

Digital radio: is it here already?

An interview with Hamish Cameron, CEO of Chief Entertainment, which operates the.basement.com.au. By Rick O'Brien

Thebasement.com.au is an Internet Music audio-visual channel, with live DJs playing music videos and webcasts 24/7 from their studios and club in Sydney. They offer both broadband and narrowband services, and recently signed a deal to broadcast material on Channel V and MusicMax on Pay TV.



RICK O'BRIEN

Hamish, a year ago you and Doug Mulray presented a session at the ABA Conference. I wanted to follow up and see what changes you've experienced since then. Your session was called *Oh, What a Tangled Web We Weave* and it was about media streaming and digital radio. If you could give us a rundown on the key developments of the last year.

HAMISH CAMERON

From our own point of view, we've had some breakthroughs. We've been keen to get cross platform, to take us into another medium because getting advertising revenue for an internet streaming service is difficult at the moment, because it's not treated seriously by advertising agencies or clients, largely through a lack of awareness. That has meant that to tap those sources we need to be bundled with another service. The breakthrough for us has come recently, with the launch of the Doug Mulray breakfast program on MusicMax. We're simulcast now on Foxtel, Optus, and Austar, so that's a potential audience of 1.4 million people through Pay TV platforms, and it's still broadcast on the web in broad- and narrowband. The difficulty is that nobody knows about the Internet from a consumer point of view, so we've got to work to raise that profile.

RICK

Do you see your service as something like digital radio with pictures that happens to be streamed over the Internet?

HAMISH

Yes, I do. That's exactly how we would place it. The people that run Chief Entertainment, led by myself and Doug Mulray, are nearly all ex-radio and television people

who have left to see whether we can turn this thing called the Internet into a more freedom-orientated form of broadcasting. Given that not everyone can (afford) \$155 million for a (commercial radio) licence, how else can we explore our broadcasting talents and objectives? So we would definitely say we're already digital radio, we're just restricted in our delivery mechanism.

The first crack in that fence has happened with Foxtel, and with digital Pay TV channels becoming readily available in the next year or two, we might be able to migrate. But we'll never give up the Internet, because the Internet is a great way of adding mobility & strength to what you do.

RICK

An interesting idea you've talked about is having digital radio with pictures on what's otherwise a television medium, in this case Pay TV. Now, with digital television, whether it's Pay or terrestrial, there's the possibility of adding digital radio services. For example, in the UK, the Freeview service rolls in radio. Do you see *basement.com.au* as a model for content that could be used on those platforms?

HAMISH

I would like to think so, because we love putting content together. The difference between the usage of the words is that radio is a medium you can listen to and do other things. What we refer to as 'Pay TV', at the moment, is in a lot of ways digital radio because if you look at listening habits, and the research on Channel V and MusicMax, both stations are largely consumed as radio. People put them on the television, wander around and do the washing up. Then when they hear that the Rolling Stones are being interviewed, they might break what they're

doing and watch, which to me is exactly what digital radio is.

Convergence is about all these mediums coming together so they (separately) mean absolutely nothing. Television in its traditional manifestation is a passive medium. If you're watching, you've got to sit there and keep up the ideas. It requires your attention. Whereas a music channel doesn't do that. We set out, when we did The Basement, to be a radio channel because we realise that not everyone can sit down and watch three hours of Doug Mulray. They can listen to it and do other things, and when something special happens they put up the vision. I think somewhere along the line there's going to be a shaking down of all these terms because they're just delivery mechanisms, rather than digital radio or television.

RICK

That's a very interesting take on the issue. Coming to the sources of your funding now, you've had Telstra funding and I understand that's been continued for another twelve months. Or longer?

HAMISH

About twelve. The spirit of the agreement with Telstra is to carry on for another three years, but we need to hit targets for revenue, growth, audience, building our platform and achieving goals in the broadcasting spectrum.

RICK

So would those goals include terrestrial broadcasting, or is it focused on Pay TV?

HAMISH

Both, which we're doing. Telstra are pleased to see that we now have 26 hours of programming on ABC TV, and 440 hours on

MusicMax this year. And we may be able to talk to MusicMax or other Pay TV channels about additional programs.

RICK

I want to divert the questions a little and talk about the content issue you mention, but also its relationship with your audience. When you presented (at the Conference) last year you were very strong on thebasement.com.au being a promoter of Australian content, particularly new Australian music. Do you still see that as a primary goal? Are you pursuing new Australian content? And the second part of the question is about the somewhat ironic fact that a large proportion of your listeners are overseas.

HAMISH

Australian music is still an absolute imperative, because there needs to be a broadcasting medium that Australian musicians can look to, to showcase their skills and music. The imperatives that drive commercial radio are about exposing an artist when they're successful, there's no real geographic thing. It doesn't mean that existing commercial operators don't like Australian music. They're just saying, unless it's hugely successful, they won't do it. American programmers are running those stations generally, and even the ones outside of Clear Channel still get American programming consultants to tell them what to do. Most of the radio we listen to in Australia is guided by Americans - there are very few Australian programmers that could be counted as the kind of gurus the Americans keep (sending us). So it means their awareness of Australian artists and imperatives just aren't there.

RICK

Going onto the second part of the question about your international audience, the nature of the Web means you're more likely to have an international audience than if you were a traditional broadcaster. Do you think one of the reasons you're getting international listeners is the freshness and novelty of having an Australian Web-based radio station?

HAMISH

There are two factors. One is that we're a

broadband outlet. Foreigners have much greater access to broadband than Australians. If we look at Australia for a second, there are about 200,000 broadband subscribers here. We reach 100,000 a month, so it would seem we're reaching one in two broadband subscribers in Australia. I think our Australian penetration is reflective of the ability to reach the audience in broadband. So we watch Telstra grow in ADSL, cable and satellite broadband connections because as that goes on our potential audience grows dramatically.

Overseas that penetration is already there. They've got the technology in many, many more households. So the Americans, Koreans and Europeans have this huge access to technology, but there's nothing on.

The only channel doing 24/7 broadcasting in broadband is us. I say that because we've been trying to find out whether there's anyone else doing what we're doing. We must be the only ones because I'm waiting for somebody to say, Oh, no, there's a channel on www.xyz so we can see how other people are doing it.

RICK

UK has a jazz channel but I'm not sure if they do pictures as well as music.

HAMISH

There's plenty of channels doing audio. There's no one that I know is doing a 24/7 television channel, whether it's news, cooking, lifestyle programs, music, rock, blues, jazz. Which does help explain why (we're popular in) other markets.

One of the reasons we have such a high overseas audience is that WindowsMedia.com in America has made thebasement the editor's number one pick on many, many occasions. So when you download the WindowsMedia Player (about 93 percent of players in the world), they offer you a selection of content you might like to try. So that's been an introduction to millions of people all over the world (for us).

A year ago at the Conference, our audience was sitting around 300,000 or 400,000 users a month and it's now 800,000 average for the last three months. Australia is still hovering around 100,000. It was about 80,000, and that's grown but it's lagging. I'm convinced the Australian delay is to do with access to technology.

RICK

One thing that's pointed out about broadband by industry participants in media streaming is that many countries enjoy uncapped broadband data rates, so customers just pay a subscription. Whereas in Australia, the pricing model is that you pay for data over a certain level. Do you see that as an artificial restriction on the uptake of broadband? Could you envisage in Australia, if we had uncapped broadband you'd see more users of your service?

HAMISH

That's arguable. It's probably a step ahead of where everybody's at, because the general public haven't got a clue what broadband is. So the only people that are whinging about capped data rates are the early adopters who've been in for ages. You go and ask Joe Average, he probably can't even tell you what broadband is. So I think let's start with an education process first.

Not only that, if you do explain to them what broadband is, they go, well, why would I want broadband? So far all that's on offer is fast page turns and quick e-mail downloads and thebasement.com.au.

Plus thebasement.com.au is already an un-metered service for Telstra customers so we fall outside your cap.

The real issue is public education. Industry has to start using broadband to attract consumers, and then consumers will pick up the demand. But it's a catch-22 because the ignorance of broadband is right across boardroom levels. I reckon nine out of ten CEOs wouldn't be able to give you a clear definition of what broadband is, ie, that it's an internet service in excess of 56K, or the benefits it brings.

We're seeing a balancing act because the take-up hasn't been as frenetic (as other technologies), because delivering the infrastructure is not easy; and there's no content to watch. For fast page turns and downloads it's just not worth committing. Take-up for broadband will languish until business start using it for content delivery.

RICK

Hamish, it's been very informative, thanks very much.

HAMISH

It's been a pleasure.



More information: www.thebasement.com.au