



1 Distance learning in higher education
A US perspective

7 Dinosaur ideas and the information Ice Age

12 Viewpoint
Podcasting arrives

14 Growth opportunities for information providers in small business markets

18 Spotlight on ... web feeds

22 A month in digital media

Distance learning in higher education

A US perspective

by Janet Wikler, president, Wikler & Company Inc

The state of e-learning today is perhaps best captured by baseball great [Yogi Berra's](#) famous statement: "It's déjà vu all over again." We've been here before: the wild projections, the rush by investors, the costly failures. Has e-learning 'gone bust' as some now claim? Was it just irrational exuberance? Or is it real, alive and growing?

Background

"The future is not what it used to be." – Yogi Berra

A few years ago e-learning was widely expected to become a major growth business. The projections in Merrill Lynch's white paper, [The Knowledge Web](#), were typical:

"Our estimates for the US online market opportunity for knowledge enterprises will grow from \$9.4 billion in 1999 to \$53.3 billion in 2003, representing a CAGR [Compound Annual Growth Rate] of 54 per cent."

"At an estimated \$105 billion, the spending power of college students is huge. Not surprisingly, a growing percentage of their spending is moving online. Currently, students spend \$1.5 billion online, an amount which is expected to almost triple to \$2.9 billion by 2002."

"We estimate that the US market for online higher education alone will grow from \$1.2 billion in 1999 to \$7 billion in 2003."

Colleges, publishers, television companies and investors rushed in. Columbia University launched a for-profit online venture called Fathom. New York University spent millions on NYU Online. UNext joined with top U.S. and European universities to create the online-only Cardean University. States and consortia of states invested in providing low-cost, ready access to courses and degree programs from public universities.

Today, NYU Online and Fathom are gone. Cardean University and many other e-learning ventures have re-invented themselves multiple times and are still

struggling to survive. Others have abandoned their e-learning ventures.

What happened to the promise of e-learning? What is e-learning, anyway? Who are the players? Is anyone making money?

What is e-learning?

In its recent report, [“Thwarted Innovation: What Happened to e-learning and Why?”](#) the Learning Alliance defines e-learning as comprising at least three categories:

- **Distance education.** This term usually refers to the provision of online courses over the web but it can be used to describe any kind of education in which teacher and student are not physically in the same place at the same time.
- **Software that facilitates learning transactions.** This includes course management systems, such as Blackboard and Web CT, used by instructors to organize and deliver course content online and to link teachers with students, students with one another and students with content resources; computerized assessment systems and programs such as PowerPoint, used to illustrate and enhance traditional lectures.
- **Electronically mediated learning.** This includes a variety of products, services and applications used by learners, such as digital content provided by publishers; ‘course objects’ such as videos or simulations; integrated learning packages and tools that students use to build their own websites and multimedia presentations. Electronically mediated learning applications may be used in traditional educational settings and by those learning at a distance.

While each category merits attention, this article focuses on distance education via online courses and degree programs. It focuses on the higher education segment, though there is, of course, a significant corporate training market for online education. Lastly, it focuses on the U.S. market, though online education is an important phenomenon around the world.

‘Mass hallucination’ or fundamental change?

“...the rush to e-learning produced too many new ventures pushing too many untested products – products that, in their initial form, turned out not to deliver as much value as promised...For e-learning to come closer to fulfilling its potential, those who promote and support it should talk less and deliver more.” -- [“Thwarted Innovation: What Happened to e-learning and Why?”](#) The Learning Alliance, 2004

Those who rushed in were spurred by many factors. Investors sought to make money by bringing low-cost online courses and degree programs to consumers. Idealistic educators thought universal connectivity and the power of the computer would revolutionize teaching and learning. College administrators hoped to reach more students without adding facilities. Technology companies hoped their platforms and standards would yield continuing revenue streams. Publishers saw a lucrative new market for content.

Most of these initiatives ended in disappointment.

Who is involved in distance learning?

“The fact of the matter is that, in the fall of 2003, e-learning is alive and well. Money is being spent, smart classrooms are being built everywhere, and collegiate faculty and corporate trainers are successfully integrating electronically mediated learning into literally thousands of courses focusing on both traditional and non-traditional subjects.” – [“Thwarted Innovation: What Happened to e-learning and Why?”](#) The Learning Alliance, University of Pennsylvania, 2004

In the spring of 2003, questionnaires were mailed to about 3,000 chief academic officers and college presidents by Babson College and the Sloan Consortium. Responses were received from almost 1,000 public and private institutions. The results, published in a report entitled [“Sizing the Opportunity: The Quality and Extent of Online Education in the United States, 2002 and 2003](#)”, included these findings:

- More than 1.6 million students took at least one online course in the fall of 2002.
- 578,000 of these students took all their courses online.
- 11% of all U.S. higher education students took at least one online course in 2002.
- 81% of the institutions offered at least one fully online or "blended" course (a blended course combines online and face-to-face instruction).
- Complete online degree programs were offered by 34% of the responding institutions.
- Public institutions were especially active, with 97% of those responding offering at least one online or blended course and 49% offering an online degree program.

E-learning has also attracted non-traditional competitors. For-profit post-secondary institutions that cater to working adults have seen their online enrollments soar. Companies from other industries have entered the market and formed degree-granting online higher education institutions of their own.

What factors have impeded success?

"Only bureaucratic processes have proven to be more immutable to fundamental change than the basic production function of higher education" – ["Thwarted Innovation: What Happened to e-learning and Why?"](#)

Robert Zemsky and William F. Massy in ["Thwarted Innovation: What Happened to e-learning and Why?"](#) point out that e-learning has failed to deliver on its potential for a number of reasons and that there has been a backlash against e-learning in traditional higher education institutions in recent years.

Although most colleges and universities claim to be interested in distance learning, the incentives that they offer professors to create online courses are declining. According to the [Online Journal of Distance Learning Administration](#), the extra pay that professors received for online course development fell 14% between 1999 and 2002. The percentage of faculty members who "often" received time off to develop online courses also fell, from 13% to 10% during the same period. Again during the same period, the percentage of those who

often received extra compensation for online teaching rose by 2%, perhaps reflecting the recognition that teacher-student interaction is critical to the success of an online course.

Many early entrants into e-learning saw it as a way to reach large numbers of users at low cost. Yet participants have found it hard to provide a quality online learning experience with more than 15 students in a cohort. The ideal student-teacher ratio from a quality perspective is closer to 10:1.

This has profound implications. For one thing, it forces a distinction between course creator and course facilitator. The Open University in the United Kingdom realized early that this distinction would be critical to success. For years they have employed a model in which developers work with content experts to create a course. Then students are assigned to local facilitators who act as 'teachers'.

Another factor that has impeded traditional colleges from moving forward in online education is a lack of methodology for calculating costs and benefits. Most of those who take online courses at traditional colleges are on-campus students who find the online courses more convenient. Many institutions assume that these students would take the courses face-to-face if they did not have the online option. Investments in e-learning are seen as 'add-on costs' rather than as part of an overall shift in the allocation of resources. Online revenues are seen as substitute revenues rather than incremental income.

Is anyone making money?

"Think of it as 'the sweet spot'...It's working professionals who want to advance their careers by taking courses part time. It's executives who travel frequently but want to earn graduate degrees. It's parents who want to finish their undergraduate work without missing their kids' Saturday soccer games....Many of them would not be in college if online learning were not an option." – Dan Carnevale and Florence Olsen, "How to Succeed in Distance Education," [The Chronicle of Higher Education](#), June 13, 2003

In the Babson College/Sloan Consortium study, most of the skeptical responses to online education came from private

baccalaureate institutions. Public institutions were far more likely to offer distance education than their traditional private counterparts. This is not surprising, as private institutions focus on providing a high-quality experience to residential students at a premium price while public institutions are motivated to provide affordable education to the taxpayers they serve.

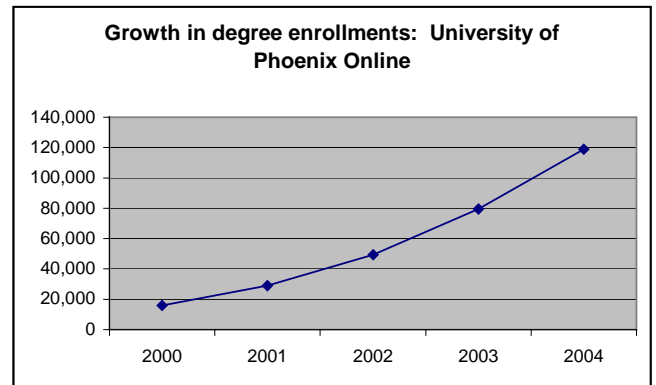
Many institutions offer 'blended' programs that combine online and campus-based programs. Some of those that have been most successful with this approach are for-profit colleges with multiple campuses. By offering blended programs, they can open new facilities more quickly because they do not need as much space in each one.

Among all the players, the for-profit colleges and universities seem to be faring best in the online education business. Much of the recent growth enjoyed by [DeVry University](#), [ITT Technical Institute](#), [Strayer University](#), [Education Management Corporation](#) (which owns [Argosy University](#)), [Laureate Educational Corporation](#) (formerly Sylvan Learning Systems, Inc.) and [Kaplan Inc.](#) has been spurred by soaring online enrollments.

The most successful by far of the for-profit higher education institutions is the [University of Phoenix](#), owned by [Apollo Group, Inc.](#) In the past five years, the University of Phoenix has seen its online degree enrollments soar from 16,000 to nearly 120,000 – a compound annual growth rate of more than 65%. It is estimated that revenues from online degree programs at the University of Phoenix exceeded \$800 million in the fiscal year ended August 31, 2004 with net income approaching \$200 million.

	2000	2001	2002	2003	2004 (est)
Revenues	\$ 102.6	\$ 180.5	\$ 327.5	\$ 529.6	\$ 844.9
Net income	\$ 17.5	\$ 31.8	\$ 64.4	\$ 110.5	\$ 194.6
Net margin	17.1%	17.6%	19.7%	20.9%	23.0%

(The 2004 estimates were calculated using published figures for the fiscal years ended August 31 2000, 2001, 2002, and 2003 and for the nine months ended May 31, 2004.)



Online classes generally have fewer students per instructor than face-to-face classes but their operating margins are often higher. Jerry Herman, an equities analyst at [Legg Mason](#), says that [Career Education Corporation](#), which operates 78 institutions, has an average operating margin of 16 percent but the operating margin of its online division is 30 percent. According to Herman, big profits from online operations are raising margins for the for-profit education industry overall. (Source: "Deeper Pockets, Different Tactics," by Elizabeth F. Farrell, *The Chronicle of Higher Education*, February 13, 2004).

A key factor contributing to these high margins is the ability of for-profit colleges to manage faculty salaries as variable, rather than fixed, costs by using adjuncts rather than full-time salaried faculty members. [Jones International University](#), for example, an online institution owned by privately-held [Jones Knowledge, Inc.](#), has 125 adjuncts on its staff, with 20 to 40 of them teaching at any one time and only six full-time teaching faculty members. (Source: "For Online Adjuncts, a Seller's Market," *The Chronicle of Higher Education*, April 30, 2004). Traditional colleges with large numbers of full-time tenured faculty members have a much harder time adopting this variable-cost model.

Success factors

"Whether they are for-profit or nonprofit, successful online colleges use sophisticated marketing techniques effectively to maintain their enrollment levels. Many of them solicit continuous feedback from their students on how to improve online programs." – Dan Carnevale and Florence Olsen, How to Succeed in Distance Education, The Chronicle of Higher Education, June 13, 2003

What do successful players in online education have in common? A few factors seem to be significant:

1. Focus on working adults

Many working adults want to improve their skills or job credentials but do not have the time or flexibility to attend classes on a college campus. For such students, online learning is ideal. Their motivation is straightforward: they want to improve their earning power. They value convenience and are willing to pay for it.

For-profit colleges have focused on this market for some time. Institutions such as the University of Phoenix have many campuses in multiple locations that offer courses at times that are convenient to working people. For Phoenix and its competitors, the online business is an extension of the customer-driven approach which emphasizes convenience service, and practical, career-oriented programs.

2. Investment in marketing

"Build it and they will come" is rarely a successful way to create an online education business. Web advertising is critical. Surveys conducted by [American InterContinental University Online](#) found that potential students typically go to three or four different colleges' web sites when shopping for online degree programs. According to Nick Fluge, president of the online education group of [Career Education Corporation](#), the parent company of American InterContinental, "They really look at the details, the specs on whatever they're buying – it could be a car, it could be an education." (Source: "How to Succeed in Distance Education, *The Chronicle of Higher Education*, June 13, 2003)

A good web site is essential. It should be a 'virtual campus' with sample courses and links to information about accreditation, orientation, degree plans, academic

advising, the library, technical support and online payment.

Marketing to business and industry can also pay off. Reaching individual consumers can be expensive; selling online courses or degree programs to corporations, government agencies or institutions can sometimes bring in more students at lower cost. Many businesses will pay for a promising executive to take an online MBA program or for engineers or other professionals to take online courses or degree programs that will improve their knowledge or skill.

3. Simple, reliable technology and good technical support

Online course developers are often tempted to incorporate flashy features into their work; yet most successful online education providers keep their offerings simple so they can serve the broadest possible number of users. Many still offer primarily text-based courses to enable users who do not have fast computers or broadband connections to take advantage of their offerings.

Successful online learning providers also invest in reliable technology infrastructures and provide strong technical support. Many also standardize their interfaces to 'brand' their offerings and provide consistency for users.

4. Extensive faculty-student interaction

Successful players in online education have found that students value one-on-one interaction with faculty members and fellow classmates very highly. To provide this kind of experience a provider must select course facilitators who are good at interacting with students and getting them to interact with one another. Successful online education providers also invest in training their online faculty and in supporting them with good technology.

5. Access to capital

With success in online education requiring ongoing investments in marketing, technology, faculty training and student and faculty support, it is no wonder that traditional colleges and universities find e-learning a challenge.

For-profit colleges and universities that are publicly traded or owned by well-heeled investors have ready access to capital. Traditional private colleges and universities and public institutions have a harder time getting the ongoing investment needed to build and operate a successful online education business.

In the past a number of traditional institutions secured venture capital investment to finance for-profit spin-offs; but the investors expected a lot for their money and wanted fast returns. Moreover, the cultures of traditional colleges are rarely conducive to the creation and management of successful commercial ventures.

Implications for content providers

In the heady dotcom era, many publishers and other 'content providers' saw online education as a lucrative new content market. Online education is, however, first and foremost a service business. While courses need content, the success of players such as the University of Phoenix and DeVry stem more from their focus on convenience, marketing and interaction than from the educational content they provide.

The relationship between a textbook and a traditional course can be compared to the relationship between course content and online education. Publishers may make money by selling content to online education providers but they are not likely to win in this business on their own without substantial ongoing investments in technology, marketing and live teaching.

Outlook for the future

"When it comes to technology most people over-estimate it in the short term and under-estimate it in the long term." – Arthur C. Clarke

The successful online education provider is more a business than an academy and a successful online course is a program that requires continued investment and management, not a product that can be produced once and put in a can. E-learning offers high growth and profit to those who understand its value drivers and are prepared to make the necessary commitments. Traditional colleges and universities and content providers alike have a long way to go before they can compete successfully in this business. Perhaps they would do well to keep an eye on the for-profit players that are capturing the lion's share of this market.

As Yogi Berra once said: "You can observe a lot by watching."

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From the EPS Archive

Septimus: e-learning beats face-to-face for psychotherapists, EPS Insights, 29 June 2004

UKeU: between the markets and the producers, EPS Insights, 19 March 2004

University of Phoenix Online: prospering by focusing on the basics, EPS Insights, 23 May 2003

Sylvan can see the distance learning woods for the trees, EPS Insights, 28 May 2002

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Dinosaur ideas and the information Ice Age

by Yossarian

EPS is twenty years old this year so, gentle reader, you must forgive the occasional long run-up as we make our annual attempt to throw a few stones into the still pools of the future and assess the depth. Twenty years ago our clients said that change would never happen, that physical content would always be 'king' and that 'bound and printed' was how most people would always want content – for ever – even if digital promised marginal re-use revenues in a dimly imaginable future. We tried to launch counter arguments – multimedia as expressed by CD-ROM or convergence as demonstrated by teletext and the French Minitel – and, of course, our clients were right and we were wrong.

These might have been precursor technologies but they certainly were not pre-emptive of the settled world of content publication and control. But these initial tremors were succeeded by the internet and the web and the eruption of change that brought us into full exposure to the digital age is yet to be fully absorbed.

Now our clients recognise that nothing will ever be the same again and from this year's dialogue with them come nine big notions that will have a critical effect on how we plan in 2005 and even more on how we trade in 2010.

1. The democratization of content. In the dinosaur years we used a different expression. We said that everyone would be a publisher and that self-publishing would become the common mode of releasing content into re-usable contexts. We didn't know the half of it. From peer to peer to Open Access, from blogging to the family photo/video album on the personal web site, citizens now have full access to the network and will use it to its fullest to create genuine acts of publication, either personally, corporately or as governments or administrations.

Most of these acts of publication are fairly low in value. But those who describe themselves as 'publishers' or 'content providers' can never now get back to pure publishing and expect to make a living. The fact that some players in, for example, newspaper or directory markets, do not yet fully acknowledge the force of this, preserves a veneer of continuity with the past. But everything really has changed. Simple acts of utterance in a web context carry no intrinsic values and are mostly free at the point of use. The value we need to add to command a price is increasing all the time.

2. The defence of the content business model. We spoke in the pre-Cambrian years of the digital marketplace about 'the death of copyright' and were faintly relieved when our clients thought it was a joke or, at least, an acceptable eccentricity. What we meant was that the rules of protection for the printed word could never be successfully imported into a digital marketplace.

Now our clients talk cheerfully in Europe about the removal of government ownership rights in order to create a trade in value added products from government sources (this movie plays in a country near you from July 2005 onwards). The US, who have had public domain and Freedom of Information legislation for ever, have launched a new attempt to reverse the tidal waters. The IPPA legislation, if all of the elements tabled in HR2391 ever reach the US statute book, would make skipping the adverts on a DVD an offence and allow government to pursue copyright abusers on behalf of the film and music industry.

In fact, the copyright genie cannot be put back into the bottle and while establishing ownership is vital for purposes of authentication and re-use clearance, the network economy is going to be endlessly intolerant of content providers who insist on

importing real-world business models and legal conventions into the virtual trading space. So what are our clients saying? "What about some laws that protect the way in which society as a whole wants to trade on the network and some new legal thinking around licensing, persistent identity and user identity to make it all work?" Readers who gave iPods for Christmas may bow at this point.

3. The end of growth? We always argued that content markets were finite and exhaustible. There would be an audience for looking up a statute or checking a patent, they could be numbered and named, and once you had sold them organised content access you would need to sell them something else with a higher/different value if the heady growth of the dinosaur years was to be maintained. And it happens now, in many business and professional information markets, that while there is a battle royal around market share, there is little overall growth in market size.

Over time, penetration of smaller business enterprises and content repackaging will bring some further development, mostly offset by competitive pricing deals on big research packages. The chairmen's statements which introduces the results published by many of our clients speak knowingly of growth markets, which chimes with what we have always said about 'globalisation'. But it has taken five years already to create local, partial networked societies.

More likely, in our view, is the re-ignition of growth through a change in the business model. We have all moved in business and professional media to subscription-based models: what happens when the world of pay-per-view dominates us too? We need answers and it will take a while to build these (Section 7 below gives a few ideas). In the meanwhile, what will we tell the investors? 2005 will be a year of strong acquisition programmes in many places, not least because it provides a good story.

4. The decline of advertising. Certain of our colleagues have always held the view that none of this applies to them because they have Advertising Revenues. Despite the fact that, like Lake Chad, these disappear in some seasons and re-appear in others, they were always maintained by

some as the reason why content structure and control was less important in some fields of activities than in others. We quoted Negroponte in our 1995 EPS report on *The Impact of Interactive Advertising*: "In the future, advertising will be the converse of today – instead of advertisers soliciting response, they will respond to solicitations by potential customers."

Today our clients tell us about the importance of Search and its detrimental effects on existing advertising markets. In some countries (the UK is a current classic case study) traditional advertisers, like the government, have seen how easily they can use the internet to replicate the low value services of many advertising outlets – and save a great deal of money at the same time. While internet advertising is growing strongly – in the UK, for example, it now exceeds radio advertising in value – we predict that it will not be the future main stay of business and professional media marketplaces.

5. Squeezing out the intermediaries. Before we really knew what we meant, we used to speak learnedly about 'disintermediation'. Then, when it did not seem to be happening very quickly at all, we spoke equally forcefully about 're-intermediation'. Now our clients are telling us about disintermediation and its real meaning and intent is becoming more and more apparent. In all of the 2004 hearings and discussions on Open Access, a striking element is the role-searching, casting around for new directions, discomfort of a cadre of professional librarians who were once the most secure group in the most secure industry anywhere in the content world. At the same time, no content aggregator in 2004 has failed to revisit his strategy, refocused his value offering and re-adjusted his prices (usually downwards) in efforts to make an increasingly difficult business model work.

In 1992, in the first EPS report on *Network Publishing*, we quoted Marvin Minsky, approvingly, as saying that if you could project yourself into a networked world you might look back at 1992 and say "can you imagine, they used to have libraries where the books didn't talk to each other?" Our clients now point out that we do have such connectivity now and it will only grow more interesting and complex in the future.

Whether it needs local custodians or third party content wholesalers in their present roles is doubtful. 2005, we suggest, will see the continuing evolution of the networked and interconnected content resource and providing the intermediated resources it requires will be more of a value-added function – a Scopus or a Google Scholar or a Web of Knowledge environment – than the real world models currently being squeezed.

Everyone has to move up the value chain, as raw data and core content becomes ubiquitous, cheap or free. And 2005 will be a great year for RSS, demonstrating that alerting and awareness remain just as important as searching and locally archiving.

6. Buy Google and good night? So Search has it all wrapped up? Google, in its efforts to create a supreme user-driven advertising market, will overcome Yahoo! and MSN, sweep all before it and remove the need for value-added content-based service environments?

We predicated that users would want to go to one place and find everything they wanted but our clients increasingly tell us that there are domain specific locations and that they need to have a great deal more value than Search alone. And the Search that they have needs to be geared to the domain, do really domain-specific things with the taxonomy and the inference rules and begin to create that Tower of Babel that Tim Berners Lee calls the semantic web. The fact that the latter is not currently very fashionable is a sure sign of its imminent return to being a central concern.

Word matching and citation indexing is really far too crude a way to conduct intelligent retrieval on a knowledge-based network. Perhaps we shall see the Google hegemony (probably never more powerful than it is now) as the breakthrough point, followed by an age of more specialised mini-dinosaurs with highly developed niche capabilities. Search will remain vitally important, even after we have ceased to capitalise the word but only in the context of all of the other networked services that users need as well. Long after Google has been sold to General Electric, clever scientists with sharper algorithms will be developing uniquely intelligent ways to discover scientific claims or patent assertions, where no keywords are present

in the text or the critical search object is an image. While we will always have affection for the breakthrough that Google achieved, it will be as a memory, not a future.

7. Migrating to new business models. Then we called it 'locking the content into workflow and process'. In some optimistic late 'nineties fashion we dreamt of allying content to the working process being undertaken in such a way that unique value was created – and the content supplier was 'locked into' the requirements of his customer. Our theory only locked two components: an idea of how the workflow or decision-making process took place and an idea of what content was integral to the process and what was superfluous. While clients were kindly disposed towards the idea, especially when we called it 'community' (whatever that then meant) we were both quietly relieved when it faded from view c. 1999.

Now our clients tell us that it is vitally important to understand the workflow value-chain and analyse how content added at one point in the flow changes value and becomes more significant as decision-making escalates. They tell us of communities of information workers gathered around these workflows, often in different parts of an elongated value chain, and the way in which they may be induced to look to a single supplier as the source provider of content and integrated process software across the value chain.

This is a migration – we are moving south in a new ice age – towards recognition of content's access and contextual significance during a working process and no practitioner can achieve this migration without combining the process software with the content. Those clients who a decade ago regarded software developer acquisition as creating 'impure' business models are now in the front line acquiring companies, rights or alliances to ensure that they have the right content-to-process combinations to fit the value chains that they have now recognised.

And we are still only half a generation on from those content providers who said "just subscribe, and use it as you will, for we are not too interested in what happens post-acquisition". In 2005, we already see prototypes of analysed workflow value

chains turning into process-based services and, as a result, we shall see the development of publisher/content providers who are as much software-based as content-orientated.

But with this migration comes a dawning recognition: users only want one – or a choice of two – service providers in this context. Two who do everything is a better competitive choice than ten who do some elements. In this evolutionary pathway, flexibility is probably more important than sectoral excellence. The tree shrew that emerges from the age of the dinosaurs will not be more clever or bigger but more adaptable along the path that leads to generalised mankind. In 2005, we shall be watching the players who really understand the working value chain and know how to adapt to it.

8. The 'Big Players' go first. In the first instance, the big information services players are minnows in a convergently competitive ocean. Set aside our definitions of dominant players in the information services market: once you bring process software into play, the pool suddenly enlarges enormously. The world's largest educational content player is only a third of the size of the world's largest educational services supplier. The revenue base of each of the major information services players is only a fifth to a quarter of the size of IBM or HP.

In the second place, the first attempts on 'whole value chain integration' will necessarily be made by those companies who have enough content and enough investment capital and enough imagination to make the attempt. This argues for the major players in the information services sector getting bigger, absorbing and consolidating vital niche players and content holdings and buying into the software process sector in order to clothe their analysis of the process involved in the necessary values.

We expect these major players to become hybrid operators, as deeply and seamlessly involved in software development as in content production. They will forge new relationships with the industries concerned, beyond the arguments over source data and service values that bedevil market relationships now. They will be strategic

partners in these vital niches and domains – and they will need to be big to survive. Where they are currently conglomerates, they will release their own resources across the business and professional marketplace to encourage effective collaboration between their own divisions. The next range of market leaders will be in the \$15-20 million revenue base range in 2010 and their markets will be definably global.

9. And 'Global' was his name. 'Global' is another of those late '90s words, fully invested with early 21st century 'meaning potential' but largely undefined in the meanwhile. We told our clients that they would be developing ways of selling mature products to immature markets. They corrected us and taught us that they would have to learn afresh how to understand high growth markets well enough to develop value-chain answers to similar questions that they had already faced elsewhere.

In the late 1990s this looked like a hypothetical question at best: in 2005, with the growth factors pushing the Indian and Chinese economies forward, it looks like an urgent question.

Since in 2010 there will be at least three Chinese and two Indian companies in the Top 10 global information services league table, the questions of how to live with them, which one to buy (or which one will buy you) become hugely engaging. It is worth remembering that just as Silicon Valley might never have occurred without Indian 'in-sourcing', the information services migration confidently discussed here is unlikely to materialise without Indian outsourcing – and the fact that such software development capacity is so readily available is a strong underpinning for the forecast itself. So growth will come from global markets but its route may be more circuitous than we currently think. EPS will devote a great deal of energy to analysing APAC markets from 2005 onwards, since the way that this evolution progresses will be the critical force in dictating five year strategic plans thereafter.

And so we emerge from the information Ice Age and migrate to environments suitable for new information industry life forms. It is not however a wholly strange landscape that greets. It is peopled with ideas that we have already encountered, out of context,

before their time. For the next twenty years EPS intends to go on listening to its clients: they may laugh or look askance at our wilder ideas but they are usually right on the one fundamental that matters. Timing. But then, that's evolution for you.

From the EPS Archive

[Towards a Corkscrew Theory of Knowledge, imi](#)
January 2004

[Ruminations on 2003, imi](#)
January 2003

Viewpoint

Podcasting arrives

by Tony Feldman, editor, imi

Every new year surely demands a new term of art for internet publishing. This year it's [podcasting](#), a phenomenon that arrived a few months ago and is already spreading through the web like a firestorm. The word was first coined early last year by Guardian journo Ben Hammersley in an article about the [future of radio broadcasting](#). A few months later, MTV VJ, Adam Curry, had contrived [ipodder](#) script to make it possible to turn podcasting into a commonplace reality. Soon the first aggregated podcast feeds were being demonstrated by sites such as [Ed Radio](#). From a standing start, the number of podcasting initiatives is heading into the thousands led by the blogging community which has spotted podcasting as a golden opportunity to wrest dominance of broadcast audio away from the incumbent radio majors and put it firmly in the hands of the people.

The idea underpinning podcasting is simple and depends on the phenomenal success of the Apple iPod MP3 player and its numerous imitators. Up to now, users of these devices have typically busied themselves downloading thousands of their favourite music tracks either ripped off CDs, snatched from various file sharing networks or purchased legitimately from online music stores such as Apple's highly successful iTunes. But the MP3 files downloaded by the music loving communities of the world do not of course need to contain music. Any form of audio can be converted to the format. Podcasting therefore takes this notion adds in the infrastructure of web aggregation and automatic content feeds and comes up with a new concept in on-demand radio. The content itself can vary dramatically. Last month, for example, the BBC offered Melvyn Bragg's esoteric Radio 4 discussion programme '[In our time](#)' for MP3 download and had over 70,000 takers. Elsewhere, home spun productions such as the recently created '[Dawn and Drew](#)' comedy show are acquiring a big fan base purely by word of mouth.

But Podcasting is more than just another name for internet radio. First, it rides the vastly successful MP3 audio format which today fuels 'on the move' listening all over the globe. Second and most important, software such as ipodder allows the audio files to be pushed to those subscribing to the feeds via auto delivery systems such as [RSS](#), [Atom](#) or similar. This means that once you put your name down for a particular podcast, each update will be collected via your syndication reader and delivered to your PC. Better still, software is now around to let you leave your MP3 player synched to your PC while it automatically gathers all the updates you have signed up for. So instead of pining for a programme that isn't broadcast to your geographical location, being forced to listen to what and when a radio programme scheduler determines or dipping in the growing range of dedicated audio products, search the expanding universe for podcast riches and create your own audio goldmine, available where and when you want it.

There are some drawbacks. First, there is the issue of bandwidth. Audio files are much bigger than text files and some of the more popular podcasts are now serving hundreds of gigabytes a day. Multiply this by a huge number of emerging podcasters and the real bandwidth cost begins to become apparent. Second, quality ranges from the professional (thanks to the BBC and other majors) to the laughable. The ease of podcasting is both its strength and its Achilles heel. Anyone can become podcaster with zero broadcasting experience and just a modicum of technical capability. This is a great encouragement for a new medium but it is also promoting some amateur efforts that are more likely to send potential podcast listeners running for cover rather than thirsting for more.

But podcasting is potentially important not merely as a 'voice of the people' on-demand audio medium. It has huge potential to enhance the reach of existing commercial

web sites by giving them an audio dimension that can be accessed anytime, anywhere even away from a computer or online connection. Podcast news headlines can encourage listeners to visit the mother web site to get more on the stories. Financial and business roundups enriched with interviews and celebrity analysis can add value to online and paper-based feeds. Educational courses can be delivered at regular intervals. Guided tours and route-finding products can be delivered as and when needed. High profile conference content can be delivered in real or near real time. DIY, cookery and other step-by-step procedural content can be readily distributed to suit time to time needs. The list, as they say, is limited only by the human imagination. And remember, there are no geographical boundaries to distributing the content, listeners can choose what they want to hear and bespoke their own schedules of content while, on the supply side, costs are low to minimal, depending on how bandwidth and marketing is financed.

There is of course one massive potential fly in the ointment. A global, autodistribution system for wide-ranging audio content is all well and good but someone somewhere generally owns the content that is being disseminated. In other words, before we light the blue touch paper and ignite podcasting as an audio publishing revolution, we should draw breath and contemplate the issues of rights management it inevitably raises. For example, rights to content which is webcast via forms of streaming technology do not generally include the rights to permit downloading of the same content. There are

good reasons for this, of course, and before long the nervousness of rights owners will be expressed in litigation against offenders who overlook the difference between streaming and downloading, particularly when the downloading is in a format that can be readily used for file sharing. The music industry has been through years of trauma addressing this very issue and it is unlikely to permit podcasting of its content without some major safeguards in place.

So the revolution may turn out to be more a process of evolution if rights owners get their way. But podcasting will be the richer for it in the long run. Some of the spontaneity and anarchic fun may ultimately be lost but the medium will be higher quality and, perhaps most important of all, will be propelled into building robust business models to fund itself and turn podcasting from an interesting new form of internet content distribution into a commercially efficient new audio publishing paradigm. And guess what is first in line for monetising podcasting? Yes, you guessed it: podvertising!

Author Information

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Growth opportunities for information providers in small business markets

Real opportunity or a passing trend?

by Nick Evans, researcher, EPS

LexisNexis has just launched a pay-per-view access service to its data library aimed at penetrating the small to medium sized enterprise (SME) and the independent business professionals market. Few information providers have been able to reach this market in the past but with sales to large corporations reaching saturation point, the SME market is growing in significance for these players.

An overlooked market

Targeting small businesses and individuals has traditionally been difficult for large information providers. Their information products are usually offered as a package of content and workflow-oriented software tools sold via high-value subscriptions. This type of business model is really geared towards the needs (and budgets) of large corporations which can afford the cost of the subscription package. Consequently, it is this market which has provided the bulk of information provider's revenues over the years. Information providers have traditionally ignored small businesses, put off by the significant and tailored sales effort required to target a fragmented market with budgets which, individually, appear to be very modest.

Collectively, however, the small business market is a significant one. According to the Small Business Service, an agency of the UK Department of Trade and Industry (DTI), for example, 99.2% of all businesses in the UK were classed as small (employing between 0-49 employees) in 2002 and accounted for just over a third of all corporate turnover.

Hoover's: a lesson in targeting the market

[Hoover's](#), the business information provider, was one of the earliest providers to successfully target the SME market. Its business model is one factor that allowed it

to do so. Subscriptions are relatively low cost and [four levels of subscription package](#) are available, allowing new customers to balance cost against the features they wish to use. Actual pricing is then calculated on a per client basis according to factors such as the number of license users required within the company. The 'Hoover's Lite' package, for example, is aimed at individuals and small businesses on the tightest of budgets and offers access to the Hoover's database and a simple search function. At the other end of the scale, the 'Hoover's Pro Premium' subscription also provides access to a range of tool sets aimed at business professionals in areas such as sales, marketing and business development. The 'Target IPO Companies' function, for example, allows users to build lists of IPO companies including information such as IPO filing and trading dates and offering amount. Another function, the 'Build Executive List' feature, allows users to build lists of executives within particular companies or industries for marketing or sales purposes. An annual Pro Premium subscription for a five-user license is charged at \$11,995.

The Hoover's brand and sales strategies are at least as important in exploiting the SME market, however. Hoover's image is deliberately non-'big-business'. The web site and the Hoover's logo are bold and colourful, almost consumer in tone and the language used by the company is unpretentious, expressing business issues in everyday terms. Site functionality is also designed to be uncomplicated and the emphasis is on the clear presentation and easy manipulation of information.

The site was also launched very much with a dotcom attitude which was to sell and market hard in a targeted way. Telephone sales calls aimed at specific individuals or individuals within companies were a key part of Hoover's strategy and viral

marketing campaigns were also employed. This approach is more often used in selling consumer products but also works well in targeting SMEs – as business directory publishers will know - since pricing and package options can be discussed directly over the phone and shaped to meet the needs of individual customers.

Hoover's currently generates about 40% of its revenues from SMEs and individuals, a significant proportion in this market for an information provider. While the other 60% is still attributable to large companies, the balance between the two demonstrates that Hoover's has a strategy that can succeed on both fronts. Targeting SMEs and individuals in this way also need not preclude selling into the corporate market: it is worth remembering that individuals are individuals whether they work in a small company or a large one. For an individual from a large organisation interested in subscribing to the product in the interests of work, it follows that they would be likely to put in a request to the company's accounts department for a subscription, particularly if others in their organisation are subscribers too.

A shift in focus for the large players

A handful of information providers more traditionally focused on corporate markets have started to take a fresh interest in the small business market, however. Two high-profile examples are Factiva and LexisNexis.

Factiva

[Factiva](#) has set up several different channels through which individuals and SMEs can locate and purchase information.

The [Factiva Individual Subscription](#), launched in September 2003, provides access to a pared down version of the Factiva site which includes key service elements such as 'Search and Track' (allowing users to save search queries and to track the appearance of new information relevant to that query) but excludes facilities such as access to historical market data, company quick search, Investext and D&B. The basic subscription costs \$60 per year, with each Track folder (folders where filtered news and information from 'Search and Track' is stored) charged at \$9.95 per folder per month. Access to articles is then offered on a pay-per-view basis charged at \$2.95 per article.

Factiva was also one of the first companies to sign up as a content provider for Microsoft Office 2003, which now had a Research Task Pane embedded in Word, Excel, PowerPoint, Publisher and Outlook. Users of MS Office 2003 are able to search the databases of partner content providers from the research task pane and click through directly to the content. Factiva users could now search for Factiva content from the Research Task Pane and access that content directly. Factiva applied a pay-per-view model to content accessed in this way, again charging \$2.95 per article.

The \$2.95 pricing model was also maintained for content sold via the Wall Street Journal Online. An agreement with WSJ.com allowed users of the newspaper web site (for which a subscription is charged) to search for Factiva articles when logged in and to access articles through linked results.

LexisNexis

[LexisNexis](#) announced the availability of its pay-per-view [AlaCartel](#) service in December 2004. LexisNexis had an existing pay-as-you-go site, [LexisNexis by Credit Card](#) but the AlaCartel service is more obviously a search destination in itself, with a simpler user interface and layout which takes the user directly to a search screen. The AlaCartel service was also announced on launch as being aimed specifically at the SME market.

Users of the service are able to conduct simple or advanced searches for free and are charged only for articles or documents actually retrieved. Access to content is priced at \$3 for each news item, \$3-\$10 each for business research documents, \$1-\$4 for business public records and \$1-\$10 each for historical records. LexisNexis database of legal documents is not yet available on AlaCartel, though LexisNexis intends to add the feature this year. A 'Hot Topics' button also allows users to find news within predefined topical categories such as 'Terrorism', 'Iraq War', or 'Taxes 2005'.

OneSource

Business information aggregator [OneSource Information Services](#) has very recently introduced a 'streamlined' service targeted at sales and marketing professionals in SMEs. [OneSource Express](#) offers access to a package of core company and executive

information that is smaller than on its enterprise-scale [Business Browser](#) products but at a price that is affordable to this market. OneSource has also aimed to make the user interface on its Express product easier to use than on its enterprise products and claims that it offers a "zero-training interface". More straightforward functionality should place the product more firmly in line with the needs of SMEs.

OneSource Express is priced at \$5,500 for a five-user annual subscription, which includes the capability to download executive information for up to 1,000 companies at a time. A premium add-on costing an extra \$1,000 allows users to download unlimited executive information for 5,000 companies at a time. The release of the Express package represents the first move by OneSource outside of its market of large corporate customers and will take it head-to-head with D&B company Hoover's. OneSource is a unit of infoUSA's Donnelley Group.

Why are large information providers taking an interest in SMEs?

Sales of information products into large corporations in many business areas are reaching saturation point and the value of content itself has started to fall as the major information providers continue to add an ever increasing number of information sources to their coverage; the battle for the hearts and minds of users in corporate markets is no longer being fought on the grounds of information coverage but on the development of data manipulation and workflow tools as part of enterprise-scale software suites.

The collectively big market of SMEs and individuals is largely unexploited by the big information aggregators, however, and offers an opportunity to continue generating revenue from content itself.

Targeting information products at SMEs

In this market, complicated workflow tools are less of a priority and corporate-level suites of tools are beyond the needs of most SMEs. A choice of relatively simple tool sets built around searchable access to the base data is sufficient for the requirements of most SMEs. This level of functionality can then be delivered as part of an online product and priced at a level more in line with the budgets of SMEs and individuals.

An interesting approach to delivery of content and tools to SMEs has recently been introduced by both Hoover's and LexisNexis. Both recently announced the addition of personalisation options which will allow users to build their own gateways to the content available on the services. Called 'My Hoover's' and 'My Lexis', the personalisation approach has its grounding in consumer services and really caught the eye with the advent of the popular My Yahoo! and Amazon's efforts to boost sales through suggesting plausible accompaniments to products already purchased. The move of personalisation into business services looks like a strategy for capturing users as individuals rather than as just one licensed user within a large corporation.

A variety of subscription packages or pay per-view access models, perhaps combined with an option to choose from a selection of data manipulation tools as part of a customised package, would then add flexibility to the offering and make it more in line with the needs of a range of SMEs.

Other factors are also important in targeting small businesses, with many good lessons to be learnt, in particular, from Hoover's sales and marketing strategies. Any information provider looking to move into this market for the first time would be wise to explore new ways to market and sell to this type of customer and to think carefully about branding.

SMEs - a real market opportunity or just a passing trend?

This really depends on the success of the strategies implemented by information providers moving into the market. SMEs or individuals themselves show no signs of going away. It is also worth noting that none of the possibilities discussed in the previous two paragraphs, in either a product or a marketing sense, preclude continuing to sell into established corporate markets. They simply require clearly defined and separate strategies.

The greatest uncertainty at the moment lies in the possibility that the option of a lower-featured but lower-priced and easily accessible information service might cannibalise existing high-value corporate sales. This is a real possibility if corporate users are being sold high-value products but

are not making use of their full potential and see the cheaper offerings as 'good enough' for their needs.

Information providers trying new strategies in SME markets may want to limit the availability of certain data sets as well as tool sets on lower-priced versions of the service. They will certainly have to be very careful in striking the right balance in terms of maintaining the value of large corporate subscriptions and will need to pay close attention to product concept testing and the specific requirements of different types of user.

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From the EPS Archive

[The Move to "My": personalisation at LexisNexis and Hoover's, EPS Insights, 24 January 2005](#)

[Hoover's Online UK: down but not out, EPS Insights, 4 November 2004](#)

[Factiva and LexisNexis: together at last, EPS Insights, 18 October 2004](#)

[Factiva stoops to sell to the small players, EPS Insights, 9 September 2003](#)

Spotlight on ... web feeds

by Rebeca Cliffe, editorial assistant, EPS

Web feeds automatically deliver content from the web to the users' PC or other access device. Email feeds and newsletters are the oldest type of web feeds but since RSS feeds were developed in 1997 they have grown increasingly popular, driven in particular by their use amongst the blogging community. Now, RSS is driving the emergence of a new model of interaction with online content.

Traditionally, users 'surf' from site to site, locating the content of interest to them to read or download. This web journey is a highly active experience where the user reaches out to 'pull' relevant content from the web. Web feeds offer a very different model. From the paradigm of 'pull' we move to one of 'push', where the user sits back and waits for content to be delivered from the web.

Some RSS web feeds require the user to visit an RSS aggregator to view the various pieces of content that have been pushed from the web, in a way that bears some resemblance to email. Others require no participation from the user at all (beyond the initial set-up and permission processes), feeding content directly and automatically via a pop-up window that opens in the desktop. Feeds might be sent not only to the PC but to a mobile phone or personal digital assistant.

What platforms are fuelling this trend?

Email has traditionally provided the mechanism for delivering feeds of information from a web site to an individual user but it can be unreliable. Large amounts of 'spam' mail can contribute to the crashing of email servers and spam filter programs can catch users regular email newsletters from publishers. Also, email newsletters have to compete with a host of other messages from friends and colleagues, whereas in an aggregator program such as RSS a publisher is only competing for attention with the other content providers the user has signed up to.

Syndication formats such as RSS offer an alternative to email, allowing the user to receive automated updates of content from sites they have chosen. A reader or aggregator automatically checks these sites and pulls in feeds of the new content that has appeared. By allowing the user to view content from various sources in one place, the aggregator program saves them having to browse each of these sources separately.

Although there exist various competing syndication formats that can be used to deliver web feeds, the ease of implementing RSS has helped it become the most commonly used. RSS can stand for Rich Site Summary or Really Simple Syndication and is a format for syndicating site content provided in XML, via a defined set of XML tags. There are a confusing number of different versions of the format. [Netscape](#) developed the original version, 0.90, in the late 1990's and evolved it into 0.91. Then a company called [UserLand Software](#) picked this up and developed it gradually into version 2.0. However, in the meantime, a third non-commercial group had designed a new format based on what they perceived as the original guiding principles of RSS 0.90 and came up with RSS 1.0, which is based on RDF (Resource Description Framework). Of these, version 2.0 is said to be the most stable and allows developers to extend the defined XML tags to customise their own version of RSS.

Among the other syndication formats, Atom and JavaScript are two of the most common. Atom is an alternative XML web feed format that received a boost when adopted by the Google blogging service [Blogger.com](#). Feeds created using JavaScript are simpler than the more powerful RSS or Atom formats. Some sites may offer only RSS. Others provide feeds in multiple formats.

Push has failed before – why should it succeed now?

'Push' technologies were tested and found wanting in the late 1990s when the efforts of companies such as [Marimba](#) and [Pointcast](#) ended in failure. Companies such as these encouraged users to install proprietary client software which would automatically download information aggregated by the companies to the users' desktops when their PCs were online.

Today the market for push looks far more promising. For one thing, the underlying technology has become more sophisticated. One of the reasons for the failure of PointCast was that its technology could clog up corporate networks if a large number of people were downloading information at the same time. XML-based aggregation does not involve the downloading of content – instead, content is updated as the aggregator checks the selected site.

The environment into which the new version of 'push' is being marketed is also far more conducive to its uptake. Not only have the number of internet users grown dramatically since the late 1990's, we have now entered the era of high-bandwidth connectivity. Broadband connections mean that software can be quickly downloaded and allow attractive rich, interactive media content to be pushed to users. These connections are also 'always on', a factor that represents a crucial boost to the emergence of a push model where one of the key plus points is the delivery of timely content.

How are web feeds being applied?

Blogs and news sites have been at the forefront of the use of web feeds, but RSS is now also being applied in a host of other contexts.

Blogging has been an important driver of the increased use of RSS. RSS feeds are very useful to bloggers, allowing them to update readers of the topics being covered in their online diaries in real time. Readers who use RSS aggregator software can be kept up to date with the subjects being discussed across all the blogs they visit without having to visit each one separately.

Following its popularity amongst the blogging community, RSS has become increasingly popular amongst news publishers seeking to keep readers up to

date with news content appearing on their sites. The timely delivery of content made possible with RSS is a key reason for its popularity amongst news publishers. Most major news sites now offer web feeds, including [New York Times](#), [Washington Post](#), [Wall Street Journal](#), [CNN](#), [BBC](#), [Telegraph.co.uk](#), and [Guardian Unlimited](#).

The library and information science community is another area where web feeds are proving increasingly popular. One use is to alert subscribers to current activities (news and announcements) within the library. [Suburban Library System](#), [Georgia State University Library](#), and [Ohio University Libraries](#) are among a number of libraries using RSS for this purpose. Some libraries, such as the [Minneapolis Public Library](#), also use feeds for their web resources, while a small number of libraries also use feeds to update users of new additions of books, CDs and videos to the library collection. [Hong Kong University of Science and Technology \(HKUST\)](#), the [National University of Ireland \(Galway\) library](#), and the [University of Louisville Libraries](#) all offer this service. Feeds for e-journal issues and citations are also available at some libraries, as are feeds to promote instructional and reference services. [IngentaConnect](#) and [BioMed Central](#) both provide feeds for all of their journals' When vendors of electronic journals and publishers syndicate content in this way, users can choose to receive notification of new journal articles in their subject area.

Individual companies may offer consumers the option of setting up a feed of their new products and services. For example, [Amazon.com](#) offers RSS feeds in a variety of categories, allowing users to receive a feed of, for example, the top ten bestsellers in a particular category or a set of search results. [iTunes Music Store](#) allows users to request RSS feeds according to the type of music they are interested in and whether they want information on new releases, just added, top items or featured items.

Unlike systems where users must activate an RSS reader and visit an aggregator when they want to view updated content, companies such as [Skinkers](#) and [eDesktop](#) offer opportunities for publishers to push visually branded alerting information services direct to the desktop. The alert or new content is delivered automatically

without the need for any action and the content provider can define when and how long the messages are received and seen by the audience. For example, a solution created by Skinkers for B SkyB during a summer Test Match series involved B SkyB sending cricket news alerts via an animated icon of a batsman with messages appearing in a Sky branded window.

Skinkers also enabled the BBC to launch its free desktop news service. The [BBC alerts](#) are very short providing a bold headline in a branded window which opens automatically from time to time on the user's desktop. If the user is interested in getting more information about the alert, a simple click on the window takes them directly to the BBC's news web site where the full story can be read.

RSS can be used to syndicate not just textual content but audio and video as well. It plays an important role in the recent [podcasting phenomenon](#), in which marrying up the MP3 audio file format with automatic content feeds has produced the concept of a new form of on-demand radio. Using software such as [ipodder](#), users can subscribe to particular feeds to receive automatic delivery over the internet of audio files, via RSS or other syndication systems, which can then be played back on their portable music players. They will receive updates of each podcast they have signed up for and the store of audio that is built up can then be accessed at any time, making the individual listener free of the constraints of radio programming.

Podcasting uses RSS enclosures to provide an audio feed, a technique that could also be used for video. At present, the number of video feeds available is small compared to podcasting. Video has the problem of using a lot of storage and bandwidth and could be expensive for content providers to offer. Nonetheless, this is an area that will see further experimentation. For example, Yahoo! recently announced that [Yahoo! Video Search Crawler](#) will support indexing video enclosures in RSS feeds in the near future.

What does the future hold for feeds?

Web feeds have the potential to become a key mechanism for the electronic delivery of content but whether they fulfil this potential will depend on a myriad of factors.

One of the obstacles web feeds need to overcome on an individual level is that the user must make the initial step of downloading the application or RSS reader. It is worth noting that as RSS becomes more widely available on a variety of sites, its profile is likely to grow and at the same time the advantages of using RSS will become better known. Currently, it is only just beginning to register on mainstream consciousness. According to recent figures from the [Pew Internet & American Life project](#), RSS has made a significant appearance in the survey for the first time with 5% of people saying they use some form of aggregator or reader to receive news and other information as it is posted on a blog or other feed-enabled site.

The popularity of RSS will partly depend on the value it can demonstrate to the user. One aspect that could have a vital impact on this is personalisation, providing feeds that match the interests and needs of the individual user. Generic feeds require combing for pieces of relevant content and, particularly if fed directly to the desktop, could threaten to tip into the annoyance zone currently occupied by email spam. Ease of use is as important as relevance. RSS aggregation software needs to be extremely accessible and transparent if it is to have mass appeal. Web feeds raise issues similar to those associated with email marketing and content delivery. Once the initial permission is given, an automated delivery system brings convenience to the user but also some loss of control. Key to persuading people to subscribe is the knowledge that it is easy to unsubscribe if they wish.

Currently, RSS is used in the non-commercial arena of blogging, and most content providers who offer web feeds view them as a free additional service for consumers. If publishers were able to turn this service into a revenue stream in its own right, either through placing advertising within the feeds or charging subscription fees, the future would surely look rosy for the longevity of web feeds. The extent to which feeds can be commercialised will have a significant impact on the success of 'push' this time around.

The trend now emerging is the re-run of an old paradigm in new clothes and with significant new impetus. The 'push'

technologies of the late 1990's were ahead of their time. Today, both the technology and the market look more promising. If RSS continues to build momentum, this generation of 'push' technologies could prove a strand of online content delivery that offers some powerful commercial opportunities for publishers.

Author Information

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From the EPS Archive

[Spotlight on... RSS](#), imi, October 2003

[Viewpoint: Push Revisited](#), imi, June 2004

[Is it time to push?](#), imi, August 2004

A month in digital media – December 2004

Corporate and Financial News

20	The BBC announced further site closures ahead of its charter renewal to take place before the end of the BBC's 2005/06 financial year. The BBC expects to save £6m, equal to a tenth of its online spend, and plans to reinvest the money in projects that have a clearer public service value.
15	Pearson sold a controlling stake in Recoletos, the Spanish media company, for £513m in a management buy-off. Recoletos strategy diverged from the rest of the Pearson group, focusing more on general media than business newspapers.
14	Thomson, the French electronics and media services group, emerged as the first potential bidder for parts of the commercial assets being sold off by the BBC. Thomson is reported to have approached the BBC about the future of the BBC Broadcast division, which handles channel and programming transmissions.
8	The BBC announced plans to sell non-core commercial operations and to withdraw from areas such as consumer books, educational publishing and outside broadcast services. The Corporation expects to raise between UKP200m - UKP250m through sale of the assets. The Guardian reports that the Department for Culture, Media and Sport is likely to put the BBC under renewed pressure to sell more of its commercial assets, however.

STM

3	The Thomson Corporation announced enhancements to Delphion productivity and analysis tools which will allow customers to leverage Derwent World Patents Index (DWPI) and full-text patent office data in their intellectual property workflows.
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B2B

23	United Business Media (UBM), the UK publishing group, announced it will de-list from the US-based NASDAQ exchange and end trading of American Depositary Receipts (ADRs) from March 2005. The company made its decision due to "the uneconomic nature of maintaining this very thinly traded security."
20	Reuters acquired loss-making market data group Moneyline Telerate from One Equity Partners, a unit of JP Morgan for \$100m in cash as well as its 14% stake - worth around \$75m - in communications network provider Savvis Communications Corp. The deal will allow Reuters to challenge Bloomberg's dominance of fixed income markets more effectively.
16	United Business Media announced it will escalate its 'major programme' of offshoring and outsourcing. Since 2000, UBM has cut £215m in annual costs, and recently commented that it expected year-end results to reveal profits at the higher end of expectations.
15	Axel Springer's financial publishing subsidiary Finanzen Verlag announced the acquisition of monthly German financial magazine Euro from Verlagsgruppe Handelsblatt. The acquisition came into effect on 1 January 2005. Axel Springer merged the magazine with its own monthly financial magazine Finanzen. The merged title is called Euro mit Finanzen and will sell for €5.5 per issue from February 2005.
2	VNU completed the sale of its World Directories group to the World Directories Acquisition Corporation for €2.075bn. VNU plans to use at least half of the proceeds to pay off debt.

Education

14	ProQuest agreed to acquire privately held Voyager Expanded Learning, a provider of reading curriculum and professional development programmes for US schools districts, for USD340m in cash and \$20m in stock. Voyager was on course to generate revenues of approximately \$85-90m for the calendar year 2004 and is expected to grow by more than 20% in 2005.
13	UK telecommunications company BT launched a trial of its Learning Centre for Schools, an online e-learning resource. When the four month pilot is complete, the learning centre will be made available to all UK schools.
7	Thomson Gale launched the Nineteenth Century Collections Online project. The collection

will provide searchable access to books, newspapers, periodicals, manuscripts, and other miscellaneous printed works.

Legal, Tax & Regulatory

- 10** LexisNexis US [acquired](#) Gould Publications, a publisher of law enforcement handbooks, CD-ROM training courses, Homeland Security Publications and training materials. LexisNexis US [also acquired](#) Interface Software Inc., a provider of CRM products to legal and professional services firms in the US, UK and Australia.
- 3** LexisNexis US launched a [pay-per-view content service](#) aimed at the small-to-medium sized enterprise and independent professionals markets. Users of LexisNexis AlaCarte! can search LexisNexis' content for free, paying only for documents accessed or downloaded. The site currently only provides access to LexisNexis' business news, business public records and government information; users will gain access to its legal information from next year.
- 1** Wolters Kluwer Corporate & Financial Services [acquired](#) Summation Legal Technologies, Inc, a developer of integrated litigation support software. Summation's products and operations will be folded into Wolters Kluwer company CT Corporation, a provider of registered services and workflow tools for governance, compliance and litigation.

News Information

- 22** Independent News & Media announced it will [acquire a 26% stake](#) in leading Indian media group Jagran Prakashan for £17.7m (E25.5m). Jagran Prakashan publishes Hindi-language newspaper Dainik Jagran, India's largest selling daily paper with a circulation of about 2m. The deal is subject to approval by the Indian government.
- 22** Beijing Media, the commercial arm of Chinese newspaper Beijing Youth Daily, saw its [share value climb](#) by 20% in its first day of trading on the Hong Kong stock exchange. Shares closed at HKD22.7, having peaked at HKD23.75 on an initial offering price of HKD18.95.

Advertising

- 21** Verity and Yahoo! [announced work](#) to place text ads next to desktop search results from the user's hard drive. This expands Yahoo!'s search advertising inventory and could also provide a model for enterprise search companies to make money from an advertising revenue stream.
- 7** Yahoo introduced a [new paid inclusion service](#) that gives businesses more control over how they are depicted in the Yahoo Local directory. Users can now modify a basic listing at no extra charge or have the option of paying \$9.95 a month for an 'enhanced' listing to which they can add extra information, photos and links to promotional pages.

Content Law and Regulation

- 15** A key part of insurance company GEICO's [trademark infringement case](#) against Google was rejected by a federal judge, who ruled that there was not enough evidence of trademark violation to bar Google from displaying rival insurers when searches are made for the word "GEICO". The case continues to move forward, however, in seeking to determine Google's liability for instances in which sponsored links use GEICO's name in either the text or URL of the link. If Google is liable, it would be in violation of both federal law and its own copyright policies.

Content Technologies

- 30** eBay announced that it will [drop support](#) for Microsoft Passport on its auction sites from late January 2005. eBay, one of the earliest adopters of Microsoft's Passport service, said that few of its users were signing in through Passport.
- 14** Google [started a project](#) to scan millions of books from Oxford University, Harvard University, Stanford University, the University of Michigan and the New York Public Library to make them available online through its search engine. Google plans to digitise around 15 million books, a project that will cost an estimated €110m and take as long as 10 years to complete.

EPS customer research and consultancy services



The EPS service range is divided into two distinct areas - the EPS Market Intelligence and Advisory Service and market research and consultancy services.

The EPS Market Intelligence and Advisory Service is a subscription package of market intelligence publications and briefing services tracking developments and strategies in the digital content marketplace. The Intelligence Service divides into a number of core elements. Further information is available on our web site (www.epsltd.com) or can be obtained by contacting us directly via David Worlock, Sales Director on telephone number 020 7837 3345 or via e-mail at drw@epsltd.com.

EPS also provides a wide-range of custom market research and consulting services. Its core competencies include:

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imi

An Electronic Publishing Services publication

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imi is published monthly; subscriptions may run from any month; rates are £195.00 per annum.

Electronic Publishing Services is a strategic consultancy and research organisation specialising in the impact of digital media on publishing businesses of all kinds. *imi* is published monthly by EPS and is available independently or as a part of its Market Intelligence and Advisory Service, a subscription service providing clients with confidential alerting, briefing and consultancy services.

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