

**National Assembly for Wales,  
Communities, Equality and Local Government Committee  
Task and Finish Group on the future outlook for the media in Wales  
Cube Interactive Submission**

8 November 2011

**Introduction**

This document represents a contribution from Cube to the current inquiry into the future outlook for the media in Wales, being undertaken by the National Assembly for Wales's Communities, Equality and Local Government Committee task and finish group.

**Background**

Cube Interactive Limited ("Cube") was formed in 2005 to offer digital media services and productions, primarily to broadcasters. Since then, Cube has become a leading provider of interactive, digital content and services to major brands, including S4C, BBC, CITV and Microsoft. It has also won industry recognition for its work from Bafta.

**Response**

The inquiry's terms of reference are quite broad. Cube's primary area of expertise & interest is in digital media, so we will restrict our comments to this sub-sector of the creative industries. It is worth noting that analyses of UK economic performance single out the digital media / software sector as being a significant driver of growth both historically, over the last few years, and into the future.

The state of the (broadcast) media

Since the Hargreaves report was published, the pressure on broadcast media businesses in Wales has intensified, due to public sector expenditure reduction and continued economic weakness.

Consumer behaviour and digital technologies have continued to evolve, but we observe that, at a time when clarity of strategic purpose is still vital, our main PSBs have been preoccupied with internal issues.

This environment has not been conducive to the growth of the indigenous new media sector. With deliberations over the new Communications Act to come, it may be too early to expect this period of turmoil to draw to a close; nevertheless, we continue to hope that our major broadcasters can begin to interpret the role of digital media in their remit with more confidence and ambition.

## Hargreaves revisited

Cube submitted a note to the Hargreaves review of Creative Industries making four key recommendations, summarised as follows:

- a) Broadband access needs to be improved.
- b) The level of technology literacy among the Welsh workforce needs to be raised
- c) Government should make available seed funding for digital innovation
- d) The Welsh Government should review both its service delivery processes and its procurement policies to ensure that productivity-enhancing investment can provide opportunities for Welsh digital businesses to grow

These recommendations remain valid and we believe that there is broad agreement with them. The actions taken in the wake of the Hargreaves report, including re-organising the delivery structures in the Welsh Government and establishing sector panels, should translate into policy initiatives to address these areas, though the pace of change is slow from a private sector viewpoint.

A cautionary note is needed in relation to point a), Broadband. The Digital Wales plan includes supporting “basic” and “next generation” broadband rollout – placing the accent on “pipe” infrastructure. From a creative point of view, we need to consider how much Welsh (language and / or cultural) content may be carried on these pipes in the future.

Regulation of the Broadcast environment is well–developed; for example, regulatory intervention in EPG slot allocation secures prominence for Welsh services on certain broadcast platforms.

The growth of the “connected TV” is becoming apparent: internet video already accounts for 40% of global internet traffic, and a number of UK-wide telcos and content creators have come together to create the YouView platform. We can expect this to generate another impetus to audience fragmentation, as occurred with the introduction of digital TV. Without regulatory preference to help build awareness and audience share, should we therefore anticipate a further marginalisation of content from and about Wales; and if so, is there any suitable policy response from the Welsh Government?