Meeting 3D-project

date: 11-05-2010
Location: Seats2meet, Utrecht

Schedule
Introduction: Piet Bakker
Speaker 1: Hans Janssen – CEO Woodwing software
Speaker 2: David Beckmann – Consultant Danish newspaper association
Workshop: Jan Bierhoff

Introduction
Iliad entered the market with a product called e-reader about 6 years ago. Together with the Kindle and Sony readers these products now dominate the market of eInk readers. After the e-readers the tablet appeared - Apple's iPad sparked the market in this respect. Also hybrids - an eInk screen on one side, a video screen on the other – were developed.

Key questions:
- How will the market be dominated?
- What should the strategy of companies be?

Hans Janssen: The workflow of digital publishing

Although it depends on the type of publication, it is likely that you are able to create the same lay-out for both print and digital publication by extending inDesign with some simple applications.

In the publishing process, the planning (gathering, selecting and managing information) is the same for every medium. Separated editorial offices will disappear in the future movings towards a 'media neutral editorial process'.

Woodwing created the first digital edition of Times magazine for the iPad on the day of the device's launch. In this respect Apple is a 'game changer':
- iPad is much better than the existing (other) tablets
- They might change the publishing market with the iPad just like they changed the music (iPod) and mobile (iPhone) market.

The iPad made publishers realize that they have a future in digital publishing.

Needed steps in the workflow:
- Creation tools: Tools to create the content (like Woodwing software)
- Delivery platform: from where readers can get their content
- iPad application (or app. for other tablet): to read the content

Woodwing created extra features for inDesign. It enables the creation of slideshows for digital publications where in the paper edition would be one single picture. Other content that can be added: video, audio and even live website content (see the content that is on the website at the time of watching the visual in the digital magazine).

Where is the money?
- Decline in advertising expenditures all over the world. To keep the level of income at least stable, publishers have to cut costs [by using efficient tools]

- Publishers expected to make a certain amount of money with online advertising. This amount is realized but most of it not by publishers but by Google (adwords).
- The money made on the web does not flow back to the publishers, therefore online revenue is not as expected.
- Tablets could help turn this trend around.

Business components (based on last months, mainly in US)

- Using the same tools as would be done for paper publication is efficient -> journalists/editors do not require much training to understand new tools. Less new employees have to be hired.
- 80% of the digital publication can be created by the time the print edition closes -> no need to wait for content from print edition to be delivered, it can be done at same time.
- Extra costs that have to be made are largely just IT investments (Woodwing did it for €20k)
- Rumors are that some publishers want to re-launch already ceased titles in a digital version
- Same tools – new results

Advertising revenue

- Rumor: Time realized US$ 1.6 million in first 6 editions which is more then on other platforms
- Advertisers can be given infinite possibilities for graphic advertising like 3D. The reader can choose to skip it.
- Currently the creation of ads is limited since the publishers now create it, this will change into a situation similar as on the Internet.

What to charge?

- Time asked US$ 4,99 (more than printed version) but this was not received well
- Start with a high price since you can always decrease your price later.
- In-app purchasing now available
- Consider single copies via the Appstore VS subscription via own store
- Beware of: integration with subscription system
- Via appstore: you have to pay 30% of the income to Apple and do not receive any customer information

Frontstores:
Advantages of opening an own frontstore:

- Avoid paying the 30% to Apple
- Therefore also get to know who reads what (customer information)
- Tied together by ‘common enemy’
- Perhaps even bundling digital product with print product

Many small players around the world are active to organize such things.

The value of design

- Seems that readers are willing to pay for a nice design and not for ‘web-ish’ content
- This is obvious for magazines but what about the newspaper? -> Show the readers that you have thought about the design

Publishers should be encouraged to take the small step and start discussing it in the company and testing software etc.

(Q from audience) Can specific version of publication be created per user profile?
(Answer) It is not yet done but possible, question then is where to make the difference

David Beckmann: The future of Danish publishers.

In Denmark a new group was created to discuss how to go forward together in the future: the News Association. Manager David Beckmann traveled all around the world to find examples and ideas for future plans to inspire Danish publishers. Het picked a lot of interesting information up in the US.

The way to go forward is to work together but this is hard since the publishers are traditionally protectionist; they do not want to share information, it has to be pulled out of them by a third party.

E-readers were the catalyst for this but now the focus is not on a certain single device that will save the industry. They have changed to focusing on what the consumer wants and how they consume news instead of just creating content and throwing that at them.

Phase 1: research phase – What are the targets? What does the consumer want?
Phase 2: Which platform can handle it the demands? Learn from trial and error, not focused on one device. Make mistakes together. Learn from the mistakes.

The future will be mobile interaction. Starting point is a research with a “Small focus group of about some thousand people”, and perhaps create a competitor for Google news etc.

Publishers are now all working on iPad applications ‘in their own little world’ while they could better work together and share the knowledge.

The content should not be exclusive but sold to several fronstores.

(Discussion – interesting comments)
Beckmann: Users are not willing to pay for content but they are willing to pay for the service and how this service is delivered to them, even when this content is available somewhere else for free.

Beckmann: Generate content that users want but not on a specific device and then see what they prefer.
Janssen: Create content on the iPad and let users experience it.

Bierhoff: Standing newsrooms are stumbling blocks for experimentation

Workshop … : Define key actors & main change drivers and assess possible transition scenarios

Scenarios are <u>not:</u>
- A prescribed development path
- A concrete set of guidelines

Scenarios <u>are:</u>
- To master uncertainty

- To help define possible strategies

Key actors and their stake in the change:

- Incumbent media companies	Staying alive
- Start-up e-reader initiatives	Getting a life
- Content aggregators	Connecting the dots
- Content suppliers	Getting the message across (regardless of media platform)
- Media consumers	What will they accept? (willingness to pay)

(comments from discussion)

- Hardware producersn	e.g. Apple controls the market of the available Apps
- Advertising companies	maybe a separate group within content suppliers
- Network providers	e.g. Vodafone + concerned with intellectual property
- Repositories	make their content available
- Umbrella organizations	perhaps as catalyst but should take off hands later
- Knowledge institutions	active but small role

How important are the content aggregators?
Aggregators like Google hurt the (mainly bigger) players in news publishing but we should better play with them, companies can be helped as well by aggregators (by linking)

Are kiosk's (Amazon & iBooks etc.) also aggregators or separate players?

Some printing houses will unfortunately disappear, sometimes players in a market have to disappear when the market changes. New e-printing houses are being created -> deliver content which they will make publishable. Perhaps current publishers can take up this role as well.

In Finland there is a large project (35 part-takers and 9 research organizations) ongoing to build a 'testlab' for media/publishing projects. In Switzerland publishers are already working together for several media.

Main change drivers:

- Dropping advertising revenues – Digital advertisement does not deliver much revenue
    - economical crisis has influence drop in advertisement but market will not recover fully when recession is over.
- Shrinking readership – The publications with highest number of readers also experience fastest decline
    - The decrease is slowing down, those who wanted to leave have done that by know, these number will increase again in the future, when the babyboom gets too old/dies.
    - Readers have always walked away from newspapers, problem is that no new readers are subscribing
    - Online the readership is climbing
    - The younger and older generations are two completely different worlds
- Declining credibility - not the most important point in the Netherlands

- Waning attraction – news is published on social networks, is this a trend?
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(comments from discussion): Companies notice a lot of resistance internally

Business model variables:

- Attitude – immediate action or reflective response? -> In Denmark two big companies took actions without thinking it over and eventually fell over.
- Strategy – compete for the market or collaborate to have the market? -> Readers might be interested in different newspapers at the same time but publishers often hesitant to collaboration due to differentiating views (political, religion etc)
    - Even in highly competitive markets collaboration sometimes is the best step
- Mandate: investment in future prosperity or cost saving opportunity? -> innovation never comes from within the company
    - (Arnold Nap, Telegraaf) "We are not very innovative, even an extra edition on Sunday is called an innovation"
    - (Piet Bakker) "Not every innovation has to work and having such things as separate subscriptions for weekend editions are innovations as well"
- Pricing: Free or Fee (service or content), user- or advertiser focus? -> People do not want to pay when they can also get it for free
    - there are 60 possible pricing models around
    - Not paying for one article but for the whole package
    - The more time the people (have to) spend with the application the more willing they are to pay for it
    - More likely to pay for something on iPad (etc) then in internet browser since it is easier
- Target groups: Niche or main, present or new readership? -> People might use 2 different types of media at the same time
    - Publishers are too afraid that already subscribed readers will unsubscribe when new media are introduced
- Content: Existing or original, standardized or customized? -> Are the newsrooms capable of changing so that new content can be created?
    - Have to collaborate or find new specialized parties to help creating new content
    - Traditional newspapers will have to collaborate with new parties, if they stay in their old habits they will disappear
- Organization: -> existent newsrooms have to be evaluated, need of input from external parties
    - 'organized exile' = someone leaves the company to do (learn) something else for a while and comes back letter with new, fresh views

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