:

a. Organisation of the data, using cards, folders or a database. Large bodies of text are broken down into smaller units, in the form of sentences or words.
b. Perusal and interpretation of the data several times to get a sense of what it contain. This would involve writing memos in the margins which would suggest possible categories or interpretations.
c. Categorisation, establishing themes and patterns and then classifying each piece of data accordingly. At this point a general sense of patterns will emerge.

d. Summarisation, synthesis and hypothesis offer propositions that will describe the relationships between the categories. At this point data can be packaged into more organisational schemes like tables, matrixes or hierarchical diagrams *(ibid).*

Following the above technique, the identified themes were extrapolated and presented as the findings to the report. A concise structure of the research report is provided below.

1.8 Report Structure

The balance of this research report is organised as follows:

Chapter 2 reviewed the literature on public broadcasting and presented the current debates around new media broadcasting and the changing communications environment. It highlighted the various discourses and examined these issues and located the concerns within the current international and national policy landscapes. The chapter demonstrated the significance of this study with regard to policy and business strategy challenges facing government and public broadcasters.

Chapter 3 described the manner in which the research was conducted. It highlighted the challenges faced in South Africa by emerging new media and the SABC. By explaining the research methodology employed and the relevance of a single case study based on the SABC, this chapter outlined how the research findings could be used by policy makers in government and business managers in the public broadcaster.

Chapter 4 presented the findings to the case of the SABC and the influence of new media broadcasting. The chapter is divided into two sections that reflect the dual concerns of this research. The first section dealt with the

influence that new media had on the broadcasting value chain and the SABC's strategic positioning within it. The second section dealt with the impact new media broadcasting had on the SABC business model, particularly in terms of revenues. In addition, matters concerning the policy and regulatory challenges to the SABC were also presented.

Chapter 5 is drawn from the findings of the case study presented in Chapter 4, which first presents a summary and then discussion of the key findings to this report. It also highlights the challenges that the emergence of new media creates for policy makers and public broadcasters.

Chapter 6 is the final chapter to the report and draws the link between the study of the SABC and the broader issue of new media and public service broadcasting. It is a culmination of all the chapters, whereby the researcher presents the implications for public broadcasting policy, the implications for the public broadcaster and the implications for future research. Limitations on the research design process are gaps that require research in the future and are therefore presented under the implications for future research. Finally, the overall conclusion to this research report is provided.

1.9 Conclusion

This chapter has introduced the challenges new media broadcasting has on the SABCs' value chain and business model. The introduction and related broadcasting concepts were provided to clarify the scope of the research and to enhance their application in this particular research. The background to the case study was provided within a national context and then the actual case itself, which is the SABC. Global media trends in relation to the topic at hand are also presented in order to understand challenges as experienced by PSB's in other countries and their approach. The chapter defined the problem statement as well as the purpose of the study. The manner in which

the components of this research are organised is provided in a report structure. By almost anyone's account, the broadcasting industry continues to experience dramatic and rapid change, caused by new technologies, heightened competition, ever-increasing consumer choices and market convergence. Any research needs to provide a sound theoretical base on which it is grounded and it is therefore important to note what other authorities have stated on the topic at hand. The following chapter provides this theoretical base to enhance the research.

Chapter 2: Literature Review

This chapter presents a review of the literature and is organised in four parts. First, the researcher presents a global overview of new media broadcasting developments by concentrating on international developments within this domain. The researcher broadly identifies and analyses the concept of new media broadcasting practiced in key markets drawing on various concepts related to the case under study.

Second, the broadcasting value chain and business model processes are clarified. Succinct differences between the traditional value chain in comparison to the one created by new media are presented.

Third, the national landscape of public service broadcasting is presented, whereby the history of broadcasting in South Africa is reviewed. The differentiating factor of this study in relation to others in this field is that it centres on the process of democratisation and the transition of the SABC from being a state broadcaster to a PSB. This research also considers the subsequent implications on the SABC's progress to keeping on par with global players in the migration of its broadcasting infrastructure from analogue to digital broadcasting, which is a crucial enabler to the emergence of new media broadcasting. As a consequence of the above transition, the researcher identified policy and regulatory constraints in the communications industry that has impacted the SABC.

Finally, in the South African context, various policies are examined in relation to new media broadcasting development. Within this field there is a range of literature. It is crucial to note that although this research has used global media trends to elicit information on the manner in which new media broadcasting has impacted the PSB, it also differentiates itself from global

trends and contributes to this body of knowledge from an angle of the PSB in South Africa that has emerged out of a long period of apartheid to re-establish itself as a democratic entity. This relates to the broadcaster's move from that of being a state broadcaster to being a public service broadcaster.

2.1 The Evolving Broadcasting Landscape

There is currently an international discourse in industry with regard to the emergence of new media broadcasting and its subsequent impact on public service broadcasting. Because of the evolving nature of the broadcasting landscape, it is worthy to note what subject matter experts and authorities have to state on the topic at hand.

In the UK, digital broadcasting poses a fundamental challenge to the PSB, in this case the British Broadcasting Corporation (BBC) that originated and matured within the technological constraints of analogue terrestrial transmission. Goodwin (2007, p.60) describes this as a two-fold challenge. On the one hand, new transmission technologies undermine the basic rationale for PSBs by removing spectrum scarcity. This is a problem because, on the other hand, on a more positive view, the challenge in terms of the role of the PSB lies in the utilisation of new technologies with regard to broadcasting distribution. Goodwin (2007, p.60) further argues that the BBC's attempts to "exploit new media broadcasting technologies for commercial purposes are ineffective and threaten its traditional public service remit".

Murdock (2004:1) posits "over the last two decades, debates on television have been dominated by a chorus intoning the last rites for the PSB pressing for a fully commercialised communications environment". He argues, "Organisations and systems that were created in the spectrum scarcity age

are rendered redundant by the increasing abundance of channels". In a similar vein, Tracey (1998, p 65) "reflects the gloom permeating the debate on the demise of the PSB" as a result of new media broadcasting technologies.

Spectrum abundance created by digital technologies, allow digital media content to be published on any platform which then allows interactivity and audiences to become selective over what they want to view. Due to high compression rates arising from digital technologies, typically six more channel frequencies are made available via digitisation for every one analogue channel available previously. The PSB is primarily concerned with fulfilling key national objectives such as educating, informing and advancing the national and public interests. Broadcasting also has the propensity to influence people's behaviour and thinking to a great extent and has the ability of reinforcing national cultures by virtue of the content it airs. These goals will invariably be compromised and defeat the ends of PSB, where under the controlled spectrum of the traditional broadcaster, audiences were circumscribed to view what was offered as a set genre, thus allowing the broadcaster more control over its audiences. More spectrum availability creates more opportunities for content to be repurposed onto different platforms, diversifying the number and variety of channels available to audiences and thereby accelerating audience fragmentation. Audiences will tend to consume content they find relevant to their individual needs, which will result in a significant percentage drop of PSB-related content consumption.

Even though PSBs have fought for funding, audiences and toyed with the idea of digital transmission in fragmented markets, it is evident that they have survived concomitant reforms throughout the years. A similar thread runs through Ward (2004, p.1), Whittle (2004, p.7) and Meijer (2005, p.29) who

concur that globally, PSBs continue to get public support even though emerging digital media technologies and platforms introduce new challenges and opportunities for delivering the public service remit. It is interesting therefore to examine the new wave of new media broadcasting and its influence on an already established trusted analogue world of broadcasting, and the reason why it persists despite the threat posed by new media broadcasters. In addition, through a policy and regulatory lens, there is a common view that new technologies have created new media.

The Canadian Radio Television and Telecommunications Commission (CRTC) has a double mandate outlined by the Broadcasting Act, which regulates all aspects of their broadcasting system, and the Telecommunications Act, which regulates broadcasting. While these two regulatory regimes have proved tenable over the years, they cannot be sustained. Just as new developments in technology have led to convergence, new regulatory regimes are required. “Industries are converging,” says von Finckenstein (2008, p.15), and regulation “must follow suit”.

A similar challenge is experienced by the Australian government due to new digital technologies that result in “the emergence of new players, content, services and delivery platforms” (Flew, 2002, p.3). This means that in a converged environment, “it will become increasingly difficult to regulate the emergence of new players and new services” (*ibid*). In a similar vein, in relation to the PSB in the UK, Smith (2006, p.934) states that it [the PSB] has control or statutory duties over broadcast content. However, it has no control over content distributed over new media platforms and because of this new regulatory challenges arise. They further posit that regulation in the broadcasting industry is culturally embedded, and country and culture-specific. Smith (2006, p.934) concurs with the view of Collins (1990, p.41)

who posits that a link between the broadcaster and the nation rests on the notion that audio-visual culture is of significant value to the state as a means of monitoring and control. In reviewing the literature relating to Canada, Australia and the United Kingdom, it is evident that the common underlying factor is bandwidth, which is more abundantly available at lower costs in these countries. Therefore the adoption of new media services by the public is equivocally higher, based on the diverse number of applications available that can be downloaded and the myriad of devices available to the public. Hence, it is noticed that the PSB in these countries have progressed further in content delivery over new media based on the consumer demands for these new media services which are consumed over multiple devices and platforms.

Grulke (2000, p.87), states that the broadcasting landscape will change due to new media technologies. Where in traditional broadcasting we saw a *one-to-many* model, the dynamics of the industry have changed where this will become a personalised *one-to-one* relationship with content producers and viewers, eliminating the need for intermediaries. This is illustrated in figure 3 below. Thus, the challenge with regulation increases. Grulke (2000, p.87) further posits that because of the phenomena of digital, “the whole concept of broadcast channels will disappear”.

Figure 3: Traditional broadcasting versus new media broadcasting

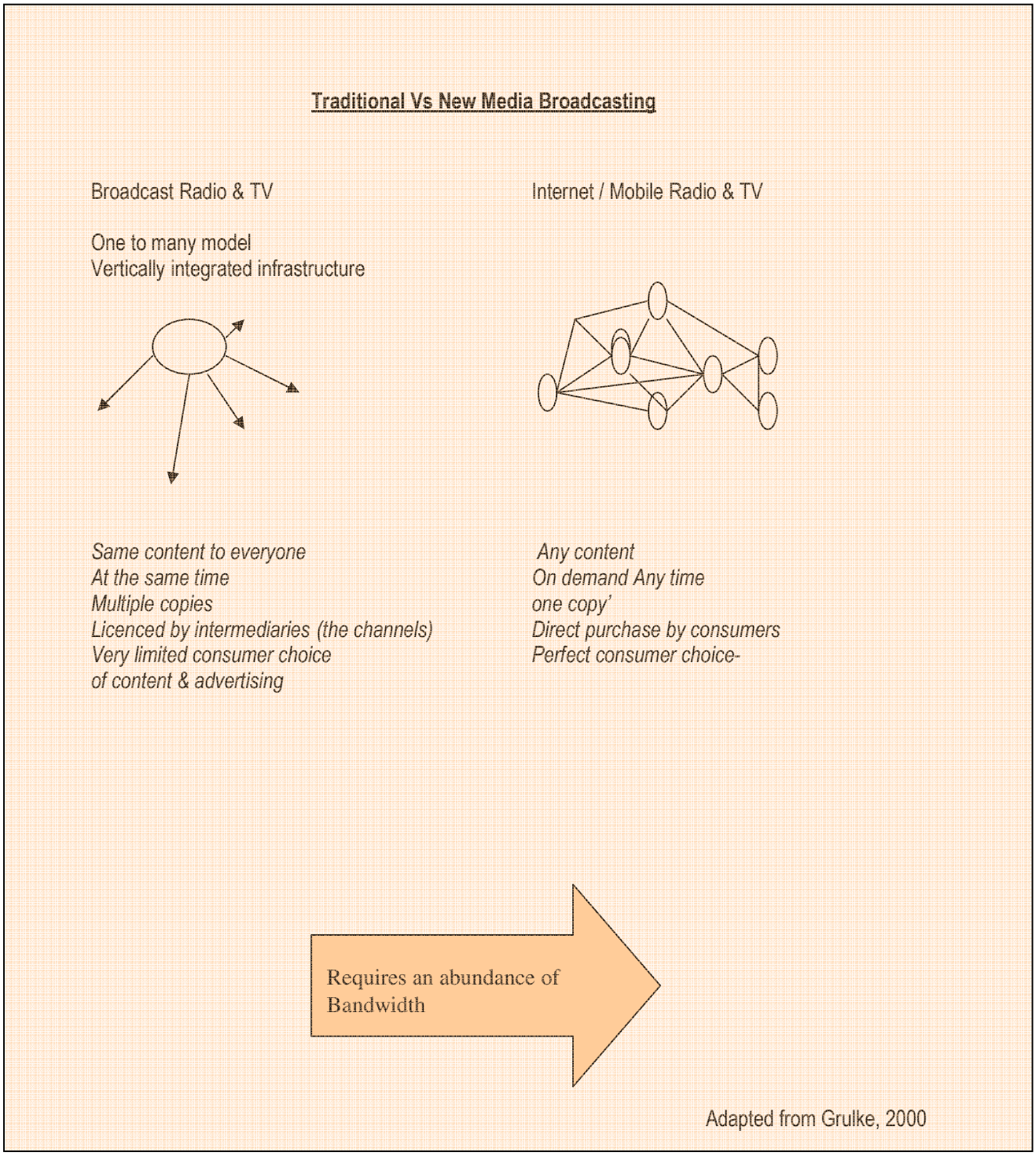


Figure 3 above aptly highlights that as radio and television programming is increasingly delivered 'on-demand' directly to listeners and viewers through web-based, mobile and internet platforms, the pressure of fragmented viewership on broadcast channels will increase. Once bandwidth becomes plentiful and cheap (essentially 'free' within about five years), there will be no reason to subscribe to any channel, because all content will be available 'on demand', directly from the originator of the content. In essence, this translates that content would move from the producer to the consumer without any intermediaries.

Thus, audiences will demand content that suits their personal interests. Public and social interests will inevitably be compromised and audience numbers will decrease as they lose interest in structured programme agenda as presented by the PSB. Figure 3 highlights the dynamics of analogue broadcasting in comparison to digital broadcasting, in that the consumer controls what they want to consume and when, subject to their specific individual requirements, and is not circumscribed to the content and advertising schedules of the channel.

It is crucial at this stage, to examine the changes, if any, that new media broadcasting has brought upon the content value chain and business model. The difference between the traditional value chain and the one created due to new media broadcasting is presented below.

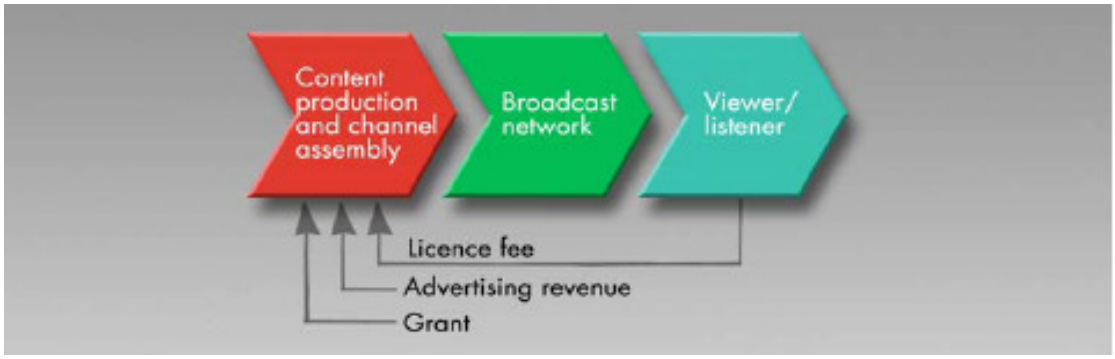
2.2 The Broadcasting Value Chain and Business Model

The general concept of the value chain has to be first defined before referring to it within the context of the broadcasting business. “A value chain is the sequence of production, or value adding activities leading to and supporting end users of a particular product. It is, in other words, the chain of activities required to bring a product from its conception to its final consumption. Overlapping names and concepts have been given to this sequence of activities” McCormick and Schmitz (2001:45).

Chan-Olmsted & Kang (2003, p.18) posit that the value chain is closely related to the business model. The value chain highlights the value added to a product or service in each stage of its acquisition, transformation, management, marketing and sales, and distribution. According to Rappa (2004, p.102) the business model “is a method of doing business by which an organisation can sustain itself, that is, generate revenue. The business model spells out how a company makes money by specifying where it is positioned on the value chain”.

In essence then, the value chain represents a systematic approach to segmenting an industry’s market activities that add different values to the final product. In the case of broadcasting, the final product is the content that is consumed by audiences. The conventional value chain for broadcasting consists of three broad components: content production and channel assembly, signal distribution and consumption, as illustrated in figure 1 below.

Figure 1. Traditional broadcast value chain



Source: European Broadcasting Union: 2006

The arrival of new media broadcasting has changed the rules of the game for traditional broadcasters, who are now susceptible to competition due to the convergence in communications systems, increasing residential broadband penetration, user-generated content (UGC) and shifting consumer habits. All of these factors give rise to the concept of new media broadcasting and are compelling reasons for traditional broadcasters to re-evaluate their strategies.

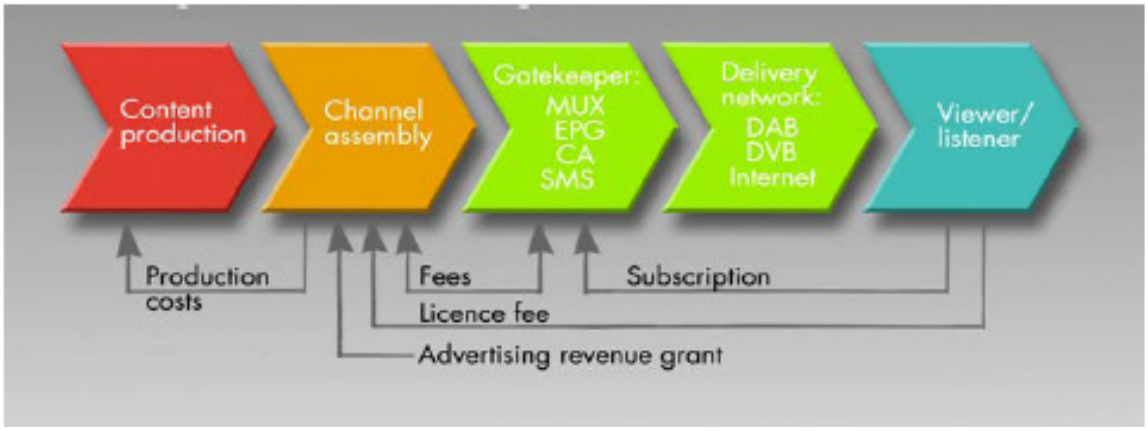
New media broadcasting is broadly defined as “the migration of broadcasting content to mobile and IP distribution” (Juneaue 2000, p.6). Collins, Finn, McFayden and Hoskins, (2001, p.1) in Roseborough (2007, p.27), claim that new media broadcasting leads to more “services, more choice between services, increased specialisation, branding services for specific target audiences, and increasing substitutability between media”, such as web-casting, electronic news for printed news, video cassettes and pay per view for cinema. This makes it “harder for public service broadcasters to live up to their own society’s expectations of them”.

The broadcasting value chain in its traditional form consisted of advertising on TV, radio and the print media which required a subscription (like pay-TV and magazines) that entailed ongoing fixed fees for accessing content or a

once-off fee to access specific pieces of content. The tool that was used was the content that was developed as an advertising window. With new media models, advertising has been extended to online and mobile devices where the subscription extended to mobile content or to a website.

Due to new media technology developments, consumer buying behaviour has changed the manner in which broadcasting and telecommunications is perceived. Media consumption habits are changing as a result of the emergence of multiple distribution platforms and the ever-growing number of channels available for accessing entertainment. Technological innovations, while driving technological advances, have also created new services and new value chain structures as illustrated in Figure 2 below.

Figure 2. Evolving broadcast value chain



Source: European Broadcasting Union (EBU):2006

A fundamental change to the value chain is the manner in which content moves from the producer to the consumer. Previously, the one aspect that separated the link between the producer of content and consumer was the operator of the broadcasting network. This link comprised a technical service that did not interfere with the content, rights or financing of programmes that were broadcast. Now that public service broadcasting is encountering

continuous change due to the digital revolution and new media, the traditional value chain has also evolved thereby introducing two new links into the media value chain. These two new links uphold a gate-keeping function and various types of delivery networks.

The EBU (2006, p.25) highlights two new elements of the new media value chain: "… the gatekeeper will, through its control over new functions…control the admittance of the consumers to the programme content of the broadcaster, and the possibilities the broadcaster has, to be in contact with the audience. This control also determines the flow of funding; thereby changing the way broadcasting may be financed."

The various delivery networks, as the second new link in the new media value chain "…bring new possibilities both in content, and in ways of reaching the audience…they also give room for new commercial operators using their own delivery platforms to create their own broadcasting environment." *(ibid).* This trend results in the new ways of programme delivery which now move from a *one-to-many* traditional linear broadcasting to a multiplatform environment, accompanied by an increasing audience fragmentation.

The above discussion highlights the differences between the two value chains within the broadcasting landscape. Similarly, it is useful to note that the common concepts that run through the two value chains involve content provisioning, packaging, transmission and billing to the end user. The key driving factors responsible for the specific changes across the media value chain are as follows *(ibid):*

a) Reduced cost of content production

The above is due to the increased accessibility and declining cost of equipment to capture, process and store content. This means that competition, organisations and people are now in a position to create high quality digitally-rendered content at a much lower cost; whereas previously, this was limited to only large organisations who could finance the expensive production infrastructure to accomplish this. This trend has given rise to the concept of UGC in the form of video casts, podcasts and animation.

b) Content distribution

The declining cost and increased availability of bandwidth has made possible new options of distributing content over different IP-based platforms such as the web and streaming via internet and mobile. Previously incumbent media operators such as the SABC maintained proprietary distribution channels for the dissemination of TV and radio content. Since the introduction of the internet protocol (IP) standard, this has been the catalyst for competition and thus the provisioning of content on various platforms other than the incumbent proprietary analogue counterparts.

c) Customer behaviour

The ongoing trend of cheaper devices for content production and consumption, coupled with the availability of multiple content distribution platforms has resulted in an increased change in consumer behaviour demanding content they wish to consume at any time and any place. The above has resulted in a significant cost reduction, flexibility and choice across the media value chain, thus enabling new clients to come on board

much quicker, specific to their choice and preference of content that they want to consume.

The above thus poses a huge challenge for established players such as the SABC, where it has a substantial legacy of analogue technology investment. The organisation would typically find it difficult to adapt its company culture, cost base and business model to be in sync with the changes occurring in the media value chain. Therefore, the business problem that arises as a result of changes to the broadcasting value chain is found in the use of the intermediary, i.e. the public broadcaster. New 'disruptive' broadcasting technologies and convergence create a situation where content producers are able to channel their material directly to consumers. Thus, the PSB's role as a content aggregator is replaced by search engines, foreign broadcasters and the like.

The risk attached to the broadcaster as a result of the exponential growth and potential of new media broadcasting is increased because the broadcaster has to now provide content across multiple platforms, at heightened costs, to reach its target audience. The volatility of this competitive, yet converged, environment, poses a challenge to the PSB to make sustainable returns, by using multiple platforms, which are needed for its survival on the new media landscape. This move relies on infrastructure investment and new business models.

Additionally, the types of business model and relationships that exist in this new industry will differ from the past, of the two separate industries. There will be implications both to the businesses and to individual users when the two industries offer services of a converged nature and these will be explored.

On the new media landscape, new business models arise as a result of new value chains. New business models require policy intervention, due to the very context of the PSB. It is useful to analyse the challenge that new media broadcasting poses to the PSB, whose boundaries and footprint need now to be extended. It is crucial to note that this change is occurring in a hostile environment due to the pressure from the private sector to deregulate, and restrictions on the PSB's participation in the commercial advertising market. The discourses present on the national landscape shed further light on the topic under research.

2.3 National Landscape: The SABC's Transformation from a State Broadcaster to a Public Service Broadcaster

"The history of broadcasting in South Africa is a microcosm of the history of the country. Initially broadcasting was established based on the British model for public broadcasting. It however became a powerful tool for apartheid policies and was dubbed 'His master's voice' by anti-apartheid organisations. In the 1990s, broadcasting was the first institution to be transformed – even prior to the holding of the 1994 elections" (Horwitz, 2001, p.32)

"Until recently, the broadcasting system in South Africa operated as one of the most politicised broadcasting systems in the world. The apartheid era dictated policies that benefitted only a small portion of the South African population. It was these people who were only permitted to vote" *(ibid).* The government operated as one department and authorised, as well as dictated, national policies without consulting the South African public. The very same department operated as a regulatory organ that functioned with no regard to public consultation or process. Public broadcasting development is not an event but rather a process. With regard to the SABC, this involved asserting independence from the government and establishing accountability to the

public (rather than the ruling party), as well as attempting to change the authoritarian culture of the broadcaster and redressing the skewed allocation of resources in the Corporation to ensure that the needs of all South Africans were met (Fourie, 2002, p.36).

The South African Broadcasting Corporation was created as a state broadcaster for the provisioning of broadcasting services and operated as a monopoly. The services that the SABC provided were aligned along racial and ethnic divisions that the political order of the day entrenched. Both the content and the unequal spread of resources to the services served to confirm racial notions of superiority and inferiority (Barnett, 1999, p.652). This racial preference found its way within all facets of the broadcasting system; starting from the deployment of its transmission network to the exclusionist employment policies and practices it sought. The policies that were commissioned spawned an independent production industry that served the white minority population, both in terms of its content as well as creative and financial opportunities.

When new broadcasters entered the market in the eighties, it did nothing to transform this approach to commissioning independent producers. The truth was that the new services that emerged in the eighties were in line with this broadcasting ethos. They were also commissioned to further attend to the special broadcasting needs of the dominant political group within the South African population.

The history of the South African broadcasting system, and of the SABC, forms the backdrop to crucial policy and regulatory considerations that define the new broadcasting dispensation. Following lengthy negotiations between the apartheid regime and the ANC, the Independent Broadcasting Authority Act (IBA) was enacted by the Transitional Executive Authority in 1993 as part of the negotiated settlement between the two parties. This led to the first

democratic elections in South Africa in April 1994 (*ibid)*. Immediately after the elections, the Independent Broadcasting Authority came into operation, with the sole responsibility of regulating broadcasting that took into account public interest as catered for in the South African Constitution. The IBA Act dissolved the near-monopoly state of the broadcasting system and opened the broadcasting market to competition. It also served as a catalyst for the transformation of the SABC from that of a state broadcaster to a public broadcaster. This move enabled the introduction of community broadcasting for the first time in South Africa.

The IBA act also levelled the broadcasting landscape by emphasising on regulation of the market through cross-media limitation and local content quotas. As a result of democracy, South Africa has seen complex developments in terms of the manner in which communications is controlled. Unlike the Apartheid era of racist state control, the desires for a non-racial and pluralistic landscape have largely been satisfied. However, the democratic period introduced a huge amount of involvement by the state in policy-making within communications, and a reduction of participatory opportunities and processes. “This reflects a desire by the state to steer communications for reasons that are professedly “transformational” or developmental (even if in effect not always such), and which are also sometimes politically self-serving” (Fourie, 2002, p.42).

The above trends are noticeably visible especially with regard to the public broadcaster where the organisation has been challenged in terms of its transformational role, editorial policies, business model, license conditions and political independence. In addition, debates have ensued around policy and law addressing the authority, independence and impact of the role of the regulator, ministerial power, and communications convergence. This is discussed below in relation to legislation surrounding broadcasting in South Africa.

2.4 The Evolution of Broadcasting Legislation in South Africa

According to Melody (1990, p.16), “information and communication development have tended to erode heretofore separable areas of public policy, and increase the probability of unforeseen implications arising in areas outside the purview of traditional policy analysis”. Within the new communication environment, industries are becoming more interrelated which allows for the convergence of public policy. On the regulatory dimension, Feintuck (1997, p.2) states that due to “a curious mix of structural, behavioural and content-specific regulation, regulators will be pulled in different directions which can easily obscure regulatory objectives”. According to Feintuck the “objectives” for regulation are in dire need of reconstruction so as to make them applicable in an evolving communication environment.

Notwithstanding the evolving technological change, the PSB needs to create an environment that protects public interest. This is important, as the PSB has already begun to adopt technology at the expense of fulfilling its public service remit. In a similar vein, Melody (1990, p.18) asserts that “policy formulation requires new interpretations of the requirements of social policy, and the design of new institutional structures for its affective implementation”. This implies that regional cultures often influence the degree to which some countries may be more stringent than others in regulating services locally. Drawing from the various readings, a good starting point for any thinking about the regulation of new media broadcasting services is to consider what the market is beginning to deliver and what changes are occurring. Only then is it possible to consider what role, if any, regulation needs to play.

In South Africa, digital convergence has seen the linking of broadcast and telecommunications with the creation of the Independent Communications

Authority of South Africa (ICASA). However, digitisation and convergence of technologies have created a blur in these industries and have given rise to the phenomenon called 'new media broadcasting'. Traditional technological boundaries of broadcast and telecommunications no longer exist and service providers no longer operate in isolation, encroaching and competing in each other's spaces, both from a technology and services perspective. This new concept of new media broadcasting does not have the necessary policies and regulatory mechanisms in place to govern content distribution on multiple platforms such as the Internet.

With the formation of the Digital Dzonga Advisory council in 2008, there have been interactions with ICASA, the DoC and other role-players throughout the process on various matters that related to digital migration which serves as a catalyst to new media broadcasting. The primary output of this advisory council was the Draft Digital Migration strategy. However, the extent to which the Digital Dzonga would aid in the smooth transition from analogue broadcasting to digital broadcasting is rather unclear. Perhaps this is due to the fact that even though South Africa has formally taken on the digital challenge and devoted considerable resources and policymaking efforts in implementing a smooth transition, there has been little constructive effect (Armstrong and Collins, 2010). This aspect will be further elaborated in chapter four and critiqued in chapter five.

As mentioned previously, convergence driven by digitisation is the fundamental catalyst that has given rise to the new media broadcasting phenomenon. Gillwald (2003, p.10) states that Information Communication Technology (ICT) policies have tended to move from an industrial economy base addressing, as they do, their various sectors as distinct silos of activity. For the potential of convergence to be realised and the backbone of an

effective digital economy to be developed, an entirely new approach needs to be adopted.

The SABC as the PSB derives its mandate that is outlined in a Charter in the Broadcasting Act 1999. Similarly, the Independent Broadcasting Authority (IBA) Act No. 153 of 1993, the Broadcasting Act No. 4 of 1999 and the Independent Communications Authority of South Africa (ICASA) Act 2000 lay the foundation for broadcasting in South Africa. The Electronic Communications (EC) Act of 2005 and the Independent Communications Authority Amendment Act of South Africa 2005 were promulgated due to digital transformation. In synthesis, the above Acts cater for the converged environment of broadcast, telecom and information technology. Although the current policy environment, as in the EC Act, was designed to address the converged landscape of previously distinct telecom and broadcast environments, it focuses primarily on the technology aspects and does not adequately address content and digital rights management. There are three common areas of regulatory activity relating to digital new media services to consider; like spectrum management, infrastructure competition, and content regulation. Considering these it is useful to further analyse the stance of the PSB.

In terms of the SABC as the PSB, Roseborough (2007, p.12) asserts that "public service broadcasters are encountering challenges in fulfilling their public service remit in the context of an emerging/converging communications environment". Fourie (2007, p.17) states that South Africa is a young democracy and needs to have a strong public service broadcaster. "… it is argued that if public service broadcasting is to play a role in the development of the PSB as mandated in the South African Broadcasting Act 1999, then policy should be geared towards that end and not be dictated by technological developments, and following from that, market trends" *(ibid)*.

Fourie (2007, p.17) concurs with Chalaby & Segell (1999, p.353) who state "the change in thinking about broadcasting was accelerated by technological developments that brought about digitisation, convergence of media technologies, and the provision of new delivery platforms".

The above statements clearly emphasise that technology advancements and developments are ahead of policy interventions. The result is a blur between boundaries of the old established broadcast players and the emergence of the new media broadcasters. The absence or lag of such policy intervention will have a profound impact on the sustainability of the PSB in the market. This is a point of pessimism for contributors to the PSB model. Tracey (1998, p.60) charts a narrative of broadcasting which leads to its present time of crisis. A reference is made to a document that lays out principles of public service broadcasting (*ibid*):

- Universality of availability
- Universality of appeal
- Provision for minorities
- Servicing the public sphere
- Public broadcasting should be distanced from all vested interests
- Broadcasting should encourage competition
- The rules of broadcasting should liberate rather than restrict the programme-maker

The above principles adequately fit into a democratic citizenship model but it does not constitute an agenda that would be accepted by those who provide the product to the market at current times. This translates that "public service broadcasting is under severe threat in the public world with its tradition of

public space and service that is allowed to slip away due to rapid technology advancements" (Higgins, 1999, p.22). In a similar vein, Murdock (2004, p.3) states "public service broadcasting has been the focus of pessimistic forecasting over the last 25 years with the concepts respective merits and shortcomings debated in anticipation of its demise" Tracey (1998, p.65) agrees and states that the demise would occur as a result of "institutional withering from within, and from commercial competition or ideological opposition from without".

In contrast, whilst rapid technology advancements and platforms have brought new challenges, they also bring new opportunities for delivering the public service remit (Ward, 2004; Whittle, 2004). In summary, this means that instead of looking at new media broadcasting as a threat, there is an opportunity to leverage new media technologies and deliver public value in different ways in this on-demand, interactive digital environment. This translates that the SABC can reposition itself as a media content company, where its traditional trusted brands acquire a heightened premium in the new media space.

2.5 Conclusion

This chapter reviewed the literature on new media broadcasting. It went on to look at a continuum of perspectives on new media broadcasting ranging from the global sense, weaving through value chains and business models and then the local approach, situated within the SABC. The central themes that emerged were the changing landscape of public service broadcasting per se, new media influences on the broadcasting value chain and business model, and then policy and regulatory challenges that besiege the PSB.

A review of the SABC during the apartheid era and post-apartheid era appears to have provided the differentiating factor between global and local literature surveyed. It also displays the poise and transition of the SABC through different regimes and management. Understanding the complex processes and challenges that the SABC has encountered due to broadcasting and broadcasting legislation brings into question the survival of the organisation as the PSB in South Africa. The research design and methodology that this study employed is presented in the following chapter.

Chapter 3: Research Design and Methodology

3.1 Introduction

This research is empirically based, drawing from evidence obtained from systematic research methods, such as gaining opinions and views from authorities on the subject matter under study (McMillan and Schumacher 2006, p.105). It applies a qualitative analysis to investigate the influence of new media broadcasting on the SABC. This analysis seeks to understand phenomena in context-specific settings, such as 'real world setting (where) the researcher does not attempt to manipulate the phenomenon of interest' (Patton, 2002, p.39). This implies that the researcher is the "human instrument of data collection", using "naturalistic methods to obtain rich, useful data" and adopting an "interpretive character within a changing phenomenon" (Patton 2002, p.45).

By applying the above features, the researcher investigated the views and perceptions of respondents in terms of new media influences on the SABC value chain and business model and whether this creates a need for broadcasting policy reform and new business strategies.

3.2 Methodology

This research is based on the study of a single case. It explores the influence of new media broadcasting on the SABC's content value chain and business model. This case-study-based approach examined the phenomenon of new media's impact on the SABC in its "natural setting", as Merriam (1998, p.40) describes it, "employing two methods of data collection to gather information from one or a few entities (people, groups, class, programme and organisations)". According to Leedy and Ormrod (2005, p.135), case studies can be useful for learning more about a little known or poorly understood

situation. They are also useful when investigating how individuals or programmes change over time due to interventions or circumstances. One of their limitations is that when a single case is under investigation, one is not sure whether the research findings can be used as generalisations to other situations or not.

The case study research for this study aligns with the view of Stake (1995, p.45) who highlighted the use of a "single case study in understanding its activity within important circumstances". Since a case study aims to understand one phenomenon in-depth, this study explored the impact of new media broadcasting on SABC's business, an organisation that is mandated primarily to deliver on public service goals, i.e. inform, educate and entertain. Therefore, the researcher decided to engage in the use of a single-case study approach because this "method of investigation focuses primarily on the subjects situated within the case and thus, holistically considers the interrelationships among people, institutions, events and beliefs" (Thurlow, 2007, p.48).

3.3 Data Collection Sources and Instruments

Two sources of data were drawn upon in the preparation of the case study: personal interviews with key stakeholders and an analysis of secondary data.

3.3.1 Stakeholder Interviews

Various individuals from the SABC were interviewed to obtain their views on the manner in which new media influenced the SABC and how the organisation responded to this. This approach took advantage of, what Cohen, Manion and Morrison (2001, p.267) describe as the "exchange of views between two or more people on a topic of mutual interest". The

researcher employed the use of semi-structured interviews as a "general interview guide approach" (Patton, 2002, p.280). The researcher developed a series of interview schedules and crafted specific questions that were appropriate for the research respondents. The schedules allowed the researcher to be flexible and responsive to unexpected outcomes and discoveries during the interview. Hence "the interviewer remained free to build a conversation within a particular subject area, to word questions spontaneously and to establish a conversation style – but with the focus on a particular subject that had been predetermined" *(ibid).*

3.3.2 Analysis of Secondary Data

Another major source of data collection is the analysis of documents containing relevant information on the phenomenon under study. In order to develop a sound understanding of organisational practices, the researcher found it important to analyse policy documents and regulatory texts relative to broadcasting.

3.4 Soliciting Permission

The researcher used the SABC as the case study in this research report. Realising that the SABC was too broad and diverse and the challenges associated with establishing a sample across an organisation so large would be immense, the researcher confined the scope of this study to a selection of employees within the organisation in light of the knowledge and expertise they possessed in relation to the topic at hand.

The following represented the plan that was used to solicit the necessary permission.

3.4.1 Negotiating Entry into Research Site

Negotiating entry into Research Site with the Chief Technical Officer (CTO):

- Contacted the CTO, via e mail, to discuss the scope of the study.
- Provided a thick description, in writing, of the envisaged purpose and scope of the study to the CTO (refer to Appendix 1).
- Highlighted the mutual benefits of the derived outcomes of the study to both the organisation and the researcher.
- Sought permission for using the SABC as the case study to be researched.
- A letter of consent was e mailed by the CTO, granting the researcher permission to use the SABC as the site of research (refer to Appendix 2). Please note that the original of this letter of consent was retained and a copy that does not disclose the identity of the CTO is included in the Appendices in this research report
- It was established that once participation was agreed upon, a sensitisation meeting would be held with each research respondent individually.

3.4.2 Soliciting Participation of Research Respondents

- Respondents were given a brief introduction to the study that included the problem statement, aims and rationale.
- Respondents were briefed according to the briefing guidelines in the sensitisation session outlined in Appendix 4

3.5 Sampling

When selecting a sample, le Compte and Preissle (1993, p.59) argue that the criteria should be based upon theoretical or conceptual considerations, personal curiosity, empirical characteristics or other considerations .Taking these criterion into account, the researcher has to consider whom to interview and when to interview in order to gain knowledge, meaningful information, experience and exposure to issues and people in relation to the phenomenon to be studied.

As there is only one PSB in South Africa, the researcher sourced information from key respondents within the SABC who provided an internal perspective in relation to the influences of new media on the PSB's content value chain and business model. These respondents were considered "information-rich cases" (Merriam, 1998, p.61). Patton (1990, p.172) describes information-rich cases as those cases, which the researcher could "learn the most from", related to issues of integral importance to the purpose of the study.

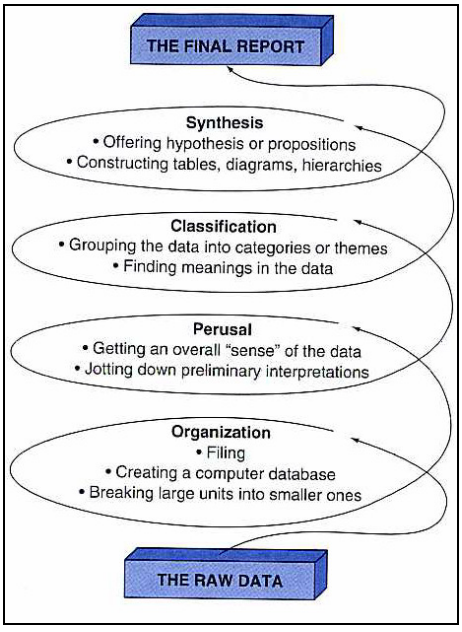
3.6 Data Analysis

According to Leedy & Omrod (2005, p.150), there is no single 'right' way to analyse the data in a qualitative study. However, this research will describe the procedure of data analysis and link this to the conceptual framework. This is consistent with the process described by Thorne (2006, p.69). Specifically, this research aligns to Creswell's, 1998 (in Leedy and Omrod, 2005, p.106) data analysis spiral. This approach involves going through the data several times taking the following steps:

a. Organisation of the data, using cards, folders or a database. Large bodies of text are broken down into smaller units, in the form of sentences or words *(ibid).*

b. Perusal and interpretation of the data several times to get a sense of what it contained. This would involve writing memos in the margins which would suggest possible categories or interpretations *(ibid).*
c. Categorisation and establishing themes and patterns and then classifying each piece of data accordingly. At this point a general sense of patterns will emerge *(ibid).*
d. Summarisation, synthesis and hypothesis offer propositions that will describe the relationships between the categories. At this point, data can be packaged into more organisational schemes like tables, matrixes or hierarchical diagrams *(ibid).* The following diagram is useful in analysing the above.

Figure.4 The Data Analysis Spiral



Source: Leedy and Omrod, 2000, p.106

In essence then, the researcher used the above 'data analysis spiral' (Cresswell, 1998, in Leedy & Omrod, 2005, p.106) as depicted, to aid in the

analysis of data obtained from the semi-structured interview process and document analysis.

3.7 Reliability and Validity in Qualitative Research

According to Patton, (2002, p.118) the credibility of qualitative research depends on the ability and effort of the researcher, since 'the researcher is the instrument of research'. Reliability and validity in qualitative research are not viewed as being separate concepts. This is so because they add value to concepts such as transferability, credibility and trustworthiness in the research.

"The concepts of reliability and validity are used when evaluating quantitative research however the idea is used in qualitative research as well" (Stenbacka, 2001, p.552). In any form of information elicitation, an important test of qualitative study lies in its quality. Eisner (1991, p.58) states that "Qualitative research helps the researcher to 'understand a situation that would otherwise be enigmatic or confusing". Lincoln & Guba (1985, p.290) pose the question "How can the researcher persuade his or her audiences that the research findings of an inquiry are worth paying attention to?" The answer to this question is evident in Patton's (2002, p.120) assertion that "the quality of a study in each paradigm should be judged by its own paradigm's terms". This means that the quality of this study should be judged within the context of public and new media broadcasting and the manner in which it is presented within the qualitative paradigm.

Lincoln & Guba (1985, p.291) propose four criteria when judging reliability and validity in any qualitative research. The four criteria include the concepts of credibility, transferability, dependability and confirmability. To employ these four criteria in qualitative research, they then advocate the use of an

“enquiry audit that examines the process and product of research to determine consistency, [like, examining items] such as raw data, data reduction products and process note”.

Stenbacka (2001, p.553) states that “there can be no validity without reliability [hence, no credibility without dependability], a demonstration of the former is sufficient to establish the latter”. Patton (2002, p.119) concurs with Stenbacka (2001, p.553) in relation to the ability and skill of the researcher in qualitative research and further states that reliability is a result of validity in any research.

Patton (2002, p.125) employs the use of triangulation to improve the reliability and validity of research findings, and states that “triangulation strengthens a study by combining methods. This translates to using different kinds of methods or data to verify that the truth of each”. Mathison (1988, p.13) further reiterates the issue of triangulation and states, “Triangulation has raised important methodological issues in naturalistic and qualitative approaches to evaluation [to] control bias and establish valid proposition”.

It is important to note that reliability and validity are conceptualised as trustworthiness, rigor and quality in any research report. To achieve this, in this study, the researcher ensured that the data that was collected was detailed and trustworthy by inviting respondents that were au fait on the topic at hand and within the context of the PSB in South Africa. Additionally, valid documents that influenced the communications and broadcasting industry in South Africa were analysed.

Validity was also authenticated by triangulation that is defined as “a validity procedure where the researcher searches for convergence among multiple and different sources of information to form themes or categories in a study”

(Creswell & Miller, 2000, p.126). Two types of data sources employed in this study included semi-structured interviews and document analysis. The researcher was able to triangulate well as a result of data that was gathered during the semi-structured interview process as well as through document analysis.

In conclusion, it is important to note that validity lies in the behaviour and rigour of those involved in the study, the purpose of the study and the appropriateness of the processes involved in the study. Since, in a qualitative research, "the researcher is the instrument of research" (Patton, 2002, p.120), validity cannot be attributed to any particular research process or measure. What remains is the manner in which the researcher described and justified the findings within the confines of this case study. This is reflective in the nature and scope of this study.

3.8 Respondent Validation

A typical best practice approach employed by the researcher in this study involved verifying the data collected with the research respondent. This practice eradicated misinterpretations in the representation of data and analysis of its results. Data that provides a true picture of the occurrences in this case study aimed to "counter the twin dangers of respondent duplicity and bias by making it difficult for respondents to produce data that uniformly supported a mistaken conclusion" (Becker, 1970, cited in Maxwell, 1996, p.95). In this study, the researcher engaged respondents in a respondent validation process whereby the researcher took his conclusions back to the respondents in the study and enquired whether they agreed that the researcher had made appropriate interpretations and drawn valid conclusions from the data presented.

3.9 Generalisability

This research did not intend to generalise as it specifically related to the only PSB in South Africa. Nevertheless, there were insights and characteristics that emerged that could apply to other organisations that engaged in the use of new media broadcasting technologies. These characteristics include digital content production and distribution utilising web and mobile based platforms; as these were commonly available to all operators seeking to compete in the new digital frontier.

3.10 Ethical Considerations

According to Stake, 1978, (in, Merriam, 1998, p.214) qualitative researchers are "guests in a private space of world, where their manners should be good and their code of ethics strict". This implies that researchers need to respect the rights, needs, values and desires of their respondents. Ethics arises as a result of the risks that respondents take when disclosing confidential information to the researcher. Patton (2002, p.130) states that respondents could be uncomfortable by some questions in the interview and reveal information that 'was not intended to be revealed'. When human beings are the focal point in any investigation, there are ethical issues that require careful consideration.

Ethics in research includes the following key concepts "protection from harm, informed consent, right to privacy and honesty with professional colleagues" (Anderson 1998, p.20). As a minimum prerequisite, it is therefore incumbent upon the researcher to establish the truth at all times and at the same time ensuring the welfare of the respondents. It is thus crucial that respondents be willing to participate in the study at their own free will. It is also necessary to obtain permission for access to the research site. In this study, this did not pose a problem as the researcher was an ex- employee of the SABC.

With regard to this research, consent was obtained from the CTO. The researcher provided a thick description, in writing, of the envisaged purpose and scope of the study (refer to Appendix 1). As a result, the researcher received a letter of approval to use the SABC as the chosen site for research (refer to Appendix 2). In relation to respondents, a verbal sensitisation session was conducted prior to the interview process in which the researcher gave each of them a clear explanation of the research. Informed consent was obtained from all respondents who were invited to voluntarily participate in the study through this verbal briefing first which was then followed by a written consent sheet that was handed to all respondents (refer to Appendix 5). This application included copies of all proposed interview schedules as well as documentation relating to informed consent from respondents.

It is a common understanding that individuals will not be forthcoming with information if they perceived a risk in disclosing certain levels of information required; therefore the researcher communicated to the respondents that their identities would be protected for the purpose of the research. The researcher guaranteed that confidentiality of all respondents would be maintained at all times with data being coded that protected their right to privacy, both at time of publication of this report and during any reviews with supervisors and colleagues. The researcher used pseudonyms to achieve this. However, during the course of the interview process, some respondents were not concerned that their identities needed to be confidential and stated that they could be quoted in their individual capacities. These respondents included the CTO, Manager: New Media and IT, Manager: DTT technical Projects and Manager: Sports and Entertainment. Nevertheless, the researcher chose not to display the identity of the above respondents as this went directly against the ethical principles adopted in this study.

3.11 Significance of the Proposed Research

It is anticipated that the findings of this study will offer guidance to policy makers and public service broadcasting executives on how to respond to emerging new media broadcasting trends. The research will lead to recommendations on how policy reform can reposition the PSB in the content value chain and adapt its business model in light of the emerging new media landscape.

3.12 Limitations of the Research

The single-case study approach employed in this research limits the extent to which one can fully assess the influence of new media on a public broadcaster. However, while a cross-country comparison may have shown a greater range of challenges and responses, this research allows for a deeper level of analysis regarding the ways in which a post-apartheid government faced significant public broadcasting challenges. These challenges included transformation and basic social and economic development impediments, which could respond to the emergence of new media. Thus, while the international landscape of new media and public broadcasting was included in this research, a greater emphasis was given to the way national policies and the national public broadcaster respond to these challenges.

3.13 Conclusion

The research design and methodology of this study was discussed in much detail in this chapter. An overall research strategy and outline was discussed and was inclusive of data collection sources and instruments, the manner in which permission was solicited, sampling, data analysis, reliability and validity, respondent validation, ethical considerations and finally the limitations of the research. In synthesis, this chapter explained the manner in

which the research was carried out. The following chapter provides the findings that this research sought to accomplish.

Chapter 4: The Case of the SABC and New Media

This chapter presents the findings of this case study which is a product of in-depth one-on-one interviews with research respondents and document analysis. This case focuses on three themes. The first theme deals with the changing landscape of public service broadcasting at the SABC. It explores the manner in which new media broadcasting is changing the way the SABC operates. It explores the evolving nature of public service broadcasting as a result of new media broadcasting and examines the manner in which the SABC's mandate is interpreted within the digital media context.

The second theme focuses more specifically on the influence new media has on the broadcasting value chain and business model of the SABC. It identifies the differences between the traditional content value chain and the value chain created as a result of new media broadcasting. It also identifies the strengths and weaknesses of the current business model of the SABC and its related revenue streams.

The final theme explores the policy and regulatory challenges for the SABC. It examines the policy and regulatory implications to the SABC as a result of new media broadcasting practices. It analyses the various Acts that influence public service broadcasting in South Africa thereby highlighting the absence of new media broadcasting in policy documentation.

Key respondents from the SABC included the CTO, the New Media Manager from NEWS, the New Media Manager from public broadcast, the New Media Manager from Internet and New Media, SABC Mobile and Broadcast IT, a project manager from DTT; the SABC broadcast technical liaison manager and the general manager for Radio. Importance is placed in presenting the data in a format that aligns to themes identified, for a logical

and coherent synthesis of data. All assertions made by research respondents are suitably highlighted beneath each of these themes. Additionally, a rationale for the SABC as the case study is provided and key issues that the researcher is interested in are dealt with and grouped under three broad themes.

The SABC is an illustration case because of an interest in finding out the extent to which the organisation has integrated new media broadcasting into its value chain and whether its present business model is sustainable for the organisation going forward. The SABC has a business model that is both commercially driven (in terms of advertising and prescribed licences) as well as funded to a certain degree by the state fiscus, therefore it was interesting to see how this entity would survive and based on its delivery on the public mandate, that was predominantly cross subsidised by its commercial activities, which to a large extent would be threatened by the emergence of new media broadcasting technologies and associated new players in the market.

As an opportunity the SABC could acquire a new heightened premium in the market by virtue of its already trusted brand. Additionally, the organisation sports huge archives of local historical content. The organisation is unique in that it is the only organisation which holds a huge legacy of content specific to the country, dating from the days of apartheid to the new democratic era. This content however, resides mainly in the deep archives in the old analogue format. The challenge is to convert the content to the newer digital format that requires petabytes of storage. These could then be leveraged for distribution onto different platforms, thus generating revenue for the SABC. The following table presents a schedule of the various research respondents who were purposively chosen as the target sample from the SABC due to the knowledge that they possessed on the topic under study.

Table 1: Schedule of Research Respondents

INTERVIEW DATE	TIME	RESPONDENT CODE	TITLE
25 March 2010	13:00 pm	M1	Head: New Media Content Enterprises
27 March 2010	14:45 pm	M2	Manager: DTT Technical Project
29 March 2010	8:45 am	M3	Manager: SABC Mobile
31 March 2010	10:00 am	M4	Chief Technological Officer (CTO)
31 March 2010	15:35 pm	M5	General Manager: PBS Business Strategy
08 April 2010	12:15 pm	M6	Technology Advisor to the CEO's Office
15 April 2010	16:00 pm	M7	Head: DTT Project
28 April 2010	12:30 pm	F1	Group Executive: PBS
18 May 2010	09:30 am	M8	Manager: New Media and IT
29 May 2010	14:25 pm	M9	Manager: Sports and Entertainment

Source: Khan, 2010

4.1 Changing Landscape of Public Service Broadcasting at the SABC

Democratic transition in South Africa has witnessed complex developments in terms of who controls communications. Unlike the apartheid era of racist state control, aspirations for a non-racial and pluralistic landscape have largely been fulfilled. However, the democratic period saw increased involvement by government in communications policy making, and a decline in participatory opportunities and processes (Berger, 2009, p.8).

The SABC, as the public service broadcaster in South Africa, has been expected to suffer a demise driven by elimination in the market place as a result of commercial competition with new media broadcasting posing as the main catalyst. Yet, while it continues to struggle for funding and audiences in the fragmented marketplace, it is evident that it has survived even though the broadcasting landscape has significantly changed and continues to evolve.

Traditionally, the SABC concentrated on television and radio services by using the spectrum, which was allocated by the government to enable the PSB to provide broadcasting services that covered a wide range of tastes and interests. The changing landscape for broadcasting coupled with democratic transition, the Internet, and a diffusion of multi-channel television on multiple platforms has certainly posed a challenge to the SABC and the regulator simultaneously. As competition between channels and platforms increases, it is difficult for the PSB to remain detached from trends in the new competitive environment. The process of democratisation and transformation and the phenomenon of new media are presented as the findings to this theme.

4.1.1 Democraticisation and Transformation

Most respondents were of the view that the broadcasting environment has also changed considerably due to South Africa's transition from apartheid rule to a democracy; where the country was previously polarised from the global arena due to embargos and sanctions. With the gradual opening up of the economy, there was more technological innovation and increased competition which have leapfrogged the country as well as the SABC, in the broadcasting environment.

Concomitantly, as a result of democratisation, there has also been an upheaval in the broadcasting environment, involving the transformation of the South African Broadcasting Corporation (SABC) from being a state-controlled broadcaster to an independent public service broadcaster by virtue of the IBA Act. It was crucial to change the manner in which the SABC operated in the interests of democracy and cultural diversity since the new democratic government saw it befitting with possibilities of implementing new forms of institutional arrangements. Further engagement with broadcasting policies due to the transition pushed the SABC from being an independent broadcaster to a fully fledged PSB due to its mandate to inform, educate and entertain. These facts have caused the broadcasting landscape to change.

With global exposure to digital technology, the PSB is now forced again to change and adapt to the proliferation of devices, declining costs of bandwidth and the rise of internet penetration within the country. This aspect is appropriately presented further on in this chapter. Nevertheless, it is evident that the broadcasting environment has been impacted by technological advancements and subsequently forced to keep relevant and on par with global innovations.

An important role that is envisaged for public service broadcasting in post-apartheid South Africa is to act as a means of national unification and democratic citizenship. However, there are still structural limitations that impede the vision of the PSB as a medium of inclusive democratic communication. In this regard, the economic, cultural and technological legacies of apartheid are very much interrelated. South African audiences are highly fragmented, in terms of different cultural tastes, unequal access to material resources, as well as interests and competencies which distinguish the social groups.

In summary, it is evident that the South African broadcasting landscape has two opposing paradigms. This translates that, in the first case, the SABC is viewed as an entity that relates to the cultural and democratic objectives of diversity and impartiality. In this case, the SABC is guided by legislation brought about by the democratisation and transformation process that obliges it to adhere to the social and cultural functions of public service broadcasting.

In the second case, the SABC is viewed as an entity that functions in a new media landscape that is mostly governed by free market principles, convergence of technologies and globalisation. In this case the emphasis is on addressing technological issues. The challenge facing the SABC is quite transparent. On the one hand, it has to adhere to its public service obligations due to democratisation and transformation. On the other hand, if it fails to keep abreast of its technological and competitive challenges, it will not live up to the public service remit thereby losing its audiences. The position of the SABC in terms of new media broadcasting is provided below, in the responses received by most respondents.

4.1.2 New Media

A common issue that arose among all respondents was that new media broadcasting has introduced new competitors; and it is this phenomenon together with democratic transition, that has been one of the major contributors to the changing broadcasting landscape in South Africa. The organisation engages partially in the use of digital technology. The rapidly evolving technology environment is consequently forcing the organisation to refresh its technology. However, the main factors that contribute to the SABC's engagement of digital technology were found to be commercialisation (new digital channels bring in an additional revenue stream), regulatory constraints (as mandated by the ITU and ICASA for the deadline for the digital switchover) and social objectives (audiences are demanding more personalised content and *one-to-one* interaction with the content producers). Even though its core principles and services remain the same, new programme production coupled with new technology and other new media, dictate that the PSB is in a continuous state of change.

Most research respondents had a satisfactory understanding of the concept of new media broadcasting in relation to public service broadcasting. All the respondents agreed that any broadcaster, whether PSB or commercial, needed to reach its audience in the most suitable manner prevalent. However, the CTO felt that the SABC did not understand new media in the global sense. The CTO was an employee who was contracted by the organisation from the United Kingdom.

The common theme that arose among all respondents was the basic idea of taking the SABC's current endeavours and extending the value chain to other platforms. The manager of SABC Mobile was of the view that public

service broadcasting and new media broadcasting co-existed because public service content could be delivered on new media platforms.

In summary it is evident that the two mutually exclusive concepts spanning democratisation of South Africa and the rapidly evolving technology environment have a joint impact which has influenced changes in the broadcasting value chain.

4.2 New Media Influences on the Broadcasting Value Chain and Business Model

The broadcast value chain is undergoing transformation at a rapid rate. Previously, at the SABC, the traditional media value chain consisted of content that was created for a single channel and was broadcast to millions of South Africans. Today, as a result of new media broadcasting and evolved value chains, media services go to individual customers, irrespective of where they are, through a variety of devices. This move provides challenges and at the same time could also provide opportunities for the SABC. The above theme has extracted the following as key findings: impact on revenue, awareness of new media, various attempts to respond and a lack of strategy which are presented below.

4.2.1 Impact on Revenue

New media broadcasting plays an important role in the value chain and business model at the SABC. In the analysis of the broadcasting value chain, it was found that across the spectrum of measures, new media is becoming a significant component of the SABC's operations. All respondents were of the opinion that the move from analogue to digital broadcasting provided the catalyst to the emergence of new media broadcasting, thus heightening its prominence. They all agreed that perhaps the most important change in the

media value chain was the manner in which content moved between the producer and the consumer. Over and above this explicit change were the following changes: content rights, new digital infrastructure, new delivery systems and the desire to re-examine the manner in which work flows at the SABC were organised.

It was found that the evolution of new media delivery options has definitely brought about these changes in the media value chain. This also relates to the change to multimedia and interactive content. The Manager of Sports and Entertainment rhetorically asked the question “How do we as the SABC understand, create and respond to our new market out there?” He was of the view that no matter where the organisation sat on the content value chain, IT, telecommunication and media convergence have definitely provided a huge challenge to the SABC as the PSB. High definition (HD), digital workflows and new IT infrastructure technology have revolutionised the broadcast environment. Traditional media tape-based video assets have transitioned to digital tapeless workflows. Since the majority of SABC’s content is still in analogue tape-based formats, the organisation has no option but to upgrade its existing broadcast and IT facilities to ensure future-proofing and compatibility of their systems to the new digital environment. The cost associated with migration from analogue to digital is very costly and presents a huge problem for the organisation considering that the state subsidy is a mere six percent of its overall revenue.

Another respondent stated that new media broadcasting now questions the relevance of the SABC as the traditional gatekeeper as it could be very easily bypassed by the various delivery platforms. The issue of content rights on the new media landscape arose in many instances as one of the changes on the new media value chain at the SABC. Some respondents also mentioned the SABC’s relationship with other broadcasting organisations

and public and private organisations, which they felt formed part of the new media value chain. This idea manifested as a result of the SABC providing content for digital distribution platforms that are also owned and controlled by commercial operators and new start-up companies. As the PSB shared this space with these organisations, it was crucial to forge good relationships with them as they formed part of the value chain as well. The PBS Group Executive stated that if content provisioning was a critical element for the SABC, then a critical barrier to providing the required content would likely be the rights attached to it, and that the SABC had to take appropriate early action to forestall such a barrier. She was of the view that the SABC has to create a different version of content. He stated "We are just skipping around the edges of new media... in terms of radio and TV, we are now working on a EPG model... we are forced to give input to schedulers on the capability of new media platforms". Two respondents stated that there have been changes but that they were not sure if these changes were the right ones. However, they also stated that the manner in which the SABC acquired and commissioned content had not really changed.

The DTT experimental phase is anticipated to also bring about changes on the content value chain by offering spectrum efficiencies freeing up frequencies that will enable other services such as mobile telephony to be implemented as well as the ability to have an interactive participation with audiences. Another respondent was of the view that previously via Analogue Terrestrial Television (ATT), viewers were engaging with the broadcaster and not the content producer. However, this is no longer the case by virtue of digital technologies. As a result, of this one can notice the succinct differences of how new media is consumed by audiences because of real time streaming that is impacting the value chain. The difference lies within broadcast time and out of broadcast time [web or internet TV] mobile portals. New media broadcasting is seen to transform the production and

transmission capabilities positively for the SABC hence improving the development of content distribution. The definite change is that the new digital domain offers a digital format that can be reproduced on to multiple platforms.

The majority of respondents stated that with the advent of DTT, the value chain had changed. The CTO reiterated that this phenomenon was new to the SABC and the SABC needed to move, and move fast, into a digital management domain. The PBS executive stated that these changes are an enhancement. She further stated "What I mean to say is that as we move onto mobile TV, the content has to be repurposed on to different platforms, so the content value chain is indeed impacted". All respondents were more or less of the view that new media broadcasting has profoundly impacted on the current business model at the SABC. Their justification was that a downturn economy with the availability of new platforms was changing the advertising mix. This meant that multiple platforms, mediums and media types competed for viewer attention and changing viewer habits were encouraging new business models.

The CTO stated that "new media broadcasting has challenged the status quo of the organisation with regard to service and content bundling, advertising-led offerings, revenue sharing and outsourcing." Many respondents were of the view that at the SABC, the pace of change was greater than before and at the same time; the market was applying pressure for short term growth and return on investment, especially in advertising-led offerings.

The general manager for PBS was of the view that the SABC's mandate and model did not align to funding. His view was that the mandate was continuously increasing with no, or little, returns due to the business model. All respondents agreed that the licence fees were a tax that was linked to the

ownership of receivers, like the public. This created a direct link between the broadcaster and the public. The question that arises is what does the change on the value chain mean for the SABC? With new media broadcasting paving the way for multiple delivery platforms, the audience would fragment, hence endangering general-interest public broadcasting. This translates that fragmentation would drive down ratings for the SABC, to the extent that there would no longer be any point in engaging in advertising.

Table.2 SABC Total Revenue 2009/2010

Expressed as % of Total Revenue			
DETAILS	**2010 %**	**Move %**	**2009 %**
Commercial	**73**	**(4)**	**77**
Licence	**18**	**-**	**18**
Other Revenue	**3**	**-**	**3**
Government Grant	**6**	**4**	**2**
Total	**100**	**-**	**100**

Source: SABC Annual Report 2010

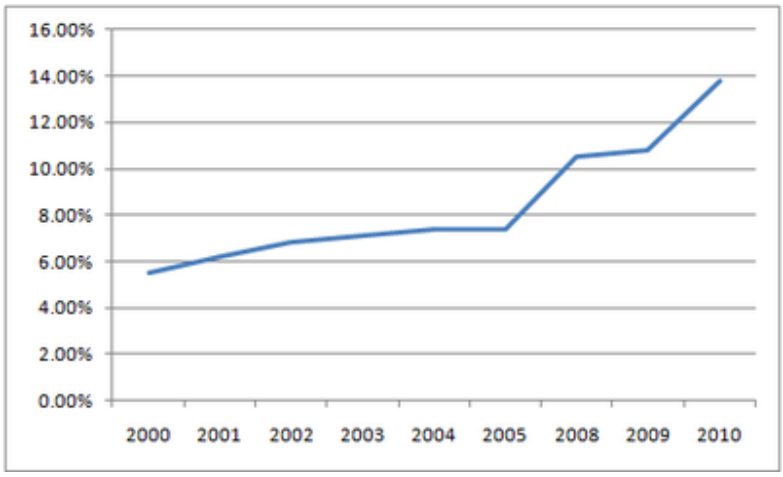
According to Table 2 above, an extract of the SABC Annual Report 2009/2010, approximately 73% of the SABC's revenue for that period was derived out of advertising. All respondents were of the view that revenue derived from advertising was likely to diminish and lose importance because the advent of new media made it possible for the viewer to evade commercial or advertising breaks as well as due to audience fragmentation. This is indeed evident as the 2008/9 results yielded a 77% commercial advertising revenue (SABC Annual Report, 2008/2009, p.67).

As highlighted earlier in this section, the SABC has no option but to transition its broadcast infrastructure from analogue to digital technology in order to respond to the new market dynamics as introduced by the advent of new

media convergence and digitisation. The state has thereby acknowledged this requirement and subsequently increased its subsidy from 2% to 6% in order to fund key digital migration projects, which will gradually phase out the old analogue infrastructure over time. It must be noted that while the state subsidy has increased, it is not sufficient as the local competition is moving at a much faster rate in the adoption of new media technology platforms. The prominence of the national broadcaster and its ability to influence the nation's behaviour by virtue of the content it broadcasts therefore merits that the state recognise this and allocate a higher percentage grant to the SABC. This would enable the PSB to fulfil its mandate, to educate, inform or entertain its audiences who are gravitating towards digital media at an increasingly alarming rate. In summary then, if the state grant increases, as discussed above, the PSB will depend less on advertising revenue and TV licences thereby focussing its collective energies more on delivering on its primary mandate.

The above claim can be validated below in the diagram that shows an increase in internet penetration in South Africa over the past year. According to Internet World Stats (2010), this continued increase has been driven primarily due to the uptake of broadband and lowering of tariffs. It has been projected that South Africa's internet user base would reach 9 million users by 2014 (*ibid).*

Figure.5: Internet users in South Africa showing penetration as a percentage of internet users in the population



Source: Internet World Stats 2010

It was also realised that some traditional radio broadcasters at the SABC are involved in digital media as a result of their online presence that take the form of websites. The new media manager for Internet and New Media indicated that he views having a website to be an integral part of their business plan. He further reiterated that when there is no strong television presence, some of the radio stations at the SABC seize this as an opportunity to aid in expanding their role as providers of timely audiovisual and audio content that is local in nature. Even though the SABC is at an experimental stage with new media broadcasting, respondents found that their online presence on alternative platforms such as mobile devices could not be easily classified according to a strict taxonomy of the business model. The SABC's present business model consists of advertising revenue, licence fees, government funding and to a small extent content sales. This is by virtue of where it is presently positioned within the value chain as a traditional broadcast network provider (EBU, 2006, p.96).

It was found that there were some strengths but more weaknesses on the business model. The real issue was with content generation, since the SABC needed to offer unique and interesting content that others did not offer. The SABC has a commercial business model which is a plus factor and allows it to be relevant. The negative factor is that there is a mandate that is not aligned to funding. This translates to a growing mandate with diminishing returns. The various responses with regard to the strengths of the current business model included the fact that the SABC is a monopoly in terms of share of audience and share of revenue, content that reflected flagship shows to the SABC's major audiences drove up ratings and maximised revenues as well as the core advertising revenue up to this stage. There was no certainty how long this revenue stream would last.

The major weakness was that the SABC's commercial imperatives clouded its mandate imperatives, the heavy reliance on advertising for major revenues which was not healthy for sustainability, the uncertainty that new media brought to the PSB because it is not so pro- new media and the shrinking audience numbers due to them engaging on other platforms for content.

The SABC's advertising revenue is defined and on the decline. This is bound to decrease too, because the organisation is so reliant on advertising revenue it is being controlled by this income. As indicated earlier, the SABC annual report showed evidence that advertising made up 73% of its revenue on this business model (SABC Annual Report, 2008/2009, p.67). The main weakness was seen to be one of content provisioning because a huge part of its audience accessed other platforms that were more viable and the organisation needed to move in that direction.

4.2.2 Awareness of New Media

In terms of the actual presence of new media broadcasting at the SABC, it was found that most respondents felt that new media presented itself in various ways at the organisation, since they not only learnt about it, but utilised it as well in many ways. In addition, five respondents voiced their opinion that the SABC does not have a strategy in terms of the manner in which new media broadcasting ought to be implemented. The two most commonly articulated responses to this theme were that new media broadcasting was at grassroots level within the SABC and that it perhaps provided more or higher quantity to a smaller audience. The CTO was quite vocal and felt that most employees at the SABC did not really understand the concept of new media broadcasting. He thought that as a culture or business priority, the concept of new media broadcasting was highly misunderstood. From the above statements it is evident that the new media phenomenon is not as widely understood as it ought to be and it was mostly a matter of educating the stakeholders as to the value of new media platforms.

All respondents indicated that there were discussions surrounding new media in the last 18 months at the organisation. The head of New Media Content Enterprises stated that talking about it [new media broadcasting] and learning has helped them, but asked, “How do we implement it smoothly?” This insinuates that the value of new media was understood; however, the manner in which it would be implemented could not be articulated. Along similar lines it is generally accepted that it is of no use having a ninety percent correct strategy which is only ten percent implemented.

4.2.3 Various Attempts to Respond

New media is used efficiently in some, but not all, areas of the SABC. For example, 5FM uses the station's website as a tool to reach their international audiences, but other stations are not doing this. Perhaps they realised that their business objectives were not about technology that needed to be met. The manager of SABC Mobile was of the view that new media presented itself in various ways at the organisation, especially in the mobile arena and the use of mobile technology allowed that participation. He further commented, "... we may use it but sadly, not many units actually know how to capitalise off new media and therefore ignore it due to improper implementation". There was a common understanding that even though dialogue on a new media strategy and budgeting had been established, the potential of utilising such technology in all the business units at the SABC was lacking.

Some respondents mentioned the high costs associated with using new media technology. The following responses firmly entrench the common thread running through the organisation in terms of new media broadcasting.

> "I think that there are segmented attempts at using new media here, but it is poorly coordinated and it seems that we are not pooling our resources.... there is no absolute coordination plan with new media" (Head: DTT Project, April 15, 2010)

> "We have not been able to use it to a great extent; largely because of bandwidth.... and bandwidth is a big money spinner for technology" (Manager: New Media and IT, May 18, 2010)

It is evident that while attempts have been made to embrace new media broadcasting technology and platforms, these are isolated and few and far

between. A key factor is that there is no overarching governing body to provide the impetus for the new media strategy.

4.2.4 Lack of Strategy

There was unanimous agreement that the SABC is short of a strategy in terms of new media broadcasting within its framework. Several participants have confirmed that they were embarking on new media projects in their respective areas for their own business unit commercial benefit, such as SABC Mobile and SABC Sports and Entertainment. They further confirmed that there was no guiding strategic coalition or a new media steering group at executive level that could develop a comprehensive new media broadcasting strategy for the SABC taking advantage of the various subject matter experts who occupied the various new media silo departments. These statements confirmed that there was a willingness to drive forward and pursue new media opportunities to fulfil the mandate as well as for commercial gain, but this would be a mammoth task in the absence of a unified strategy. In the end the strategy would serve to sacrifice the local autonomy of the independent silo new media units for overall organisation synergy that would benefit the entire organisation in fulfilling its objectives.

In summary, the research established that while the SABC is officially a PSB, its operations are not limited to traditional broadcasting from the old school of thought, like the BBC. The research sought to establish whether the SABC's content value chain and business model had changed due to new media broadcasting. The study established that the SABC gets most of its funding from commercial revenue, then the government and lastly from licence fees. Therefore the SABC has to raise funds to compete in terms of new media broadcasting in the global sense. This may affect the organisation's

obligation to inform, entertain and educate as it seeks to respond to competition and market demands.

The findings show evidence that the traditional role of the SABC has shifted. Due to the imperatives brought about by globalisation the organisation is not only confined to satisfying the public service remit. It does not have a monopoly status any longer and now has to gear itself for competition from the new media environment. Hence, the SABC has to reposition itself to compete in the market for advertising revenue. As a result, it has to satisfy demands that may fall out of its traditional obligations. The final theme in the findings centres on policy and regulatory challenges for the SABC and is presented below.

4.3 Policy and Regulatory Challenges for the SABC

Government policy and regulation needed to be examined so as to identify the strengths and weaknesses within the broadcasting regulatory system. This approach allowed for the analysis of such things as: what an institution is like; why it is like this and how this can be changed (Bertrand and Hughes, 2005, p.95). In addition, policy is used to "examine the ways in which policies are generated and implemented, as well as the repercussions or implications of these policies for the field of communication as a whole" (Hansen *et.al* 1998, p.87). However, this research does not examine the manner in which policies are generated. An analysis of policies and regulation is crucial, as it is through policies and regulations that the SABC is enabled or impeded in fulfilling its public service remit. Findings relating to this theme are presented and expanded on under the headings below.

4.3.1 New Media Broadcasting is absent

The SABC Annual Report (2010, p.63) indicated that the PSB mandate does not explicitly include the concept of new media broadcasting. The new media manager from public broadcast stated that the mandate is normally set down by legislation, such as in the Broadcasting Act of 1999, which translated the mandate into services and products by the PSB. "We use digital media to deliver the mandate... but I don't think that the mandate specifically caters for new media broadcasting". The SABC has a threefold mandate to inform, educate and entertain using the principles of universality, diversity, distinctiveness and independence. Most respondents were of the view that in relation to the digital landscape, the PSB has the opportunity to fulfil its mandate in various ways hence adding even more value to society today.

Most responses also indicated that the mandate was not specific about new media broadcasting. When the act was passed in 1999, the uptake for new media platforms was not there as yet due to technical factors and broadband access that inhibited new media efforts. Many respondents expressed similar perceptions. They felt that it did not have enough focus for it to become part of the core mandate for new media and it could apply to any platform, but with new media it had to be more specific. The framework initially related to broadcast in traditional terrestrial analogue form. Now a number of areas needed to be explored and new media were one of them. The new media services manager believed that the PSB was 40% effective in using digital media to deliver on its mandate. The presence on the web was not really as good as it should be. He thought that the EC Act of 2005 sought to create convergence like DTT but there were delays and funding issues from the DoC. On this matter, the new media services manager also commented on the Digital Dzonga Advisory Council and its outcome. He stated that not much had come out of this initiative since there were many unsolved

challenges at the DoC, the SABC, ICASA as well as Sentech (the signal distributor). Two responses in relation to the mandate and its inclusion of new media broadcasting are mentioned below. They further strengthen the common view articulated in response to this aspect of the research:

> " I think it is the same kind of mandate because it is operational in a different way, so perhaps it means to include new media, maybe not explicitly" (Manager: SABC Mobile, March 29, 2010)

> "...there is new legislation, the EC Act which necessarily enables consolidation of media for value of citizens. This brings forward the need for access to information" (Technology Advisor to the CEO's Office, April 8, 2010)

It is evident that there is a lot of tacit knowledge of the potential and merits of new media broadcasting in the organisation, but it has not been aggregated into a unified strategy and remains individual initiatives. The potential of new media broadcasting and its benefit as an alternate revenue stream is known but there is a huge gap in terms of how this can be implemented. The PSB mandate translates into the manner in which the SABC uses digital media to deliver on its mandate but it is evident from the responses received that it did not cater for new media broadcasting. A good act is "technology neutral" and the preference would be not to have a new act every time technology changes. The broadcasting act does not exclude new media broadcasting, but it does not particularly include it. Even though the mandate extended to digital media in a revised or visionary sense, it should consider including new media explicitly because it is such an integral aspect of the business model.

4.3.2 New Media Broadcasting requires a review of the EC Act

Much of the information provided in this theme was a product of document analysis that is substantiated further below. Given the pace of change and

competitive level that characterises the landscape for broadcasting in new media today, the perception from most respondents was that new media broadcasting was a natural occurrence and that the transfer from traditional broadcasting to new media broadcasting was generally slow globally. Many stated that the regulatory constraints that surround new media broadcasting significantly impact the SABC and questions the organisation's mode of action from here on. The SABC Mobile Manager stated that the SABC, like any other broadcaster, is concerned about its ability to continue to meet its current regulatory obligations especially in view of the fact that consumption of new media is delivered over unregulated platforms. He further asserted that the competitive nature of new media is expected to grow over time, in turn negatively affecting audiences as well as advertising revenues that are available to the PSB. The DTT programme director asserted that new media broadcasting has certainly developed in an unregulated environment. Overall document analysis revealed that most broadcasting policy was contained in a variety of documents (ICASA, 2006), which included:

• The Government White Paper on Broadcasting Policy that was published in May 1998;
• A range of government policies that included, for example, convergence and digital migration; the Draft Digital Migration Policy and Strategy documents;
• The Regulator's Triple Inquiry Report into public broadcasting, cross media control of the media and South African content (1995) that was endorsed by Parliament;
• The position papers and regulations produced by ICASA that were sector specific (e.g. the local content regulations for television and radio).

All respondents were familiar with broadcasting legislation in South Africa and the SABC. As expected, most of them were forthcoming with information

on policy and regulation because the emphasis was on selecting "quality" individuals from the SABC who would be able to articulate the policy and regulatory challenges associated with the adoption of new media broadcasting. These respondents in particular are involved within these structures in the associated business units within the SABC. Their level of expertise and experience suitably qualifies them as 'quality respondents' in relation to their knowledge around the public broadcaster's remit. Hence, the information they provided triangulated with the information collated from the secondary data analysis. Nonetheless, all respondents, more or less, gave a precise overview of developments in broadcasting legislation and mentioned the Independent Broadcasting Act No 153 of 1993 (IBA Act), the Broadcasting Act No 4 of 1999, the Independent Communications Act No 13 of 2000, the Electronic Communications Act, 2005 (EC Act) and the Convergence Bill 2004. In a similar vein the researcher's analysis of documents on the current broadcasting legislation revealed that the Broadcasting Act 1999 established a broad framework for the regulation of the broadcasting industry and also augmented the provisions of the IBA Act.

The Electronic Communications Act, 2005 (the EC Act) repealed and replaced the IBA Act as well as the Telecommunications Act as of 19 July 2006. The driver behind this legislation was as a result of convergence of networks and services. The researcher also noted that the Broadcasting Act which regulated the SABC, however, was left intact. The EC Act includes provisions that regulate telecommunications on the one side and broadcasting on the other. Nevertheless, different segments of the market are regulated differently and separately even though it falls beneath the same piece of legislation. Further analysis showed that the Electronic Communications Amendment Act, 37 of 2007 (ECA Act) was promulgated, so as to "empower the minister to issue an additional policy direction and to provide for matters connected therewith" (DOC, 2008, p.1). It was also

noticed that various provisions in relation to broadcasting are copied verbatim from the IBA Act. It seems that all electronic communications and broadcasting are currently governed by the EC act which takes into account the convergence of telecommunications and broadcasting technology. It however does not incorporate the introduction of new media broadcasting explicitly. It was envisaged that the EC Act would allow for a variety of services to be provided over a single platform, while introducing a regulatory framework that aligned to new communication methods and technologies.

4.4 Conclusion

It is recognised that one of the key challenges facing the SABC is to keep relevant in an environment that is rapidly changing in relation to consumer behaviour as a result of new media practices and changing technology. While respondents possessed a good understanding of broadcasting technology and legislation in the analogue environment, there was a lack of common understanding among respondents about the actual dynamics of new media and its implications on broadcasting going forward.

Respondents have indicated that the SABC is concerned about its ability to continue to meet its current regulatory obligations considering the consumption of new media being delivered over unregulated platforms. Advertising revenues that were normally available to the PSB are changing the competitive landscape. This is evident in the SABC Annual report 2009/2010 where the advertising revenue has decreased from 77% in 2009 to 73% in 2010. This has consequences for the SABC in terms of a sustainable revenue generation.

It is apparent that while the broadcasting industry is operating at a moderate pace currently, it is bound to enter a period of uncertainty as it deals with the challenges as well as opportunities that may be provided by new media

broadcasting. It is also evident that new media broadcasting presented itself in various ways at the SABC although a solid strategy in terms of its implementation is seriously lacking at the organisation. The content value chain and business model is definitely impacted since ongoing technological advances coupled with the availability of the World Wide Web and continued adoption of new media broadcasting technologies highlight the evolution of the new media environment.

All respondents articulated a common trend that existed in the consumption patterns of new media broadcasting anywhere, anytime and available on various platforms such as the personal computer and mobile devices. Audiences for traditional television and radio content remained constant over the years until recently when a decline in traditional consumption was noted. The new media manager for Internet and New Media stated that he had reviewed research reports that were prepared by an external consulting company to the SABC. These reports stated that a variety of internet-enabled companies of varying scope and size have more access to mass audiences and that business models for providing similar content are definitely evolving since content providers no longer need to invest in robustly expensive production and distribution infrastructure due to the various platforms. In essence then, content distribution can be done directly or through a multitude of aggregators.

All respondents viewed the new media broadcasting environment as one that was borderless in comparison to the traditional broadcasting environment. This translates that previously content was produced and captured in analogue tape formats and was transmitted over limited analogue terrestrial network channels. The introduction of newer file-based technologies have allowed for content to be digitally captured, edited, stored and transmitted over multiple different platforms and channels challenging the conventional

analogue broadcasting approach. IP has become the *de facto* standard for many digital platforms and as such has made it possible for digital content to be repurposed across multiple platforms. The content we see on DSTV for example can now be viewed on a mobile handset as well as streaming from the broadcaster's website. This content, in turn, can be published on internet social media sites, thus rendering the new media broadcasting environment borderless.

A review of policy documents highlighted the overall Broadcasting Act that laid out South Africa's cultural objectives and the role of the SABC to serve public interest. However, in relation to the perception of the majority of research respondents, it was concluded that the sustainability of the SABC and its mandate as well as the broadcasting sector on the whole could be severely impacted by diminishing commercial funding. All respondents concurred that new media broadcasting would definitely require a huge investment by the SABC for the SABC, the government as well as end-users.

In summary, the findings revealed that SABC's value chain specific to the production and distribution of content has been impacted to a large extent. Consequently, the business model has to be adapted according to a strategy that explores and redefines other avenues that leverage new media to further deliver on the PSB mandate. Other avenues in this sense means integrating the objectives of the PSB mandate into this new revenue model

The broadcasting policy implications of the above require that the existing broadcasting policy be reviewed. The PSB needs to eliminate traditional analogue broadcasting and ensure that the post-digital switch over is complete. Therefore facets of new media broadcasting have to be incorporated into the new directives of the broadcasting policy. This will ensure that the SABC remains relevant by not being disconnected from the

global media landscape and at the same time keeping abreast of global broadcasting digital trends.

The SABC has the opportunity to select the right choice of new media technologies to further extend its mandate by providing the disconnected citizens with the right services that are cost effective and easy to access. In essence new media can be used as a strategic asset for the SABC in order for the organisation to accelerate its public service obligations.

In conclusion the research work argues that while the PSB has to contend with the inevitable 'disruption' of new media broadcasting options, it's primary objective specific to nation building, educating and informing the public, should at no time be deterred, by the commercial opportunities that the new media environment presents. Instead, the PSB should convert this threat into an opportunity by harnessing the benefits that new media provides, to further propagate its mandate and agenda to supply the nation with quality content and programmes.

Chapter 5: Analysis of Findings

The purpose of this study was to critically analyse the influences of new media broadcasting on the SABC's content value chain and business model. This chapter provides a brief analysis of the findings presented in Chapter 4. This analysis addresses three major themes that were identified during the research and corresponds with the five sub-questions that are presented in Chapter 1.

The first theme concerns the ways in which new media broadcasting has affected the SABC. Changes in commercial revenue were found to be the most significant influence on the broadcaster, as new entrants have entered the market and made more effective use of new media.

The second theme deals with the challenges new media raises for public broadcasters such as the SABC.

The third theme analyses the way new media has changed the broadcasting value chain.

Furthermore the third theme also deals with the way the SABC has responded to these changes and, in particular, how it has altered its business model.

The fourth theme draws on the review of the policy and regulatory environment in which the SABC operates. Here, the challenges of new media developing in a policy environment that is geared for traditional analogue broadcasting is presented.

Finally, this chapter concludes with a synthesis of the key issues that lead to answering the main research question. This correlates to the findings in chapter 4 and the analysis in this chapter.

At this stage it is imperative to point out to the reader that beneath each of the themes below, a brief synthesis of the findings are first presented and then analysed. All the data that was obtained from the primary and secondary sources illuminate the information that this research obtained and enhance the following discussion. The following presents the themes in which the research is framed and the analysis aligns to these themes.

5.1 The Influence of New Media Broadcasting on the SABC

Data from the findings revealed that increased commercial revenue was the primary driver for the SABC engaging on new media platforms. The general view was that public service broadcasting and new media broadcasting co-exist because content could be repurposed and delivered on new media platforms as well. Additionally, many respondents in the study believed that new media broadcasting could be used in some business units, such as radio, through the use of the web to reach local and international audiences. The general view was that the SABC does not have an overarching strategy that could be implemented in relation to new media broadcasting.

Ward (2004, p.1), Whittle (2004, p.7) and Meijer (2005, p.29) concur that PSB's around the world continue to access considerable public support. While emerging new media broadcasting technologies and platforms introduce new challenges for the PSB, they also provide new opportunities for the organisation to deliver on its public service remit. Similarly, this rationale could be likened to the case of the SABC, which would, by virtue of the new media broadcasting possibilities, be given an opportunity to re-invent itself by repositioning as a media content provider of note. This by no means would guarantee the survival of the organisation, since funding issues do prevail. The argument is that the researcher believes that there is still a valid role that the SABC could play in the new digital arena, albeit a different one. The SABC could concentrate on improving its universal service obligations,

its obligation to broadcast programmes that reflect notions of informing and educating, attaining independence from the state and commercial interests and concentrating on national identity and culture. This is indeed similar to Berger's (2009, p.13) view that the PSB has three options. The first being its demise, where it withers into oblivion; the second option of being diverse by making a partial transition but still continuing to produce public service content and lastly, by driving change and re-inventing itself.

There is little doubt that new media broadcasting is taking on ever-increasing significance within the public broadcasting landscape. Technological developments, changing consumption patterns, internationalisation of the broadcast industry and commercialisation have forced the PSB to look back at its programme policies, its technology, its modus operandi and its mere existence within the broadcast landscape. Internet World Stats is a site that presents complete statistical information relating to internet penetration in any country. In reflecting on the evolved landscape, it can be noticed that residential internet access is now available across South Africa and has been adopted by 10.5% of South African households (http://www.internetworldstats.com/list4.htm). These households have adopted a wide variety of internet and multimedia capable devices (with functionality and features that are ever increasing), be it fixed or mobile, that they have purchased at steadily decreasing prices.

Technologies that allow high quality broadcasting content to be delivered on new media platforms are in commercial use as well. What is most noticeable is that the rate at which professionally produced broadcasting content is made available is on the increase globally, however, South African participation (the PSB) is definitely lagging in relation to the amount of good quality, professionally produced broadcasting content. Additionally, it can also be noticed that advertising companies are embracing new media broadcasting marketing strategies at an increased pace. As can be gleaned

from the research findings, new media presented itself in various ways at the SABC. Ongoing technological advances, a constant availability of the World Wide Web and increased adoption of new media broadcasting technologies by South Africans gave light to the rapidly changing new media environment.

The SABC is a volatile organisation due to the political dilemmas that challenge the organisation. Some of these challenges include competition on the one hand and then transition to being a PSB of note on the other hand. Parallel to this lays the dramatic developments in relation to analogue broadcast switch off which is scheduled for end of November 2011 as per the ITU mandate with which ICASA has to comply. At the time this research was conducted, the above digital switch over deadline was relevant. In the article 'SA to adopt European TV standard' from the Independent Online (iol) website It had come to the researcher's attention that this goal post has however changed to November 2015 (http://www.iol.co.za/business/business-news/sa-to-adopt-european-tv-standard-1.1012071?ot=inmsa.ArticlePrintPageLayout.ot). It is imminent that the PSB will eventually have to subscribe to digital broadcast fully or be left out of the new media main stream. The plans involving this transition from analogue to digital should have been captured within the SABC's business strategy.

5.2 New Media Broadcasting and the PSB Mandate

The PSB mandate derived by the dated 1999 Broadcasting Act does not explicitly include the concept of new media broadcasting. The concept of convergence and digitisation was still in its infancy in South Africa as compared to other first world countries like the USA, Canada and so on; and the underlying local broadcasting infrastructure was designed within these technological constraints. The PSB has survived on the common threefold mandate to inform, educate and entertain. Most research respondents were

of the view that the SABC's mandate does not cater for new media broadcasting and that it has an opportunity to fulfil this mandate by leveraging on new digital platforms like DTT, DVB-H (mobile), thereby adding more value to society by expanding the broadcast footprint. They also felt that alot of this depended on the outcome of the Digital Dzonga Advisory Council, which seemed to have little effect thus far as the council was dismissed in April 2010 by the new minister of Communications, Siphiwe Nyanda and a new board was appointed in August 2010. They believed that this chaos was not healthy for a smooth transition holistically. Nevertheless, mobile telephony has surpassed fixed line penetration recently and created unprecedented opportunity for the public broadcaster to deliver on its mandate by deploying content on mobile phones.

Interviews have revealed that the use of new media broadcasting in certain business units lies within the context of generating revenue instead of social development goals. Hence, the obligation to the South African public is lost within a poorly defined broadcasting strategy. If public service broadcasting is to play a role in the development and education of its people and in the building of the South African nation, as it is mandated to do in the South African Broadcasting Act (1999), then policy should be aligned towards that end and not be dictated by market trends. It has become increasingly difficult for the SABC to survive amongst media systems that have become commercialised due to the increased number of channels that digital television provides. This stance relates appropriately to Goodwin's (2007, p.60) argument in the case of the BBC and its "attempts to exploit new media broadcasting technologies for commercial purposes that are ineffective and threaten its traditional public service remit" This means that if the SABC wishes to concentrate its efforts on popular programming, then it is bound to be accused of neglecting its public service remit, which would also threaten its claim to be funded via licence fees. On the other hand, if it aligns to its

mandate that involves providing those things which commercial media does not, then it risks marginalisation and cutting itself off from public support and ultimately, adequate funds.

Public service broadcasting should be seen as the only established medium that takes into consideration the social and cultural concerns which it ought to place before marketplace imperatives. However, this may not be the case as more often than not, the PSB is struggling to survive within this new media landscape and will grab whatever options comes its way within the context of revenue generation. In the literature review, Murdock (2004, p.5) posits in a similar vein that "over the last two decades, debates on television have been dominated by a chorus intoning the last rites for the PSB and presses for a fully commercialised communications environment". In the case of the SABC as the PSB, it is appropriate to question whether it is viable for the broadcasting environment to be fully commercialised. What of the PSB's mandate to inform, educate and entertain? Public service broadcasting plays a crucial role in ensuring that the public receives a wide range of diverse, independent and non-partisan information. This aligns appropriately to Berger's (2009:9) view that "... it can help to promote a sense of national identity, foster democratic and other important social values, provide quality education and informational programming, and serve the needs of minority and other specialised groups".

Given the SABC's transition from being a state broadcaster to a public service broadcaster, the facilitation and delivery of content across multiple platforms allows it to deliver content for the minority audience needs while also promoting general public interest content. This notion can be likened to Murdock's (2004, p.6) theories on the digital commons:

> "We have to think of public broadcasting as a stand-alone organisation and see it as the principal node in an emerging network of civil and public initiatives that taken together, provide the basis for new shared cultural space, a digital commons, that can help forge new communal connections and stand against the continual pressure for enclosure coming from commercial interests on the one hand and new moral essentialism on the other".

In addition, a characteristic of the PSB should be the presence of a solid control structure. However, in the case of the SABC, due to uncertainty in the upper echelons of the PSB structure, this may not be the case. This notion aligns adequately to the views of Murdock (2004, p.5) who is of the belief that "there is much anticipation of its [the PSB's] demise" and according to Tracey (1998, p.68) this demise "...would come from institutional withering from within ... or from commercial competition from without". In relation to the SABC this 'institutional withering from within' refers to the change in leadership and the exodus of skilled broadcast experts who are being poached by the private sector commercial operators. It is obvious that subsequent to a change of management at Board level, instability of the organisation entered into a new phase with important executives departing, hence leaving the executive structure depleted. This in turn contributed to management instability that translated in a poor implementation of the public mandate as well as erosion of institutional intellectual property. This is the case since much of the knowledge that these key individuals have garnered over the years is tacitly embedded and limited initiatives have been put in place for knowledge transfer as well as the codification of such knowledge into a repository for future reference.

Doing justice to new media broadcasting and the PSB mandate demands that the knowledge of the SABC's leadership is unparalleled in relation to the new dynamics of new media broadcasting and its effective role in utilising this to deliver on its mandate, which can provide new media services

connecting citizens across the nation. The research shows a knowledge gap and disconnect between executive leadership and senior management, thus evident in the proliferation of the new media silo departments at the SABC. . Had there been an integrated or unified approach between all members of top management, SABC would have been better equipped to manage this new media transition with an aligned holistic business strategy for guiding the organisation on how best to utilise new media for accomplishing the PSB objectives and goals.

5.3 Changes in the PSB Value Chain

The most important change in the media value chain found in this study was the relationship between the producer of content and the consumer of content. Issues of content rights, new digital infrastructure, new delivery platforms and workflows exhibited in various ways. Digital broadcasting provided the catalyst to new media broadcasting. New media broadcasting content is a crucial element of the South African audio-visual industry. Audio and video content is available and the amount is growing exponentially as the demand from devices and services that South Africans adopt is growing. This environment continues to grow and the SABC's new media broadcasting content will need to compete alongside new media content that is being produced the world over.

Evolving delivery options have brought about changes on the broadcasting value chain. Research respondents questioned the SABC's relevance as traditional gatekeeper since it could be easily bypassed by various delivery platforms such as the web, mobile, cable and so on. This would be possible by the new licensed operators provisioning their own green-fields network and broadcast infrastructure at a fraction of the cost. Content provisioning is a crucial aspect of the SABC but a critical barrier to providing the required

content would be the rights attached to such content and the SABC needs to take appropriate steps early so as to forestall such a barrier.

As previously indicated the most important change in the new media landscape lies in the value chain between the producer and consumer. Until recently there was only one element that separated the producer from the consumer and that was the operator of the broadcasting network. This little element was in fact a mere technical service that did not hinder or interfere with the content or financing of broadcasted programmes.

New media broadcasting certainly has a competitive impact that is expected to grow as time goes on, hence affecting the span of audiences as well as advertising revenues (that the SABC so heavily relies on) that are normally available to the PSB. From the in-depth interviews, it was evident that while the short-term impacts of new audio technologies in the radio transmission arena at the SABC may be modest, their effect may result in a reduction in tuning levels to conventional radio which would eventually lead to a loss in advertising revenue. It may be evident that while this sector within the PSB may be currently healthy, it will eventually enter a period of definite uncertainty as it grapples with the challenges as well as opportunities that new technologies may provide in the distribution of audio programmes.

5.4 SABC's Response to the Evolving Value Chain

Changes in the broadcasting value chain have been shown to challenge the way the SABC does business, especially with regard to service and content bundling, advertising-led offerings, revenue sharing and outsourcing. However, the SABC's response to these changes was found to be fragmented and largely insufficient.

Data gleaned from primary and secondary sources showed evidence that commercialisation was the catalyst to the SABC's intention to use digital technology. The literature that was surveyed indicated that a dependence on commercial revenue is due to increased commercialisation as well as an increase of media ownership from international media conglomerates. Additionally, new market entrants have indeed saturated and challenged the PSB on its public interest objectives. To remain in business, the PSB is now giving added attention to technological opportunities that it deems to be largely subsidised by projected commercial ventures.

On the whole, the SABC is faced by many challenges as it navigates its way through the digital space. From a positive stance, it is provided with an opportunity to extend its brand to a great extent. However, on the other hand this needs to be balanced by getting access to appealing content as well as healthy finances that will enable it to become available over alternate platforms. Ultimately, the audience dictates the type of content that it wishes to receive which may not necessarily be a replication of linear programming that is currently available. A critical part of the SABC's business strategy would be to redefine its funding model in order to depend less on advertising revenues. However, even though the SABC may seek to follow international trends in public broadcasting, the implication is that the state may have to provide funding to the PSB which the market alone does not cover. Either way these funds should be competitively distributed so as to help the PSB concentrate on its core mandate.

According to SABC Annual Reports of the past five years, the last few years have seen the SABC's financial situation steadily deteriorating. In 2005/2006, the SABC reflected a profit of R383 million after taxes. In 2008 the organisation's profits had dropped to R111.3 million and in 2009 the SABC was surviving on a R780 million overdraft which saw the organisation

struggling to pay off its debts (Skinner, 2010, p.1). Perhaps there are various reasons for this downward spiral. However, the fact remains that advertising spending is decreasing and at the same time the SABC's expenses are continuously rising.

Whilst the findings to this research report have been completed at an earlier stage, the researcher became aware of new initiatives in relation to new media broadcasting at the SABC. It had come to the fore recently that the SABC had introduced a strategic new media project at board level as part of its corporate strategy to extend its broadcast business by leveraging off new media as an alternative leg of broadcasting in addition to the existing analogue TV and radio broadcasting facilities available to the public at present. This is a positive step on the side of the PSB. However if it merely looks at consolidating the new media initiatives already present across its various departments, then it is defeating the purpose of delivering on its public mandate and is heading in the wrong direction. The researcher states this as he is aware that the sole objective of the independent new media initiatives was based on commercial revenue generation. Thus, a clear strategy outlining how the PSB will co-exist within the new media broadcasting environment and the manner in which it will utilise this strategic technology asset to fulfil its public service objectives is very much needed.

The above will be easier realised due to the fact that bandwidth costs are declining steadily by virtue of the landing of the new undersea cables. New media broadcasting is a strategic content publication as well as marketing and sales tool. It is important that SABC find a solution which provides an efficient and cost-effective alternative platform to keep itself relevant considering the imminent decommissioning of analogue broadcasting to be succeeded by digital. Therefore online and new media broadcasting present the ideal opportunity to pursue a strategy.

5.5 Policy and Regulatory Challenges

Regulatory constraints that surround new media broadcasting significantly impact the SABC and question the organisation's mode of action from here on. New media broadcasting has developed in an unregulated environment. Electronic broadcast media is governed by the EC Act No 36 of 2005. The driving force behind this policy was due to the convergence of broadcast telecom and information technology.

The SABC is concerned about its ability to continue to meet its regulatory obligations in relation to the consumption of new media being delivered over unregulated platforms. The present new media broadcasting environment is one that is not regulated, and there are huge discourses on whether content should be regulated, as media ownership is an important component to all broadcasters given the competitive nature of the market. The new media space allows for content to be copied, reproduced or published to any online environment without consideration for the owner's rights to that piece of content. If allowed, the above has the potential to render the broadcaster irrelevant, but if proper policy is in place the relevance of the broadcaster's already trusted brand can acquire a heightened premium.

Since the democratisation of South Africa in 1994, the broadcasting sector has undergone significant changes. The apartheid era regime provided a monopoly that was further broken up into a three-tier broadcasting system which was overseen by an independent regulator. This resulted in new broadcasters taking to the air that provided diversity to viewers and the like. With the transition from an apartheid state to a democratic state, it was natural that the broadcaster would move from that of a state broadcaster to one as a public service broadcaster. Hence, further changes were made to the policy and legislative environment for broadcasting that introduced the

Broadcasting Act in 1999, the amendment to this act in 2002 and legislation that prepared for a convergence in communications in 2005 (the EC Act).

The above translates that the Broadcasting Act 1999 reacted to the need to review apartheid era policy, and to repeal the Broadcasting Act of 1976, so as to ensure that the South African broadcasting landscape was imbued with constitutional values, such as freedom of expression and respect for diversity of views. It must also be noted that "changes in the communication and media landscapes, as well as policy responses to these changes, have not been experienced as homogeneous processes across the globe, but have been influenced by cultural, social and political contexts. It is therefore important, in communication and media policy analysis, to "develop tools for making macro-level observations of patterns without losing sight of the micro-levels of realities of experience" (Chakravartty & Sakikakis 2006, p. 3). This statement may be relevant to the case of the SABC and South Africa, since the broadcasting sector had indeed considered the cultural, social and political contexts within which the PSB mandate is so deeply entrenched.

Politics and state broadcasting have always been lurking at the SABC, the legal provider of public service broadcasting in South Africa. Like the government, the broadcasting sector is besieged with contradictions in terms of the manner in which it makes and enacts policy. In analysing the need for the ECA Act of 2007, it was noticed that the EC Act of 2005 was amended because "it did not provide for the facilitation of strategic interventions by government in the electronic communications technology sector that would reduce the cost of access to information, communication and technology. It was also amended to facilitate the licensing of public entities" (DOC, 2008, p.1). This implied that the Minister of Communications and Government has more intervention rights with reference to public entities especially in terms of

the broadcast and telecommunications markets. Needless to say, there is a clear correlation between state politics and the internal operations of the SABC. However, much of this interplay has no relevance to this study. Perhaps it requires further research as well.

Broadcasting policy mentions the need to develop "Digital Content Generation Hubs" *(ibid).* However, there is no clarification as to when these hubs will be established, by whom will they be established, and whether they will offer any financial support to the SABC. This is indeed very costly for the SABC, since it has to pay for transmission of its broadcasts in both the analogue and digital formats as well as for extra programming. The government has agreed that the SABC should not have to face new competition in the form of new broadcasters. Furthermore, the SABC in conjunction with ICASA has to draft policies through proper public consultation, and procedures that encourage and facilitate the public's involvement in the finalisation of these policies. Whilst provision may be made for public participation and oversight by management of the SABC, legislation does not provide much detail about mandatory mechanisms that would ensure that the latter consults with the public or is directly accountable them. A case in point is the public broadcasting bill that was recently scrapped due to improper consultation with all stakeholders.

The manner in which the broadcast sector is regulated determines whether South African television can become fit for purpose in a multi-channel and multi-platform landscape. Even though the SABC has been supported by advertising revenues, privileged spectrum access as well as licence fees over the years, the question remains as to how the quality of content will be maintained whilst also providing a framework that can respond flexibly toward the need for innovation in a technology environment that is rapidly evolving. From a policy and regulatory perspective, developments on the

new media front have created a situation that needs response from the policymaker as well as the broadcaster. This is typically the case of a confusing situation that has been created by aging and unadapted policy and regulatory structures. The very phenomenon of convergence has been the catalyst that has made gaps and overlaps within the policy and regulatory landscape more transparent. It must be considered that new technologies and modes of delivery create new markets, but at the same time it can eliminate existing ones. The SABC needs to take this into account especially in relation to its mandate.

In reflecting on the policy landscape, it can be gleaned that the SABC as the PSB derives its mandate that is outlined in a Charter in the Broadcasting Act 1999. Similarly, the Independent Broadcasting Authority Act No. 153 of 1993, the Broadcasting Act No. 4 of 1999 and the Independent Communications Authority of South Africa (ICASA) Act 2000 lay the foundation for broadcasting in South Africa. The Electronic Communications Act of 2005 and the Independent Communications Authority Amendment Act of South Africa 2005 were promulgated due to digital transformation (Sec 2(a) EC Act). In synthesis the above Acts cater for the converged environment of broadcast telecom and information technology. Although the current policy environment as in the EC Act was designed to address the converged landscape of previously distinct telecom, and broadcast environments, it focuses primarily on the technology aspects and does not address content and digital rights management.

The above translates that the EC Act of 2005 does not deal sufficiently with the rapid emergence of new media broadcasting. This gap then introduces much debate about content re-purposing on multiple platforms and around Intellectual property and content rights management. As a result of document analyses it was also noticed that the EC Act that was promulgated in 2005,

with the aim of promoting convergence between broadcasting and telecommunications and ensuring that there was regulatory approaches that applied to both sectors, was very similar to the Broadcasting Act that was introduced in 1999 which laid out specific requirements and particular stipulations for the PSB. As document analysis revealed, public service broadcasting obligations are spread through three pieces of legislation in different sections. These three pieces of legislation are the Broadcasting Act, the EC Act and the ICASA Act. It is evident that major sections of the Broadcasting Act in terms of broadcasting are repeated in the EC Act. The EC Act needs to be further reviewed to include the existence of new media broadcasting which impacts the PSB in more ways than one as depicted in the findings.

It is crucial to note that the basic principles of independent regulation have not changed much with the implementation of new policies and legislation. This is perhaps partially due to freedom of expression and "so called" regulatory independence that have stopped attempts by the DOC to get more control over ICASA. There is a need to review existing policies and legislation in broadcasting to ensure that their shortcomings have been identified especially in their implementation phase that will aid in channelling the new media era. This is pertinent although the re-regulation of broadcasting in South Africa has been viewed as being partially successful. This is because the government committed itself to a digital broadcasting platform in 2007 and appointed the Digital Dzonga Advisory Council to ensure that all analogue services would be replicated on to the new digital networks with the aim to switch off the old analogue system at a specific point in time. However, the DoC has set successive ambitious targets for this digital switchover and has not managed to keep to deadlines thus far. Initially, the switch-off date was set for November 2011. It had become pretty obvious that this was not going to happen. Currently, South Africa's DTT

Policy is in turmoil because the DoC's decision to review the technical standard DVB-T, which was adopted in 2006, was now to be changed in favour of adopting the ISDB-T standard. Also, there have been ongoing financial and social woes at the SABC. Hence the DoC's public acknowledgement that it would be unrealistic to switch off in 2011 to a total digital infrastructure. In terms of the actual progress towards digital migration, there has been some degree of digital migration with "a few hundred thousand South African households joining the body of digital satellite TV by signing onto the Multi-Choice and Top-TV pay TV services" (BizCommunity, 2010).

Whilst the findings to this research report had already been captured and analysed, it came to the fore that the previous minister of the DoC had put in place a turnaround strategy for the PSB. The minister also attempted to solicit further input so as to introduce a Public Service Broadcasting Bill, with the purpose of repealing the Broadcasting Act of 1999 in order to align the public broadcasting system to that of the development goals of South Africa. However, since the appointment of the new communications minister, the above Bill was repealed for the following reasons, "Firstly, for the developmental and democratic goals of the Republic to be best served it is imperative that our broadcasting policy is at the cutting-edge of our digital age. Second, broadcasting policy, to realise its full potential for the country, requires wholehearted and energetic mobilisation of state, industry and societal role players." (Benjamin, 2010, p.1) Implicit in this quotation is that the minister is convinced that more value can be gained if more time was spent by engaging, consulting and soliciting feedback from industry stakeholders at a more extensive level so as to ensure future policy and legislative alignment and consistency.

The policy arena requires more research and inquiry so that the regulator, the Independent Communications Authority of South Africa (ICASA), can be better equipped and perform its regulatory tasks effectively in a new media environment. Contested views include whether or not the borderless new media can be regulated at all. This translates that policymakers in South Africa need to re-examine broadcasting policy in relation to the evolving new environment so as to sustain the PSB, whilst protecting it in the new media environment. The need is to have a public broadcaster that functions competently with all of its stakeholders with a view to finding solutions to the problems that besiege it.

5.6 Conclusion

This chapter provided a brief discussion of the key findings to this study so as to provide reinforcement to the reader in relation to the discussion above. The researcher critiqued the case under study in terms of new media broadcasting based on the responses from the various respondents.

Insofar as the PSB mandate is concerned, new media broadcasting has not had any significant influence on the PSB. However, the islands of activities that have sprouted or emerged certainly indicate that there is a willingness in the organisation to embrace new media fully. However, despite these islands, there is still no comprehensive overall new media broadcasting unified strategy evident within the organisation. These islands have spawned primarily to fulfil the commercial endeavours of the relevant business units concerned, like SABC Mobile, DTT and the likes. Although it is true that the SABC is driving the new media intervention, it is evident that the organisation is attempting to contend with a communication environment that is so dynamic yet fraught with barriers that impede its entrance with extreme constraints. Improved leadership to drive new media broadcasting and a

more progressive and explicit strategy would aid in realising the potential of new media broadcasting for the SABC as well as South Africa on the whole.

There have been multiple new media initiatives in the different divisions within the SABC. However, due to the lack of an overarching comprehensive broadcasting strategy that includes new media there is insufficient evidence to suggest that the organisation's value chain has transformed in totality. While new media broadcasting initiatives exist, example SABC Mobile, DTT and Web streaming, these initiatives have not been aggregated or converged so as to totally alter the value chain.

In terms of new media and its influence on the value chain and business model, it was evident that most respondents recognised the need for the SABC to embrace such innovation, but they were grappling with how such a major initiative could be implemented in a unified manner, especially since the leadership turnaround was deemed to be a major issue in the organisation. As such, there was no evidence of an overarching unified strategy that could effectively transition the organisation from the "old way of doing things" to the new era of digital new media broadcasting.

Thus while there was evidence of pockets of new media initiatives ranging from the DTT project to SABC's mobile division to the radio stations streaming and blogging platforms, all of these co-exist in disparate silos and do not even touch the PSB's business model and value chain positively. While there were many key individuals who understood the potential of new media broadcasting *per se* and its power to transform the organisation, there was no tangible evidence to suggest that this was indeed occurring. The key inhibitors were lack of organisational leadership and the absence of a unified comprehensive new media strategy aimed at diversifying the SABC's

business model thereby creating sustainability by virtue of new revenue streams. The private sector will continue to evolve and the competitive landscape will continue eroding the SABC's advertising revenue due to the ongoing trend of audience fragmentation resulting in the viewers becoming more selective and vocal in terms of the content that they want to consume. Due to the technological advancement this trend will continue to be more pervasive and the need for content, anytime, anyplace and on any platform such as DVB-H, internet, streaming and the like will continue to dominate going forward; leaving the PSB with a diminished role and a fragmented audience.

In summary then and in relation to the questions that this research has posed, it was found firstly, that in terms of the manner in which new media broadcasting presented itself within the SABC, it can be concluded that this happened in silos due to various business units engaging in the use of it whilst other units did not. There was clearly an absence of an overarching strategy that incorporated new media broadcasting.

In terms of the manner in which the PSB mandate is interpreted within the digital media context, there was no evidence showing that new media platforms are being used to fulfil the PSB mandate and universal obligations.

The changes that have been occurring on the content value chain were evident in content production with a move to digitised infrastructure, albeit slowly. Changes have also been taking place in distribution, where content is being repurposed on various other platforms besides the traditional analogue, such as via SABC Mobile. Radio stations are streaming content via the internet and web. DTT was launched in the pilot phase.

It was found that the business model is clearly unsustainable due to declining advertising revenue on the value chain, given that advertising constituted 73% of the total income for 2009/2010. If the content value chain is changing then changes on the business model need to adapt accordingly. In terms of the business model strengths, a positive rise in the state contribution is noticed and this highlights an increase in the state's commitment to delivering public service objectives. It is also evident that TV licences are not a sustainable source due to the inevitability of TV and radio being broadcast on different incompatible devices, such as the handheld mobile devices and streaming via the internet. This clearly poses a challenge in terms of ongoing regulation.

The above conclusions do pose policy and regulatory challenges because when the Broadcasting Act was passed in 1999, the SABC mandate subsequently aligned to this Act and digital convergence was still in its infancy at the time. Thus, the policy framework only considered traditional analogue broadcasting platforms. It was only until the industry experienced technology and market convergence, that new media broadcasting platforms were realised. The EC Act of 2005, which was designed to cater for the convergence of telecommunications and broadcasting, repealed and replaced the IBA Act and Telecommunications Act. It was evident that various provisions relating to broadcasting were copied verbatim from the IBA Act and new media broadcasting was not included in this piece of legislation. The EC Act therefore requires review to cater for new media broadcasting to give rise to new policy direction.

Finally, in answering the main research question based on the findings in chapter 4 and the analysis above, it can be concluded that new media broadcasting influences the SABC because it is transparent and cannot be ignored within the PSB environment. As a result even though the mandate

takes into account the processes of democratisation and transformation to inform, educate and entertain, there is no evidence showing that new media platforms are used to propagate the mandate. Consequently, the content value chain is changed in terms of revenue generation; because traditionally the SABC was the preferred communications vehicle. However, audiences are now turning their attention to new digital platforms based on the profiled audiences and innovative advertising methods that these platforms offer. The notion is that this would in turn provide higher returns on advertising investments. If the value chain evolves then the business model has to adapt as well.

Considering all of the above, policy has to adapt incorporating new media broadcasting explicitly. Thus policy has to also be designed in a manner that is agnostic to technology in general. This does not mean that policy has to adapt every time there is a change on the media front. What it simply means is that policy has been always geared to incorporate traditional analogue broadcasting. It has to change since analogue broadcasting is soon going to be rendered obsolete once the digital switchover is complete. Consequently, a policy that is dynamic and robust, accommodating future evolutions in new media technology capabilities without being non-compliant to the mandate is crucial as a frame of reference.

Chapter 6: Conclusions and Recommendations

The case study of the SABC has found that while new media has changed the landscape for broadcasting in SA, the public broadcaster has been slow to respond to these changes due to insufficient funding from the government, the constant turnover of key executive and board members, a lack of an overarching digital strategy, and policy and regulatory challenges.

This chapter draws conclusions from this case study. It shows how the study of the SABC and new media has produced findings that are relevant for the broader policy and regulatory environment for public broadcasting in South Africa.

This chapter begins with a presentation of the implications for public broadcasting policy. Second, it presents the implications for the public broadcaster. Third, it provides the implications for future research and includes comments on the limitations of the research design process. Finally, it provides an overall conclusion to the research report.

6.1 Implications for Public Broadcasting Policy

Jacka (2003, p.191) states that to be of contemporary value to society, PSB studies should pay special attention to the specifics of place, policy, market and sectoral interplay. The question is not just whether there is a future for the SABC within the new media agenda. This research has investigated how that agenda is played out in South Africa and the extent to which it serves both the objectives of those governing the PSB, their strategic partners in governance and their increasingly dispersed constituents. This research has been located within a chain of knowledge in relation to the manner in which it adds to what is already known on the topic. While the literature surveyed

illuminated the research findings, it also raised questions about the findings. It is therefore timely to ask what conclusions have emerged from the body of work surveyed. While the use of information and communication technologies can be explored from multiple theoretical perspectives (Livingstone, 2005, p.5), this study took on a new media broadcasting approach, starting from the premise that a certain amount is already known regarding the topic under research. However, on the South African landscape not much literature could be found on new media broadcasting. As a result of the literature review, the researcher is now more aware of the following implications in the field of new media broadcasting and interested parties need to consider this.

The entrance of new media broadcasting has certainly created a risk for the PSB that the PSB and its policy makers need to acknowledge. This means that the organisation needs to gear up and develop skills as well as adopt new media digital technology at a faster rate in order to keep relevant in a market that is evolving at a rapid pace.

The role of the PSB in the new media economy has to be redefined considering that the PSB is losing its pre-eminent position in the field of broadcasting. Perhaps the organisation should change from a public service broadcaster to a public service media organisation as a diversification strategy in order to meet the changing customer personalised content requirements.

The SABC is unlikely to maintain the dominant role it held in the analogue era because it cannot lay claim to cutting edge expertise on the new media broadcasting landscape. New media broadcasting will continue to assert television commercialism in a variety of ways which will further weaken the influence of the public ethos on the broadcasting landscape. Additionally,

universal access being one of the key tenets of public broadcasting is continuously placed under threat as a result of the exponential growth of conditional access television.

In synthesising what was found, it can be deduced that even though South Africa has made considerable shifts in its policy framework; many of these addressed predominantly the technological issues associated with digitised platforms. It did not make provisions for new media broadcasting.

6.2 Implications for the Public Broadcaster

One of the major debates on the future of the SABC concerns the implications of convergence. Berger (2009, p.10) argues that public service broadcasting needs to be conceptualised as public communications, given that convergence implies a shift away from linear one-to-many broadcasting, and towards interactive participatory media where consumers can potentially become producers of media content or 'pro-sumers'. He further posits that in developed countries, the youth are leaning towards consuming more interactive online and mobile media content, which is causing the PSB to reassess its mandate. Likewise, convergence has opened the gates of public service content being produced by a network of content producers, not just public broadcasters. These shifts require a fundamental re-think about how public broadcasting is conceptualised (Chan-Olmsted &Kang, 2003, p.18).

Public service broadcasters internationally, and state-owned broadcasters regionally, face three possible scenarios in the long-term: demise, where public service broadcasters fail to take advantage of new media possibilities and wither into irrelevance; diversity, where state-owned broadcasters make a partial transition, but as one of many broadcasters producing public service

content; and driving change, where public service broadcasters use new media to reinvent the [broadcasting] landscape (Berger, 2009, p.14).

The public broadcasting sector in South Africa is evolving and important developments have been taking place within this landscape. It is evident that the change in the leadership of South Africa has opened the gates for changes in public service broadcasting. It remains to be seen whether such changes will lead the PSB towards being a proper public broadcaster with a sustainable source of public funding, or whether the PSB will revert to being a state broadcaster or puppet of the new administration.

Public funding as well as an attempt to enhance public accountability are a few of the positive signs for public broadcasting. However, what is disturbing is the fact that the DOC seems to rush into attempting to make bills that are ill suited to a healthy PSB, and it is this that undermines public consultation. It is crucial that public broadcasting legislation reviews includes and involves a range of stakeholders that include parties ranging from civil society as well. Key to any review analyses is the past, and that which has led to the situation that the SABC presently is in.

The recent policy attempts for the SABC should not divert any attention away from all the international debates around public broadcasting and ushering the new media era in comfortably. It is evident that the PSB is indeed undergoing changes, and if a particular stance is not adopted, the PSB, and the dearth of public communications in South Africa could wind up being marginalised, unless proper planning and implementation takes place now to secure the SABC's place in a converged environment. It is interesting to note though, that even though PSB's have fought for funding, audiences and toyed with the idea of digital transmission in fragmented markets, it is evident that they have survived concomitant reforms throughout the years.

6.3 Implications for Future Research

The transition from analogue broadcasting to new media broadcasting is not a well-traversed narrative. Notwithstanding the ambiguous status of new media broadcasting at the SABC, in public service broadcasting and the wider broadcasting industries context, its histories, production processes, reception and policy framework remain under-researched. Future research in relation to this study needs to build upon and not duplicate recent and ongoing research initiatives. The current strategy at the SABC does not reflect an adequate research base of strategic issues. It is lacking on the following matters that require further research:

a. New media broadcasting applications and its associated challenges in terms of the manner in which content should be regulated.
b. Regulations within the broadcast and telecommunications sector and the interests of South African consumers, the PSB, other businesses and the economy.
c. Attempts to clean up the Electronic Communications Act in order to clarify the powers and functions of the DOC and ICASA. This can only be achieved by a proper Amendment Bill to the EC Act.
d. The manner in which the DOC introduces draft legislation for debate needs to be reviewed since very little time is given for proper consideration of the policy implications of many changes. This move has led to ill-considered measures being implemented which have negative long-term effects on the SABC.
e. The SABC's independence from the government is beyond question. Continued interference from the government will further damage the integrity of the PSB.

Finally, this study suggests that there is scope for future research in the field of new media broadcasting by academics, policy developers and others involved to enhance the understanding of new media broadcasting within the PSB domain.

6.4 Limitations in terms of the Research Design

The case study is a typical object of inquiry for the qualitative researcher concerned by a central question (Sudweeks and Simoff, 1999, p.35). In relation to the methodological approach, it is by nature interpretivist, one where "the role of the investigator is participatory and personal" (p. 36). However as a former SABC employee, the researcher's relationship to the organisation has sometimes allowed privileged access to people and documents. Early on in this research, it was difficult to establish a critical distance as employee within the case study. This difficulty had eventually been resolved through a gradual disengagement and disenchantment with the SABC over a period of time.

It must be noted that the responses of all respondents in the sample, form a snapshot of a particular subset of employees within the SABC. While it was a challenge to ascertain from the responses received how far a perception extended or how relevant it might be within the organisation, it was possible, via triangulation, to see that a set of attitudes existed within the sample group consulted that may be equally valid for all employees within the organisation.

6.5 Conclusion

From this research it is noticed that the SABC's commercial revenue is declining due to the fragmenting audiences and direct advertising now possible by virtue of new media broadcasting. It is also evident that the silo

new media departments are generating revenue due to their commercial activities. Had this not been the case, then the 73% advertising revenue would have been even lower. Hence, the silo departments are to a certain extent buffering what would otherwise have been an exponential decline in total advertising revenue. Thus a comprehensive new media broadcasting strategy would have counterbalanced the loss of revenue from traditional advertising with the increasing revenue from the new media derivatives. However, the key question and challenge remains whether commercial revenue is what the PSB should be pursuing, as this then contradicts its role as a PSB which ought to serve the public values first. The PSB business model should not be dependent on any source of commercial funding and the state should be the sole funder in order to preserve the role of the PSB.

The opportunity exists where a new media broadcasting strategy would be of tremendous value in aiding the SABC to embrace new media platforms to augment its current mandate to serve the public via these new possibilities, without having to compete with other commercial players who are driven primarily by profit, and for whom content quality is of little consequence. Thus the government would have a crucial part to play ensuring that policy is formulated to achieving the above. It will then be clear to the SABC where its priorities lie and it will not be plunged into a dilemma of trying to serve the public; and at the same time also compete with commercial parties.

The only viable choice available to the PSB going forward is for it to utilise new media broadcasting to re-invent itself in the broadcasting landscape and heighten the premium of its already trusted brand. It would then be suggested that the PSB consider upgrading its entire broadcast and IT technology infrastructure from analogue to digital, which supports the value chain. These in turn demands re-engineering the current business model so that the SABC could meet its national imperatives and thereby position itself

to align to the competitive nature of global broadcasting players in the new media environment. This is the only way of survival and sustainability without forfeiting the challenges of its mandate to all South African citizens at a national level.

With regard to the current broadcasting policy, work has to continue that seeks to address the gaps associated to broadcasting that were unbeknown at the time when the EC Act was legislated. In terms of the ECA Act of 2007, the amendment is a contradiction in itself, since it does not allow the PSB to articulate its own public interest values independently. This further highlights that despite the amendment, nothing has been proposed to date, as a further iteration to effectively address the changing landscape pertaining to new media broadcasting and guidelines around its regulation. In order to do justice to the policy, work needs to be undertaken that can formulate rules and regulations supporting the new media digital broadcasting landscape.

This research, in conclusion, proposes that a new media digital advisory body be instrumental that would integrate the provisions for the EC Act. Due to the rate at which new media technologies are evolving, it is fair to state that there is urgency for the policy revisions to be fast tracked. Once this is in place, the changed new media environment will necessitate new thinking on the PSB model in South Africa. This could provide an opportunity to the PSB to redeem itself by reinventing itself on the new media broadcasting landscape.

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Appendices

Appendix 1: e-mail requesting a meeting to discuss research and soliciting permission to use research site

---

From: Imraan Khan
Sent: 25 March 2009 15:00
To: Richard Waghorn
Subject: Masters Management- Ethics Clearance

Richard, Hello

I am presently engaged in the MM-ICT –Policy and regulation programme with the University of Witwatersrand in Johannesburg. This initiative is part of my academic programme and is supported by the SABC.

My dissertation topic is "Impact of New Media Broadcast on SABC's Business". I have to present to a panel in May 2009 and one pre-requisite is to obtain ethics clearance. As the GE for technology and in keeping with the topic at hand, I felt it more appropriate to solicit your input.

May I request some time in your diary to explain further.

Regards,

Imraan Khan
Senior Manager- IT Infrastructure
SABC
Tel :- 011 714-3705
Fax:- 011 714-2999
e-mail : Khani@sabc.co.za

Appendix 2: Letter of introduction and brief overview of study

07 April 2009

The Chief Technological Officer (CTO): SABC

I am currently completing my Masters degree in Management at the University of Witwatersrand on a part time basis. The Research Report is a part requirement toward the completion of the MMICT Degree.

The matter that I intend to research is around new media broadcasting and as such, I would like to investigate the new media influences on Public Service Broadcasters content value chain and business model. The proposed research will employ a qualitative paradigm based on case study methodology. This method of investigation will focus entirely on the subjects situated within the case and thus, will holistically consider the views of the research respondents, the institution and its beliefs. Therefore, I would like to request permission to conduct such research within the PSB. In addition, confidentiality of all respondents will be maintained at all times. This means that the research will engage in the use of pseudonyms for all respondents at all times. Respondents will be given an introduction of the study that includes the problem statement, aims and rationale.

The research would be conducted on site and would take the form of semi-structured, interviews (at a time suitable to all respondents) and an analysis of the relevant documents pertaining to new media broadcasting in the PSB. Your co-operation in granting permission for this research could help in terms of the facilitation of new media at the SABC. The benefit of this research to me is two-dimensional. I will firstly learn more of the topic under investigation as well as attain my MMICT Degree. If the organisation wishes to access the findings in this study, it shall be provided.

Please give this request due consideration. I look forward to your favourable response.

Regards
Imraan Khan

Appendix 3: Letter of Consent from CTO

SABC
Vuka Sizwe!

20 April 2009

To Whom It May Concern

Letter of Consent : Re Masters in Management ICT- PR

Permission is hereby granted to Imraan Khan for the participation of the South African Broadcasting Corporation site as a research subject in his academic studies. The organisation understands that the data collected and analysed as a result of the research will form part of the main body of the master's research report. The Organisation also understands that his studies will be used only for educational purposes. In addition the organisation will have access to the research results and use it to the organisation's benefit.

The person responsible for directing Mr Khan in his research will be Mr R Waghorn (Chief Technology Officer: SABC, on behalf of the organisation). Furthermore there will be no remuneration for this effort and corresponding output.

I would also request Mr Khan to use the name of SABC in his research report. In addition, confidentiality of all participants will be maintained at all times. This translates to the research engaging in the use of pseudonyms for all participants.

Mr Richard Waghorn

Group Executive: Technology

South African Broadcasting Corporation Limited : Registration Number: 2003/023915/06
Non-Executive Directors Ms Kanyisiwe Mkonza (Chairperson), Ms Christine Qunta (Deputy Chairperson), Prof. Alison Gillwald, Ms Fadila Lagadien, Ms Gloria Serobe, Ms Nadia Bulbulia, Adv Pansy Tlakula, Mr A Mbeki, Mr Desmond Golding, Mr Ashwin Trikamjee, Mr Bheki Khumalo
Executive Directors: Mr Robin Nicholson (Chief Financial Officer)
Company Secretary : Ms Thelma Melk

Appendix 4: Briefing Guidelines

Briefing Guidelines:

Purpose –

- The researcher is completing his Masters Degree in MMICT at the University of the Witwatersrand and as such conducting an investigation on new media influences on the public broadcasters content value chain and business model
- This study will be conducted in a time that is mutually convenient for the researcher and the respondents.
- The researcher is interested in investigating new media influences at the SABC
- The researcher would like to find out the perceptions of you (the respondent) in relation to the topic under research.

Procedures –

- Your participation is totally voluntary.
- You do not need to take part in this research as part of your job.
- This research will require you to offer your views on the topic under study.
- This research will also require the researcher to use a Dictaphone that recorded interviews as they occurred.

Participation –

- You can decide not to participate at any point in this study without suffering any consequences.
- You can refuse to answer any question or offer any information at any point in the research process.
- Your refusal to take part will have no effect on your work or employment.

Benefits and Risks –

- Your participation could help with future provision of new media practices at the SABC.
- Research findings could help with the drafting of policies with regard to new media broadcasting.

Confidentiality –

- All information that you provide in this research is treated confidentially and will not be made available to your employer, or direct line of report.

- To protect your confidentiality fictitious names will be used; therefore no information about you will be recorded in the research findings.
- Records will only be used for the purposes of this research and for the writing up of the report.
- You are participating on a voluntary basis – you can refuse to answer certain questions at any time or excuse yourself from this research process at any time.

Compensation –

- There is no compensation for participating in this study.

Appendix 5: Consent and Confidentiality

Part A: Letter of Consent

(to be signed by all research respondents)

I ……. have consented to participate as a research subject in Imraan Khan's Master of …. studies. I understand that the data collected and analysed as a result of the research will form part of the main body of his Master's Research Report to be submitted to the School of …. at the University of the Witwatersrand. I also understand that his studies will be used for educational purposes. I understand that I will be guaranteed anonymity (through the use of pseudonyms) during the actual research process as well as in the final research report.

By signing this letter of consent, I consent to the following - [Cross (X) the relevant blocks]:

- ❑ Participating in interviews
- ❑ The researcher taking field notes
- ❑ Interview sessions being audio-taped

I expect to be given a copy of this consent form to keep.

……. ……

Signed Date

Part B: Guarantee of Confidentiality

I, Imraan Khan, hereby guarantee anonymity and confidentiality to all research respondents at the SABC. This confidentiality will be guaranteed during and after the research process as well as in the final research report.

....

Researcher: Imraan Khan Date

Appendix 6: Interview schedule

Confidentiality

Please be assured that any information you exchange in this interview is confidential and this information will not be made available to your employer or direct reporting line. To protect your confidentiality fictitious names will be used; therefore, no identifying information about you will be recorded in the research findings. Research records will only be used for the purpose of this study and for the writing up of my MMICT research report. Your participation is on a voluntary basis and will be highly appreciated.

You are participating in this research on a voluntary basis. You can refuse to answer a particular question at any time or withdraw from this research process at any time.

NAME : DATE : VENUE : POSITION:	

HOW DOES NEW MEDIA BROADCASTING MANIFEST (Exhibit) ITSELF WITHIN THE PUBLIC SERVICE BROADCASTERS ENVIRONMENT?

1. What is your understanding of new media broadcasting?

_____
_____
_____
_____
_____
_____

2. What is your understanding of public service broadcasting?

_____
_____
_____
_____
_____

3. How does new media broadcasting relate to public service broadcasting?

_____
_____

_____
_____
_____

4. Does the PSB need to engage in the uptake of new media broadcasting?

_____
_____
_____
_____
_____

5. In your opinion, do you feel that new media broadcasting manifests (exhibit) itself within the public service broadcaster? If so, how? If not, why not?

_____
_____
_____
_____
_____
_____
_____

HOW IS THE PSB'S MANDATE INTERPRETED WITHIN THE DIGITAL MEDIA CONTEXT?

1. What is the PSB mandate?

_____
_____
_____
_____
_____

2. How does this mandate relate to digital media?

_____
_____
_____
_____
_____

3. Does the mandate cater for new media broadcasting?

_____
_____
_____

_____
_____

4. Is the SABC enacting or progressing to fulfilling its mandate in relation to digital media. If so, how? If not, why not?

_____
_____
_____
_____
_____

WHAT SPECIFIC CHANGES HAVE BEEN OCCURRING IN THE CONTENT VALUE CHAIN?

1. What is your interpretation of the content value chain at the SABC?

_____
_____
_____
_____

2. Have there been any changes occurring in the content value chain?

_____
_____
_____
_____

3. Outline some of the changes that have been occurring in the content value chain.

_____
_____
_____
_____
_____

4. Does new media broadcasting impact on the content value chain of the SABC. If so, how? If not, why not?

_____
_____
_____
_____

WHAT ARE THE STRENGTHS AND WEAKNESSES OF THE BUSINESS MODEL AND RELATED REVENUE STREAMS?

1. What is your understanding of the present business model of the SABC?

_____
_____
_____
_____

2. What does the present business model comprise of?

_____
_____
_____
_____
_____

3. Is the SABC's business model (mode of funding) solely based on advertising? Elaborate.

_____
_____
_____
_____
_____
_____

4. In your view, what are the strengths of the current business model?

_____
_____
_____
_____
_____

5. In your view, what are the weaknesses of the current business model?

_____
_____
_____
_____
_____

6. Is this business model sustainable for the SABC to deliver on its public mandate?

_____
_____
_____
_____
_____

7. How does new media broadcasting impact on this business model?

_____
_____
_____
_____
_____

WHAT ARE THE POLICY AND REGULATORY IMPLICATIONS PERTAINING TO THE ABOVE?

1. In your opinion, are there any regulatory interventions required to manage the complexity of this new media environment?

_____
_____
_____
_____
_____
_____

Appendix 7: Transcript of interview with one of the research respondents from the South African Broadcasting Corporation (SABC)

Code	**:**	**RW**
R	**:**	**Researcher**
P	**:**	**Respondent**
Date	**:**	**February 2010**
Time	**:**	**11h00**
Venue	**:**	**13th Floor Radio Park**

R: Good day. Thank you for making yourself available for this interview and thank you for completing the consent and confidentiality form that allows me to interview you based on the immense knowledge that you have on new media broadcasting.

P: The pleasure is mine Imraan, and good day to you too.

R: Just to get some of the formalities out of the way, I need you to be assured that any information you exchange in this interview is confidential and this information will not be made available to your direct reporting line. To protect your confidentiality fictitious names will be used; therefore, no identifying information about you will be recorded in the research findings. Research records will only be used for the purpose of this study and for the writing up of my MMICT research report. Your participation is on a voluntary basis and is tremendously appreciated.

You are participating in this research on a voluntary basis. You can refuse to answer a particular question at any time or withdraw from this research process at any time. Okay, I will be asking you some questions pertinent to this topic so please answer as briefly as possible.

HOW DOES NEW MEDIA BROADCASTING MANIFEST (Exhibit) ITSELF WITHIN THE PUBLIC SERVICE BROADCASTERS ENVIRONMENT?

R: What is your understanding of new media broadcasting?

P: Not sure what new media broadcasting is as an activity. My understanding is that it refers to platforms that are not traditional. It could also mean the streaming of video on IP platforms.

R: What is your understanding of public service broadcasting?

P: Activities that involve broadcast content that is funded by the public.

R: How does new media broadcasting relate to public service broadcasting?

P: If you are the PSB and you can create PS content then you can use new media platforms to make the content available, whether internet TV or IPTV. I always believe that the platform is separate from the content.

R: Does the PSB need to engage in the uptake of new media broadcasting?

P: Any broadcaster whether PSB or commercial needs to reach its audience either via simulcast or catch-up.

R: In your opinion, do you feel that new media broadcasting manifests (exhibit) itself within the public service broadcaster? If so, how? If not, why not?

P: The SABC doesn't really understand new media broadcasting. Its got few websites, not aggregated, not consolidated. I don't think as a culture or a business priority we understand new media broadcasting. I mean come on look at the BBC, ABC, CBC and so on. They have progressed because they sorted out their back-end because they repurposed on multiple platforms.

HOW IS THE PSB'S MANDATE INTERPRETED WITHIN THE DIGITAL MEDIA CONTEXT?

R: What is the PSB mandate?

P: It is normally set down by legislation like the Broadcast Act of 1999. This translates the mandate into services, products and content in 11 languages.

R: How does this mandate relate to digital media?

P: Digital media is used to deliver your mandate.

R: Does the mandate cater for new media broadcasting?

P: I don't think it caters for new media broadcasting...at the moment we just have a collection of websites.

R: Is the SABC enacting or progressing to fulfilling its mandate in relation to digital media. If so, how? If not, why not?

P: In the corporate plan for 2010/2011, the plan is to progress on completing a digital strategy...the question is how do you create one and distribute multiple times?

WHAT SPECIFIC CHANGES HAVE BEEN OCCURRING IN THE CONTENT VALUE CHAIN?

R: What is your interpretation of the content value chain at the SABC?

P: Nothing revolutionary or radical about our value chain!

R: Have there been any changes occurring in the content value chain?

P...the only change is in relation to TVBMS...trying to track what content we have scheduled and played out.

R: Outline some of the changes that have been occurring in the content value chain.

P: At the moment we have to create a different version of content...at the moment we jus skipping around the edge of new media broadcasting...nothing to do with technology...it's the mindset and culture.

R: Does new media broadcasting impact on the content value chain of the SABC. If so, how? If not, why not?

P: Yes...Due to convergence the value chain has changed and we ar easily bypassed by other delivery platforms.

WHAT ARE THE STRENGTHS AND WEAKNESSES OF THE BUSINESS MODEL AND RELATED REVENUE STREAMS?

R: What is your understanding of the present business model of the SABC?

P: The business model at the moment is to create content to meet the needs of the audience... uhm..we use the licence fee as one of our commercial revenues.

R: What does the present business model comprise of?

P: Is it not the same as the above?

R: Is the SABC's business model (mode of funding) solely based on advertising? Elaborate.

P: No...Uhm...Well is it not 80% commercial; 18% licensing; 2% government grants?

R: In your view, what are the strengths of the current business model?

P: Well, on the one side we have a diverse revenue source and we can protect ourselves against any downturn right!

R: In your view, what are the weaknesses of the current business model?

P: Volatility of the revenue...the SABC does not plan properly. You know that PSB's around the world have a plan for the next five years. They have security of revenue...we don't!

R: Is this business model sustainable for the SABC to deliver on its public mandate?

P: I am not gonna answer this one...I got to think about what the SABC's gonna be!

R: How does new media broadcasting impact on this business model?

P: New media broadcasting does not feature much on the business model..we need to have a good digital media strategy; which i guess we're coming to right?

WHAT ARE THE POLICY AND REGULATORY IMPLICATIONS PERTAINING TO THE ABOVE?

R: In your opinion, are there any regulatory interventions required to manage the complexity of this new media environment?

P: Uhm... I don't know...If you want content on the internet then you don't want any regulatory activity. At the moment we want as many people in South Africa to access our content by geoblocking....one of the things we want is due prominence. We need to get prominence on the platform so that we are not stuck and at the bottom of the list. Government needs to implement a programme to liberalise and promote competition

Appendix 8: Schedule of Personal Interviews at the SABC

Head: New Media Content Enterprises (Personal Interview, May 29, 2010)

Manager: DTT Technical Project (Personal Interview, March 27, 2010)

General Manager: PBS Business Strategy (Personal Interview, March 31, 2010)

Group Executive: PBS (Personal Interview, April 28, 2010)

Head: DTT Project (Personal Interview, April 15, 2010)

Head: New Media Content Enterprises (Personal Interview, March 29, 2010)

Manager: SABC Mobile (Personal Interview, March 29, 2010)

Manager: Sports and Entertainment (Personal Interview, May 29, 2010)

Manager: New Media and IT (Personal Interview, May 18, 2010)

Technology Advisor to the CEO's Office (Personal Interview, April 8, 2010)

Chief Technological Officer (Personal Interview, March 25, 2010)