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Paper No. 5
Vision for Online Publishing in the New Millennium

Strategies for Successful Internet Publishing

Overview

1. A quote by Rupert Murdoch
2. Dominance of digital media
3. Vision for online publishing in the new millennium
4. A publisher's position in a network of partner companies
5. Outlook
6. A quote by Dr. Klaus Eierhoff
1 A quote by Rupert Murdoch

"Many of us used to be big fishes. Nowadays we are all nothing but little fish, surrounded by two large sharks."

Rupert Murdoch, CEO Newsgroup (5th largest media group), 2000, about the growing market dominance of AOL and Microsoft

Dominance of digital media

Digital media is rapidly dominating traditional printed material. Through the arrival of the WAP-technology its growth will further be stimulated.
Customers are increasingly demanding "one-face-to-the-customer" concepts. Successful online companies such as YAHOO! or Amazon.com have implemented such approaches into their websites.

The following hypotheses form the basis for a vision of the publishing future in the next millennium:

**Aggregation Hypothesis**
"Publishers have to aggregate the information, interaction and transaction requirements of a defined target group as fully as possible on one website in order to ensure survival in an increasingly dynamic competitive environment."

**Self-image Hypothesis**
"Publishers have to revise the mostly journalistic, cultural, or educational image they have cultivated in online business up to now and replace it with an image that is essentially more like that of an information and service broker."

**Publication Cycle Hypothesis**
"Publishers have to take account of the fact that the Internet levels out the publication cycles and consequently obscures the dividing lines between the various (print) media."

**Value-added Hypothesis**
"Publishers have to take account of the fact that the Internet levels out the publication cycles and consequently obscures the dividing lines between the various (print) media."

**Value-added Hypothesis**
"Whatever their present position in the online business, publishers have to replace their present value-added chains with new ones."

**Network Hypothesis**
"Publishers who do not network with service, technology, and media partners will have no chance of becoming permanently established on the Internet. Online publishing ventures without cooperating partners are bound to fail."
Vision for online publishing in the new millennium (3)

Publishing on the Internet will increasingly take place in a network of technology-, service- and media companies. Publishers will play a key role in aggregating contents and managing partners.

Network hierarchy:
- Level 1: meta-network
- Level 2: macro-network
- Level 3: micro-network
- Level 4: stand-alone

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Vision for online publishing in the new millennium (4)

The following example shows which contents and partners could form the meta-network "Leisure Time":

- Meta-network: leisure activities
  - sports, outdoor, pets, entertainment, family

- Macro-network: sports
  - football, tennis, basketball, bowling

- Micro-network: soccer
  - reports, statistics, fixtures, podcasts, online content

- Stand-alone
  - online content brought into the network, external publishers of micro-network content

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3 Vision for online publishing in the new millennium (5)

The integration and management of partners is the single most important success factor in setting up a network. The "co-operation triangle" below illustrates the different roles:

- **service partners**: Do the relevant (software-)applications already exist for certain online services?
- **media partner**: How can the publisher's own content be feasibly supplemented with external media and service content to produce a "unique"/value-added content offering?
- **technology partners**: Are the (publishers') applications of the media partners technologically compatible?

3 Vision for online publishing in the new millennium (6)

The functional focus on the different levels of such a network differ significantly from each other:

- **meta-network**: great importance
- **macro-network**:
- **micro-network**: minor importance
- **stand-alone**
Displacement and Consolidation Hypothesis. At the micro-network level, there will be merciless competition, "squeezing out" individual operators and/or publishers. Publishers can move up into macro-networking if...
• they have successfully applied the rules of the micro-network game
• they have enough management, consolidation, and financial strength to run an expanded network.

Publishers have limited long-term prospects for web survival if...
• the organisational, financial, technical, cultural, and market-related demands of a micro-site have been partially met at least part of the site content is unique
• not enough of the site content is unique.

Ancillary Supply Hypothesis. The network publishing pyramid is increasingly developing into an ancillary supply pyramid with specialised and interchangeable content suppliers at the lower levels.

Network hierarchy
Level meta-network
Level macro-network
Level micro-network
Level stand-alone

Analogy: automotive (supply) industry
OEM
systems integrator
module supplier
parts supplier

articles/authors
Publishing houses starting on the micro-network level have three different options:

**Publishers can move up into macro-networking if...**
- they have successfully applied the rules of the micro-network game
- they have enough management, consolidation, and financial strength to run an expanded network

**Publishers have limited long-term prospects for web survival, if...**
- the organisational, financial, technical, cultural, and market-related demands of a micro-site have been partially met
- at least part of the site content is unique

**Limited prospects of surviving on the web, if...**
- the organisational, financial, technical, cultural, and market-related demands of a micro-site have been barely, or not at all, met
- not enough of the site content is unique

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**Diebold**

4 A publisher's position in a network of partner companies

The position a publisher can reach in a network of partner companies depends primarily on his market position and its online innovative power.

- **Innovators**
  - Online Innovative Power: dominant
  - Market position: stand-alone

- **Stragglers**
  - Online Innovative Power: weak
  - Market position: dominant

**Network level**
- meta
- makro
- mikro
- stand-alone
Completion of Checklist

Please take your time to fill in the following four checklist, which help you to define the position your publishing house will be able to find in a network of partner companies.

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Through the aggregation of different meta-networks "Life-Portals" or hyper networks will emerge. The aim of such a hyper-network would be to consolidate all the interests and concerns of daily life (personal, professional, and official) comfortably and comprehensively on one website.
It can be expected that in different language areas of the world several hyper-networks, each consisting of the aggregation of different partners and contents, will compete with each other.

"If we do not have the courage to open the way to new distribution channels for classic media, accepting the fact that there will be some substitution effect, competitors from other sectors will be the ones generating revenue with e-business."

Dr. Klaus Eierhoff, CEO Bertelsmann Multimedia Group, 1999