

Assessment 1 - Part B

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1. Executive Summary

BBC is one of the leading broadcaster in the United Kingdom and very popular in Western Europe because of distinctiveness in the BBC's mainstream services over many decades. Over 23.6 million households are receiving live TV broadcasts from BBC with 85.6% an average weekly outreach of the UK population and BBC radio stations has 67.1%. Online BBC news are another source of news for public. In 2011, over 20.1 million people were accessing online BBC news which count for 57% UK internet users.

The digital revolution in BBC brought new variety of channels and programmes for its audience such as religious, educational, documentaries and children's programmes . BBC introduced digital service known as Freeview which enabled audience to see a wide range of digital TV channels. In 2006, BBC started Digital Media Initiative to develop new data base and other projects to bring digital transformation.

Porter's value chain analysis is demonstrated to see value-adding activities of the BBC. Primary activities in BBC focus on providing quality programmes and digital services which add value to their audiences. In addition, support activities are the one that assist the BBC's primary activities in value chain process.

Digital disruption is leveraging digital technology to revise the traditional socio technical structures and technology innovation and development has become a major cause of competitive advantage. BBC's strong organisational infrastructure, operations, human resource management and technological development are value-adding activities. Even though, BBC has experienced some challenges in digital transformation however, these have been overcome through its value chain process.

1. 2 Overview of British Broadcasting Corporation (BBC)

The British Broadcasting Corporation (BBC) is the one of the biggest British Public Service broadcasting organisation. BBC was incorporated in 1922 and works under works Royal Charter. The headquarters of BBC are in Broadcasting House in Westminster London. The BBC is administered by a Trust and the monarch appoints the trustees with the recommendation of the government. The Trust has appointed Tony Hall as a Director General on 22 November 2012 and he is also chairman of Executive Board. BBC charges an annual television licence fee from its users for delivering live TV broadcasts. (H2G2, 2012) BBC's mainstream services are BBC One, BBC Two, Radio 1, Radio 2, Radio 5 Live and BBC Online. (Ohlbaum and Oxera, 2016)

In 2006, BBC initiated Digital Media Initiative (DMI) to develop new data base, editing and online archive programmes. DMI was a foremost technology transformation project for BBC. BBC Launched In-House Digital World Service In 2014, Other Digital Projects in 2015 such as End-to-End Digital, MyBBC and Aurora. (BBC Trust, 2016)

2. Value Chain Analysis

A value chain analysis is an association of activities collaborating vertical to achieve a competitive position in the market. Michael Porter introduced the value chain in his book "Competitive Advantage" in 1985. According to porter, value chain is a demonstration of a company's value-adding activities which is depending on pricing strategy and cost structure. (Kumar and Rajeev, 2004)



Source: (Kumar and Rajeev, 2004.p.75)

The primary activities are directly associated with the sales, marketing, maintenance and distribution of a product or service. The generic primary activities of a value chain are inbound logistics, operations, outbound logistics marketing and sales service. Every step of primary activities require value addition in the process to differentiate from its competitors. However, the support activities have their own significant role in value adding process. These assist primary activities of the value chain and make the value chain more proficient. The support activities include, firm infrastructure, human resources, technology development, procurement activities. (Abdelhadi, 2016)

2.1 Primary Activities In BBC's Value Chain

As demonstrated in the above Value Chain diagram (Figure. 1), there are five categories of primary activities. Primary activities in BBC focus on providing quality programmes and digital services which add value to their audiences.

I. Inbound Logistics

These activities of BBC are related to receiving, storing and disseminating the inputs of the products or services to receive and store customer information for digital services. BBC is outsourcing most of its inbound logistics activities and had signed new contracts for the connectivity services. (BBC Trust, 2016)

II. Operations

The main operation of BBC is news broadcasting on TV, radio and online digital services. The operational activities help BBC to transfer inbound logistics activities into finished services. These activities focus on converting different events and happenings into watchable news around the world via digital services. BBC has established in-house digital projects such as End-to-End Digital, MyBBC, E20, Aurora, Newsroom Computer System and W12 to bring the digital transformation. (BBC Trust, 2016) BBC has initiated many digital channels such as CBBC, CBeebies, News 24, BBC3, BBC4 and digital radio stations. The main focus of BBC to expand its online services and to provide more audio-visual content. (Campaignlive, 2019)

III. Outbound Logistics

BBC's outbound logistics activities are associated to editing the raw news and distributing the finished news to channel partners. BBC had launched iPlayer in 2007 and BBC News Online to access digital services and working on the changing demands of its distribution and its audience. (BBC, 2018)

IV. Sales and Marketing

BBC charges an annual television license fee from households and businesses for delivery live TV broadcasts. BBC's online services are free to access via their digital devices such as mobiles, computer and tablets. BBC uses its own channels for marketing to add value in the value chain. (H2G2, 2012)

2.2 Support Activities In BBC's Value Chain

Support Activities are the one that assist the BBC's primary activities in value chain.

I. Firm Infrastructure

BBC's Firm infrastructure activities supports whole value chain process. The Office of Communications (Ofcom) has taken the regulatory responsibility. The finance and planning are controlled at corporate level whereas management, accounting and legal issues are supervised at business unit level in BBC. (BBC, 2019) The Web Application Development Platform is the digital infrastructure of the BBC that provides digital services to BBC users and develops online applications which is run by Online Technology Group (OTG). The Future Media division of the WAD Platform is responsible for digital media services of the BBC such as channels, news digital video server system and its analogue environment. (BBC, 2019a)

II. Human Resource Management

BBC is growing globally in a spectacular fashion and using capability framework to design the technology and human resource capabilities which drive the digital transformation of the BBC. BBC is recruiting and training right human resources to bring innovative and creativity environment at work place and to add more value to the BBC. In 2017, BBC launched additional 12 digital teams to join existing 28 digital

teams. BBC has 40 foreign language digital portfolio editorial teams to reach approximately 35 million audience a week. (Channels, 2019)

III. Technological Development

Digital disruption is leveraging digital technology to revise the traditional socio technical structures. Digital innovation is being applied to enable a major change in transformation of an organisation or an entire industry. (Osmundsen and Iden, 2018) BBC has developed an innovative technology to add more value to its customers which includes feature design, technology selection, field-testing and process engineering. BBC is using PHP, web development frameworks, RESTful interfaces, service-oriented architectures, LAMP (Linux, Apache, MySQL, Php), Page Assembly Layer (PAL) modern Java programming to enhance user experience. (BBC, 2019a) BBC is increasing the digital innovation to expand its digital platforms rather than the spending on traditional analog broadcasting services. (Wegg-Prosser, 2001)

IV. Procurement Activities

BBC's procurement activities includes goods and services that are undertaken to provide technology services such as procedures, vendor management, information system and ongoing performance evaluation. BBC has signed new contract under BBC's Aurora Programme with Atos to provide technology services which assists the BBC's digital transformation and assisting to make world-class programmes and services for BBC. BBC has adopted a multi-supplier model that would see services delivered by a combination of third parties and in-house teams would give better value, more flexibility and access to new technologies. (BBC, 2017)

3. Strength and Weakness

I. Strength

BBC is British Public Service broadcaster and is one of the leading TV, radio and online news broadcaster in UK with market share of 31.57%, 51.7% and 57% respectively. Over 20.1 million internet users are accessing BBC news and over 180 million international users are accessing BBC World news every week. (statistic, 2018) BBC has started In-House Digital World Service and has initiated new digital projects to access to new technologies such as End-to-End Digital, MyBBC, E20 and

Smart, Aurora, Newsroom Computer System. BBC is recruiting and training right human resources to bring innovative and establishing new digital teams to expand global digital portfolio.

II. Weakness

BBC is one of the famous broadcaster in UK , Western Europe and North America. However, it's not doing well in other major emerging markets such as Eastern Europe, South America and Central Asia and struggling against CNN, Fox News, ITV and Sky. (Bhasin, 2018) BBC needs to increase the digital technology and needs to expand its digital platform pattern rather than the spending on traditional analog broadcasting services particularly in radio broadcasting. (Wegg-Prosser, 2001) In addition, BBC's spending is more than its receipts income. BBC is expecting total spending of £4.0 billion and forecasting licence fee receipts revenue of £3.3 billion in 2018-19. The difference will be paid to BBC by Department for Work and Pensions. (ORB, 2019)

4. Conclusion

BBC is the one of the leading broadcaster in the United kingdom. The strong organisational infrastructure, operations, human resource management and technological development are value-adding activities. Digital disruption is leveraging digital technology to revise the traditional socio technical structures and technology development has become a major cause of competitive advantage. Even though, BBC has experienced some challenges in digital transformation however, these have been overcome through its value chain process. The digital services are making possible to watch live news channels and radio programmes via the BBC iPlayer website across the world and it also make convenient for audience to access free online services via their digital devices. However, BBC needs to be more innovative and technological in order to keep up its present market share and to get competitive advantage in a digital media industry.

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