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BBC's Digital Media Initiative **A Consultancy Report**

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Important Notice About This Report

This consultancy report, "BBC's Digital Media Initiative" has been prepared by a student of the University of Northampton, Faculty of Business and Law in accordance with the academic qualification requirements of Finance and Procurement Management. This report offers a somewhat detailed overview and list of recommendations for the **British Broadcasting Company, the addressee**, regarding its famous *DMI project*.

The work in this report was carried out based on the assessment criteria disclosed as per the assessment task by the instructor. All the information disclosed herein is thoroughly researched and therefore can help the addressee in strengthening its framework. This report can be disclosed to any party for informational purposes only. No liability or responsibility in respect of this report to parties, other than the addressee, utilising the information herein for their own interests is acceptable.

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1. Executive Summary

To reshape the ways of media acquisition, processing, and archiving at BBC, the governing body of BBC in 2008 instigated Digital Media Initiative (DMI) project as an indispensable have to have ([Sangani, 2014](#)). DMI was a transformation program intended to put a stop to the storage of content on videotapes at BBC ([Marton and Mariategui, 2015](#)). The objective of the project was to turn from analogue signal processing to digitalized systems, an approach more convenient for data handling and processing ([Parahar, 2020](#)) in terms of cost, signal transmission, synchronisation, etc ([Marshall, 2000](#)).

BBC made a huge blunder in allotting, without a second thought, the DMI project to Siemens in 2008 because it had been selected as the strategic partner of BBC that can offer better value for money ([NAO, 2011](#)). BBC deliberately chose Siemens as a tech-solution provider for its project to avoid open procurement that'd have otherwise cost BBC an additional £3m ([NAO, 2011](#)). BBC thought that the shortfalls in required skills for the project could be compensated by the hiring of newly trained staff and third-party suppliers. Additionally, in light of the recommendations of PAC (Public Accounts Committee), BBC did not find any other tech-delivery partner as a viable option than Siemens. Thus BBC secured a deal of £79m with Siemens, expecting it to get the design, procurement, and integration modules of the system ready by the following year(2009) ([Carayannis, 2018](#))

The fixed-price contract with Siemens came with the provisions that allowed the company to have control over BBC's IT fundament whilst forbidding BBC to intercede in Siemens operative of design and delivery of the system ([Espiner, 2011](#)). This resulted in the failure of meeting deadlines for project deliverables, causing the termination of contract. BBC later brought the project in-house in the summer of 2009, yet again acting lax-out about the risks involved in taking the project in-house ([WiredGov, 2014](#)).

The un-weighty decision did no good to the progress of the DMI when several years after the actual project delivery time, BBC still failed at delivering the project to its full capacity ([Sweeney and Conlan, 2013](#)). Poor governance and culture problems ([Schopflin, 2015](#)) within the firm, perhaps, had made it evident enough that what Siemens was unable to achieve; BBC couldn't have achieved it in-house even with the newly appointed staff ([WiredGov, 2014](#)).

The changing priorities in the requirements for the DMI project over time also aid the events that led to project failure ([Accenture, 2013](#)). From 2009-10, BBC's vision about DMI was to transform the firm's infrastructure completely (production, handling and archiving content) to digital. Later the perception shifted from production-paramount and cross-organization to archive-centric and becoming remote from other organisations' activities ([Accenture, 2013](#)).

After repeated failures and missed deadlines, towards the end of the year 2012, BBC's Director-General Tony Hall, ditched the project for good with the corporation suffering a hefty loss of £98.4m as of project failure and licence payer fees ([NAO, 2014](#)).

2. DMI at a Glance

DMI project is a part of the very struggle, which BBC adopted in early 2008 to improve its content handling infrastructure which is archiving and making related content available to the users via digital platforms like websites or applications. The need for the DMI project for the

BBC is evident given the size of the multilingual audience the BBC reaches internationally every day([Marton and Mariategui](#), 2015).

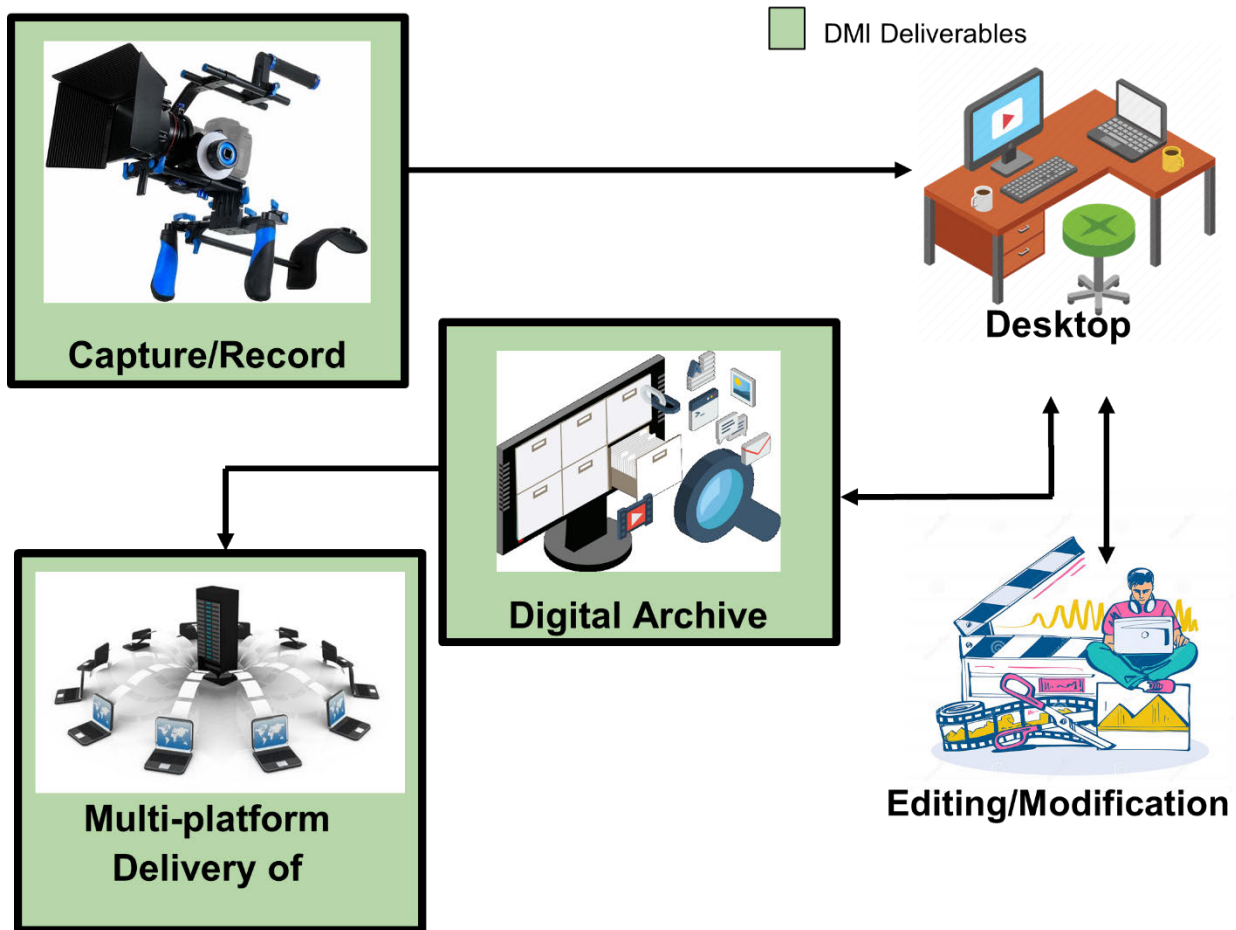


Image data acquired from BBC

3. Analysis of the DMI Project

Below is the detailed procurement analysis of the DMI project that can help demystify the reasons why the project was doomed to failure.

3.1 Procurement and Purchasing Model

The procurement framework of a project is meant to be planned to provide an efficient(less time) and good value for money(reduced costs)([ADB](#), 2018). It was exactly what BBC looked out for in planning out the DMI project's procurement and purchasing model whilst securing a fixed contract with Siemens([NAO](#), 2011).

3.1.1 Supplier Selection: Why Siemens?

The primary reasons as to why BBC adopted such a procurement procedure for the self-proclaimed 'must have to have' project were as under:

- Siemens had an experience of how things worked at BBC and its systems as it had in the past worked on and delivered projects to BBC([NAO](#), 2011).
- In 2007, Siemens had helped BBC with one of its major projects at BBC Pacific Quay([NAO](#), 2011) which was under the TFC contract as a result of which Siemens was the most viable option considered by BBC.
- In 2004, under the TFC (Technology-Framework-Contract), an out-sourcing contract between Siemens and BBC, Siemens was to deliver and design the tech requirements of BBC for 10yrs efficiently and in terms of good value for money. It was also a recommendation of PAC to BBC to acquire the services of Siemens. Later in February 2008, upon approval of DMI by BBC Trust, in light of the TFC contract, BBC handed over the project un-hesitantly to Siemens without re-evaluating its capacity.
- BBC thought that handing over the contract to Siemens and avoiding open procurement would save both time and cost of almost £3m to the firm([PAC](#), 2014).

On Siemens failing to deliver the project deliverables timely, the contract got terminated, BBC's procurement failed and the project was taken in-house. Termination of the contract caused both time and financial loss to the firms which the firm had been trying to prevent from open procurement([NAO](#), 2014).

In taking the project in-house, BBC yet again, as with contracting Siemens, acted negligently about the lack of skills and leadership management present in-house([NAO](#), 2011), causing an additional time slippage of 21 months([NAO](#), 2014) which intensified the procurement risk. In taking the project in-house, the negatives outnumbered positives to an extent that the programme ended up being suspended as of May 2013.

3.2 SWOT Analysis of DMI

3.2.1 Strengths

- Supporting and realising BBC's vision of creativity in a cost-efficient and timely manner through dedicated commitment to planned operational functions([Schopflin](#), 2015).
- Sustainable production centres that were 'networked' together across the UK with a digital archive keeping content records to date([NAO](#), 2014).
- Providing a solution to managing and updating digital assets while collaborating with industry partners([Schopflin](#), 2015).
- Employing of technical solution entailing architectural documentation on the recommendations of NAO to assess mutual relations between components and the determination of proposed changes([NAO](#), 2011).
- Production of a complete testing strategy for the project in Dec 2010([NAO](#), 2014)
- Appointments and commissioning of external assurance services to strengthen technology solutions that can be employed in the integration of more complex modules of the programme as it proceeds([Mariátegui](#), 2013).

- Strengthening of the programme team before taking the project in-house([NAO, 2011](#)).
- Adopting an agile project management technique(one that involves iterative software development methodology) for DMI that allowed for flexibility in planning and delivery of the project. The agile approach was both a strength and a risky approach([NAO, 2011](#)).

3.2.2 Weaknesses

- Handing of a fixed contract to Siemens without re-assessing its capability and capacity for the project([NAO, 2014](#)).
- Open procurement avoidance to save on additional costs of about £3m([NAO, 2014](#)).
- Focusing on time-saving and cost-effective solutions in the procurement procedures which later failed and resulted in several months time slippages with additional costs incurred like the hiring of new team members, etc([NAO, 2011](#)).
- Failure to understand the level of risk involved in taking the project in-house and the lack of governance present within the firm([Schopflin, 2015](#)).
- No team-based allocation of resources was planned as a result of which team size and appropriate skills were mismatched([Mudassar. et al. 2019](#)).
- No detailed planning about the activities of third-party vendors was provided which led to the deprivation of project progress([NAO, 2011](#)).
- No Cost Business Analysis (CBA) was performed for options available neither was 'the then' net value calculated during investment appraisals([NAO, 2011](#)).
- Flaws in a plan of benefits realisation([NAO, 2011](#)).
- Lack of thorough assessment of the risks to the project and failure to trace the requirements for the project([NAO, 2014](#)).

3.2.3 Opportunities

- Possibility of strengthening of the architecture through consolidation of the software stack from maintenance ease and cost reduction point of view([Accenture, 2013](#)).
- Repeated testbeds during the programme development and testing phase of the project ensure compatibility of DMI with Digital Archive at the earliest possible opportunity([Accenture, 2013](#)).
- The extent to which users, specifically non-specialists can maintain, make use of, or augment the DMI resources([Accenture, 2013](#)).
- Consolidation of DMI components for better platform stability in future([Accenture, 2013](#)).
- Considering closely resembling product packages to DMI in the marketplace to use as an alternative option and efficiently overcome critical issue areas arising during investigations([Accenture, 2013](#)).

3.2.4 Threats

- A high turnover rate of individuals and teams employed at key designation roles of the project([Accenture, 2013](#)).
- Repeated de-scopes and re-scopes in requirements due to failing clarity in the baseline leading to multiple evaluation meetings concluding with unclear sign offs([Accenture, 2013](#)).
- Users' loss of confidence in the programme with arising difficulties and time slippage in delivery of a reliably complete system meeting their expectations and requirements([Accenture, 2013](#)).

- Speedily evolving technology and evolution to business need with an immense time slippage on the delivery of project milestones([Accenture](#), 2013).
- Lack of grip on project development, planning and time management by executives of BBC ([Schopflin](#), 2015).

4. Recommendations

The following recommendations might help with efficacious delivery of the final product if BBC, given the scope and vitality of the project, considers giving it a second go.

5.1 Governance and Procurement

- ❖ With risks associated with every project phase, governance arrangements made by BBC were insufficient, improving which could have bettered project progress. Here's how governance could be improved:
 - **Senior responsible project owner** - BBC did not appoint one due to which there was no alignment in elements of the DMI; the project been divided into various divisions due to responsibility splitting, with no sole point of accountability for differences between developers and intended users to find any resolution.
 - **Transparent reporting of project circumstances** - BBC's corporate governance structure also lacked transparent reporting of project situations like project progress against the plan, benefits achievement level for further decision-making, or costs required to proceed to completion of the project([Kelly](#), 2010). The result was immense time gaps and non-timely reporting of issue severities which could've been avoided through clear reporting of project circumstances.
 - **Investigations and checks for audits and assurance services** - BBC's move to Salford during the DMI timeline also hindered carrying out detailed investigations and checks on DMI's audits and assurance service reporting. Consequently, the project suffered a 15 months delay in its timetable.
 - **Looking for best available options in the handling of project contracts to third-party service providers** - In contract handling, BBC relied on Siemen's capacity and capability assessment it had conducted in 2004 which was a procurement decision not made on suboptimal grounds. The firm's mantra of procurement 'best value for money' needs to be justified through thorough investigation in its investment cases.
- ❖ Taking of project in-house with incapable staff and missing key designatory role appointees with the intent of either filling in the gaps of incapability through new hires having 'right skills' or relying on third parties was a poor choice and could have been avoided if BBC had tested for best alternative options through open procurement which is a better procurement strategy for complex projects like the DMI([Gupta](#), 2019).

5.2 The need of being an intelligent client

- ❖ When the initial contract between BBC and Siemens was terminated as of mutual agreement and a no-blame condition, both firms had their lessons learnt reviews which neither party discussed with the other([NAO](#), 2011). After the contractual dispute settlement, BBC did not acquire any understanding of the programme from Siemens. Project lesson reviews are vital in helping with adopting good practices for future projects and in avoiding the encountered problems([Vine](#), 2018).
- ❖ BBC failed at having an intelligent client/customer function (ICF) for its contractor; which could have otherwise saved BBC time, money, and avoided project failure([Watton](#), 2014). Here's how BBC can ensure ICF in the future:
 - For projects requiring software development phase: commissioning individualistic tech assurance reports on system designing([Onen and Tanyildizi](#), 2010).
 - Making intervention a part of contract agreement and planning out when and how to intervene to ensure secure and timely delivery of outsourced contracts([Watton](#), 2014)
 - Ensuring a watchful eye on contracts through the establishment of minimum tech and managing requirements([Shrikhande](#), 2001).

5.3 Financing Case

- ❖ The project's cost-benefit estimate observed a marked decline over time which showed how the cost-benefits were shown to be highly overstated by BBC([NAO](#), 2011). Adopting the rigorous reviewing strategy with the benefits projections could've helped in not exaggerating, if not conveying the accurate stats for benefits projection. BBC could have worked towards attaining the reflected projected benefits by:
 - Saving on programme expenses([Yescombe](#), 2002).
 - Devising a baseline budget against which obtained savings could be deciphered
 - Ensuring benefits enrollment for the programme from those who can deliver them and feel responsible for it([Yescombe](#), 2002).

15.4 Tech Upgradation

- ❖ The tech gear at BBC was sufficient for the early phase of project development only([NAO](#), 2014). For more complicated stages of programme development, it required up-gradation to ensure its timely, within budget delivery, ensuring full functionality. For that, BBC should:
 - Upgrade **Technical Solution** to ensure better tech-integrity of the programme through reference framework that evaluates the measure of interdependencies and tend to change control requests([Evans](#), 2015).
 - Revolutionise **Tech planning** to help with detailed planning and resolve team conflicts by ensuring proper drafting of resource allocation and mapping responsibilities of all teams individually([Evans](#), 2015).

5. Conclusions

The DMI project failed because BBC did not establish clear requirements for the project nor did it succeed at devising a meaningful, technically sound solution for the project's efficient implementation. The optimism of taking the project in-house even when lacking the necessary resources was in itself an idea that clearly stated that BBC was way too relaxed about the project's urgency.

Yes, the DMI was challenging, coming in with significant risk factors, but given the complexity level of the project, BBC executives did not adopt the right strategy to execute correct project implementation.

Re-implementing the project considering the recommendations enclosed in this report might help with its right implementation. For that, procurement and governance recommendations are a must to avoid twice the damages inflicted in the past.

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