2003 – International Symposium on Online Journalism

Panel 4: Trends and Forecasts

What is next in online journalism?

Moderator:
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Panelists:
Vin Crosbie, President & Managing Partner, Digital Deliverance LLC

Larry Sanders, General Manager, Austin American-Statesman.com

Christopher J. Feola, Vice President of Technology, Belo Interactive

Nancy Regent, Vice President & Managing Editor, Hoovers.com

MARTHA STONE: …What we've really been talking about all day is what we've been doing with our industry, what's been happening with our industry? What are our successes and what are maybe our failures.

But this panel is all about looking to the trends that have been working and then applying them to what could be happening for our future. …(inaudible) really look toward what this industry could be and can be for our success. And we're also going to mix it up a little bit - not only the content and focus - but we're also going to mix up the format and keep it moving and keep the ideas flowing. So instead of having each person speak for a long period of time, we're each going to speak in a round robin format for about five minutes apiece on each topic and go around on four different topics. So we're going to kind of do some quick hits, talk about some stuff, and then at the very end we'll allow you to join in on the fun and give your questions and comments about all these comments.

But first I'd like to introduce everybody. I'm pleased to introduce to my left, Larry Sanders, who is the General Manager of the Austin American-Statesman.com. Then we have to his left, Vin Crosbie, the Chairman of Digital Deliverance and long-time member of our industry since the very beginning. Same with Chris Feola, Vice President of Technology for Belo Interactive in Dallas. And finally at the very end, Nancy Regent, the Vice President and Managing Editor of Hoovers.com. I know they have a lot of interesting ideas and outlooks for you today.

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So, what we're going to do is, we're going to talk about basically four general topics. First of all, we're going to talk about online news and journalism, why we exist in this world today, and we're going to each give our approaches on trends and predictions for journalism.

Then we're going to go on to the topic of technology. After that, we'll go on to revenue models and after that we'll wrap it up with general ideas and basic wrap-up comments. So with that I would like to start with my five minutes of fame on the idea of journalism and talk about the kinds of things that we've been dealing with at the Newsplex which is a training facility for converging journalists, but we also are a working newsroom and did some work for the war coverage and broadcast that from our facility in South Carolina.

Some of the key topics that we've been talking about at the Newsplex is the idea of audience focus, culture clashes as a real issue that we must deal with in our newsrooms, and then lastly the new newsroom roles that are required for a converging newsroom. So those are the kinds of topics I'm going to talk about in terms of journalism.

Very briefly, audience focus. We all know if we've been in this business for any length of time that traditional journalists have a special view on the world, and that special view is that we tell the audience what the news is. And that is changing and I think you've been hearing a lot of that today - that our view must change in order for us to compete in this environment. And also, it's the right thing to do because the audience is demanding to be listened to about the kinds of content that they want. So the kind of audience focus issues that we've been talking about, as if to say, the audience is in the driver's seat, is that we really need to first take a very close look at what they want and then deliver on that, looking carefully at key indicators of what they're telling us they want. And I'm going to go into a little exercise that we go into at the Newsplex. One caveat here, though that I do want to say - but that doesn't mean that we've stopped being journalists and stopped making news judgments. By no means is that true. It just means that we change our focus from an inward to an outward focus.

So, how do we determine what the audience wants, anyway? Well, a lot of us are already doing this sort of thing. We're registering our users and we're asking them some of their preferences and where they're coming from and we're studying the user logs. We're taking a close look at what they're actually consuming on our websites. Some of us are actually doing usability testing. Some have been going so far as to, after doing the usability testing, doing profiling on who is actually using the site and then putting up posters of those imaginary groups that we've identified as if to say, the journalists and the people in the newsroom should be taking a close look at every day, and every hour of the day, every minute of the day of what those users are all about and we should be delivering on what they are asking for. And we

can also use the tried and true focus group to find out what they want. I would recommend a variety of these approaches.

Lastly, what we do at the Newsplex is we put our participants through an exercise of first identifying what their particular audience is - because not everybody's audience is the same - to determine what are those groups. So our last group that came in was the Manchester Evening News, Manchester, UK. And of course Manchester United is their big football team and they basically count their rabid Manchester United users as one of their huge groups that they deliver content to. So that was one of their profiles and then they look at the kind of profiles that we all have in our groups - perhaps the stay at home mom, the business person, the youth, and those audiences we must deliver to as well.

Then we map out what they want, we ask ourselves what kind of content do they want. And then finally we look at all the different ways we can deliver information to them. Via wireless, via the online, via any new platforms that might come along. Very briefly, since my time is running out. Culture clash is the number one problem that we're seeing as we are identifying the problems going on in converging newsrooms. Number one problem is I think what Nora calls the human element - but what was the jazzy word that you used, I can't remember now. We were talking about this last week. Anyway, it's really the human issues rather than the software and the hardware. It's the wetware, thank you. It's the wetware, not the hardware and the software issues that is the number one roadblock to doing good converging journalism. And that the antidote to all of this is to take the time to explore the kinds of things that, issues that each journalist has with one another. The broadcast journalists against the print journalists against the online journalists. All of us that execute journalism in a different way and that those differences unfortunately manifest themselves into negative human emotions, rather than trying to find a way to improve upon the relationship and to leverage for all the things that we do best in each of our respective platforms. So this is definitely an area that is ripe for research and some real answers as to how we can address these cultural issues.

And then lastly, the new newsroom role. Another thing that we're going at the Newsplex is identifying, not necessarily what every newsroom should be doing in terms of identifying new roles, but just what we've identified as some key roles that have sprung up because of convergence. Of course we need a news floor editor, a person in charge, an orchestrator, if you will. A person in charge of all the media all at once so that they can basically parse out all the different assignments that need to be done and one person needs to be in charge of all that. And then there's technology that enables that so the small time media editor can keep track of all of the complexity of that. Then there's the story builder and this person does exist in some newsrooms. Stephen from the New York Times was talking about the continuous news desk and that's a real good example of it. By media, a hub where journalists are basically translating print news into online news, for example. But take that one step further, and then also have that story-builder, that person on the

continuous news desk. Then also translate that print story into a broadcast script, translate that into a new way of telling a story in flash or in let's say a photo gallery with audio, for example. Then there's the news resourcer and that's really a role that Nora Paul has carved out, but it's definitely something that is necessary in the new newsroom because what it's all about is this researcher/librarian/journalist - all of those compacted into one - where they can assist the journalist in doing the story. And indeed they can contextualize stories for online. And then the backpack journalist. There's of course representative of the backpack journalist right here where we have a person who can basically do it all, who can handle audio, video, text - all of the different media - and put them together in a compelling story. And then also a technologist - one who is able to assist journalistic storytelling with technology since journalism is so technology heavy right now with multimedia journalism.

That's very briefly what I have to say, and I would love to introduce Larry Sanders to see what he has to say.

LARRY SANDERS: I think I bring a little different perspective. My revenue base is a little bit smaller than the New York Times or the Washington Post and the Austin American-Statesman is probably where most small to mid-size newspapers are. My background is - I was one of the founders of usatoday.com and so I'm used to having a lot of resources. We're in a very different phase of journalism in the community markets, the smaller community markets. And I know that Austin is not much different than Atlanta or Palm Beach or any of the other Cox papers or probably any of the other Gannett papers. And the definition of news online has changed for many of our traditional, local readers. Had you been checking your email ten minutes ago you'd have gotten an email from us that said that State Farm has quit writing policies for anyone who moves from home to home in Texas. But that's a level of expectation. When that news breaks you expect to get that email. If you've signed up for that headlines newsletter, you expect to get that. That's an expectation. And that's different than the expectations from the print product. Weblogs, esigns, other used to be non-mainstream news sources, they've been around for quite awhile. But we're finding that even the more traditional print readers are not beginning to discover these information sources and this in turn has an impact of what they expect from their local newspaper website.

An online readership study done for USAToday.com in 1999 found that although readers wanted their news in quick to read bites, readers also expected newspaper sites to have a comprehensive, detailed, topic-related information on just about anything they were interested at that time of the day or night. Those expectations haven't changed much. Today the readers expect to have flash maps, utilities that allow you to calculate your mortgage payment or map you travel plans, the ability to not just read about a new CD, but to go buy it. And historically many newspapers with the major metros as the exception, because of resources or an inability to find a way to monetize their sites, just simply push the daily newspaper content up on the

web. And that's no longer enough. If you can't keep the site up to date, if you can't produce breaking news, email alerts like the one on State Farm which is linked to the website, and be on top of anything major in your community, your readers will soon abandon your site for a web log some place or someone else who's doing it. But there's an increasing number of readers who are looking for more than traditional news.

A recent readership study that we did here in Austin with the Statesman by Urban and Associates, found some interesting trends. [phone rings] That's probably that news alert. Although 25% of the market read both print and online here in Austin (remember this is the Austin metro area). They're spending an increasing amount of time online to satisfy their news needs. So even though they're reading the print and online more and more of their time is being spent online. More importantly, 9% of this market - and it's about a million folks - doesn't read the newspaper at all, but instead relies on the Statesman websites to keep them informed. Now that 9% is interesting because the conclusions drawn from the study indicate they will never be print readers. They are much younger. They are less interested in what we traditionally call core news and they're more interested in entertainment and things to do. And they expect the site to be filled with interactivity, interesting ways to get at information, and this does tend to put some strain on newspaper resources.

I'll tell you another impact on the changing definition of news is the proliferation of advertorial or sponsor-provided content. Sometimes the line gets very blurred. If you look at the travel index page on the Atlanta Journal Constitution newspaper site, the page is dominated by something called AJC Deals to Go and it's all advertising. It's labeled as advertising, but it gets more traffic than any other piece of that channel. People go there for deals. Another example, if you look at the lifestyles are on Austin360.com you'll find that the home improvement subchannel, it's filled with really good, rich information on do it yourself projects. It all comes from Lowe's Home Improvement warehouse. It's clearly marked. Limited resources and increasing reader expectation is forcing newspaper websites to look outside their own creative abilities for supplemental content. And I think that's going to continue. That's definitely a trend. And I'll turn it over to Vin.

VIN CROSBIE: Well, trends, trends, trends. I see three clear trends this decade and I think all of them will affect you guys as journalists. The first, and I'll be characteristically heretical here and say is the obvious failure of the web to replace the printed magazines and printed newspapers. Ten years ago when some of us got into this, we figured, oh by 2003 everybody will be reading stuff on the web and print will be dead. About five years ago a lot of us still thought that, but I don't think anybody believes that now. What instead has happened is that most newspaper and magazine and TV station and radio station websites have become dependents, basically. Not independent, self-sustaining operations, but basically a supplementary media which is designed to extend the reach of the legacy media. And they do do that. They do obviously extend it, because if you look at any of the figures like Larry

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was talking about or any of the survey companies, they are reading people who don't read the legacy product - which is great.

The problem is they're reading too few of them and too frequently. Because, well, I'll pick on the New York Times, only because I think he's gone. If you go to their website, click the online media kit, click the statistics they have about how often people use their website, the most recent figures up there show that the average user of the nytimes.com comes to the site five times per month. Daily site, five times a month, and sees about 25 web pages all month long. Well the problem with that, is that if you're trying to save the declining readership of newspapers or even buoy it, you can't do that with an even less frequently used medium. And finances, as you probably heard about here, are in a bit of a disarray. There's a lot of sites that are reporting, at least their press office reporting profits, but if you back out the classified print stuff that they're given by the print side, or the syndication revenues of - I'll pick on the Times again only because Stephen is not here - they're profitable 72 million in revenue. Of course, 21 million of that is from Lexus Nexus and things that predate the web that were just gifted to them. And in actuality I think probably there are, I believe there are a couple Belo sites that are profitable. A couple Morris newspapers are profitable. But really out of 1500 newspaper websites in the country, I think you can count the ones that are truly by true accounting standards profitable, - probably on the fingers of my hands right now. And that's troublesome because if your content and your revenues are dependent upon a sinking legacy media, you're going to share that same fate. And if you're a journalist working for that, you're going to wind up on the horns of a dilemma, basically, after awhile. Which is what's happened to maybe 30% of the online content producers, or whatever, in the last two or three years that have been laid off.

So we've really got to find a way of reversing this and probably that leads into my more optimist second trend, thank God, which is as Larry Pryor of USC Annenberg was talking about here. We're about to have the third wave of online publishing crash on us and in case you haven't been counting your hydraulics, the first wave was really the proprietary online services, the copy serves, prodigys, dell5, genies, all of these things that we were using in the 1980s. And up to about '93 where the publisher had to make a deal with AOL or CompuServe and then they'd share the revenue from the people on the online time. And that's how we thought - in 1986 to 1993 - that would be the future of online publishing. And then of course the second wave came crashing down which was the open standard web application. Where you can go directly to those people. You wouldn't have to go through these online services and all.

Now we're about to see a third wave come down which is basically the wireless wave. The idea that the web is great and you can do so much with it, but you're basically chained to the desktop to do it. You know, we were talking about the bandwidth print strains and things of that sort. Most people who have sedentary jobs are going to sit there and not do their work and visit a website, a news website or

something. But I think most people, if they get, as they have in Europe and in Asia, the ability to take the Internet with them in some device that morphs out of the cell phone that is able to combine the ipod for the mp3s and the ebook and the pda and rest of the stuff, that becomes a very compelling medium.

This year is significant in one way because we have 600 million people with Internet access right now. But there are 1.2 million people with mobile phones. And this is the year when the number of mobile phones worldwide surpassed the number of wired phones. And all new mobile phones now have Internet access. And I'm not talking about the old wap worthless application protocol. I'm talking about actual Internet access - regular http and email and mns and sms and some of the other things you've heard about earlier here. And this creates a compelling market, because the number of those users - people who are carrying these things around with them - is actually growing faster than the amount of Internet users. And it's something that publishers should go after.

A few of us were in Berkeley last week, because this is the season of college seminars in new media, where we were rehearsing this, actually. So you've got the good part of it. And young people worldwide are using cell phones. They're not reading newspapers. The drop-off in our newspaper readership for people under 25 is incredible. In fact, I was doing the figures here, which I won't show you on the slides because we promised not to do PowerPoint, and PowerPoint doesn't kill. People kill. Remember that. The figures that we were shown by MORI research who a few other people here evoked earlier today, show that if the trend continues among 18 to 25 years olds - and these were figures from 2000 - then sometime in about two months no one will read newspapers in that age group. They are dropping off that quickly over the last three years. They're just plummeting. But they all have wireless devices. And someday some of these wireless devices will come to a backwater like the United States and we'll be able to see them and use them here. Because if you've been in Europe you know about these things. If you've been in Asia, you know about these things. Or visit your local high school.

The novelist William Gibson, who coined the term cyberspace, also said that "the future is here. It's just unevenly distributed." And that's true, at least in terms of wireless. We are now going to Europe to see the cutting edge stuff, whereas with the web they used to come here to see the cutting edge stuff. I've got one of these devices here, regularly, here in the US, I use which combines… I can do the BMW films for you right now, but I won't bore you with that, and the MP3s and the ebook, and I'm not using, speaking of Austin, newsstand.com downloading the 20 meg pdf files on a dial-up line. But I've got one here which is a newspaper. It's the Berkshire Gazette in the UK which emails it Microsoft reader file each day to me. The entire newspaper. It's not in the wysiwig exact format as print, but it's a 400k file which I just get each day by email. So here they are delivering the full paper to me everyday on a wireless device in Austin. So this stuff exists. It's here. And to my mind - hold it up again [laughter] - If you have a medium which can automatically deliver the

entire magazine or newspaper and it's just there for you wherever you are. In fact I didn't even notice I got this one until I was having lunch here, and it's not based on banner ads, it's based on traditional print. And it's interactive, which this thing is - it's hyperlinked - and then you get into a kind of true convergence. Because convergence isn't really a convergence of print and type in the newsroom, it's really the convergence of all of print and TV and broadcast and interactivity in the user's hand, wherever they are. Because if they can carry this around (and where's Mark Stencel) find out what the flights out of DFW are, live, by going to this - which is how I use it a lot - it's compelling. And I've been surfing La Vanguardia, and New York Times and others while sitting here, rather than just hear about them. Just actually going on it. So this stuff is actually here and we're starting to get this in the US and it's going to affect how you guys do business - because of the new devices this decade. Not just this stuff. This thing is already obsolete now. And some of the stuff Chris is going to talk about is just going to blow your mind.

We have another whole wave, and it's going to be like 1993 again when people said, web? Why would I? Actually a Texas newspaper.. I won't name the name - not this one luckily … in '94 told me, why would we put up a website? We're on Prodigy. 1994. It's that time again now with this next wave. Sure, you're going to have to do websites because the website skills and the website will be the foundation from which this next wave will build on. But this is going to be a very important and if my first part of this trend sounded very cynical about newspapers and others, this is the stuff that can save it. We've got another wave coming up on this.

And the third one, which actually I'm glad Mark mentioned, is a trend I'll refer to diplomatically as the gross stupidity of publishing exactly the same thing for everybody. Because a Statesman review, for instance, here probably gets 2000 AP stories a day, probably a couple hundred syndicate stories a day, its reporters probably give it 60 to 100 other stories a day. But there's probably room in the paper for maybe 60 to 100 paper pages stories total. You know. So the way editors have traditionally - and I mean in print and in broadcast - decided what to include in stories is obviously they want to do the stories that they feel that everybody should know. The bulletin and urgent stories. And they put those into the edition. And that counts for maybe 35 to 40 percent of the average daily newspaper. And the rest of it is stories that they've got to pick to fill the rest of the space, and they generally do that on the basis of the greatest common demographic interest of those stories. Because the printing press can only print one edition at a time for everybody. The analog transmitter can only send one program to everybody. The problem with that is online we don't have those limitations of that industrial area or equipment. In New York where I live, in Connecticut actually. I spend a lot of time in Europe so I'm a big formula one and soccer fan. I know the New York Times gets those stories because I used to work for Reuters. And I was the one who sent them those stories. But they don't print it in the sports section because there's not enough interest in those. So I would like to get a little less Milan flashing, a little more the formula one in my edition personally. And thank god the Times is putting that stuff up online and many

papers are, but unfortunately out of 1500 newspapers and most of the TV and broadcasters in this country, what they're doing is they're doing the old mentality of everybody gets the same thing. Exactly the same thing, right down to the same little briefs.

And your business as journalists is not printing newsprint. It's not painting pixels. It's not frequency or amplitude modulation. It's getting the information that is important for people to know or that people want to those appropriate people. And in new media you can do that. You don't have the limitations of the printings press - the century old limitation that everybody's got to get the same thing - exactly the same thing. And I'm not talking about personalizing or individualizing the whole paper so there's somebody who's getting Brittany Spears stories all day. You can still, as an editor, give them the urgents and the rest, but this is a major change in my mindset for most editors here - because most editors and reporters don't realize that now this a terribly liberating thing. It's great. And if you want to make this medium profitable, I mean if you had a choice of a generic edition, the same for everybody, or one tailored for you, which one would you use? Right. So that's going to be a major change in journalism in this decade. I think probably the major single change is the ability to route people what they want. It's no longer going to be report, edit and publish or broadcast. It's going to be report, edit, and route the right stuff to the right people. And those are the three trends that I see. Over to you.

CHRISTOPHER J. FEOLA: Hi, I'm Chris Feola. For those of you who don't know me I'm Vice President of Technology at Belo Interactive. But before I was technologist, I was a journalist and taught at Columbia and did those sorts of things. I like to specify that so people will understand why there's entire industries of people who loathe and despise me before we get really going. And all of my friends tend to be people like Vin and Martha and Melinda who put me on panels because when I get finished everyone is so mad at me, they forget to be mad at them.

So I like to start with some sort of hackneyed old clichéd story and hope that someone laughs at it here. And I will jump in from stealing one and giving some credit. There is a famous old New Yorker cartoon that many of us famous old New Yorkers and infamous old New Yorkers like to hang up on our walls because unfortunately it is true. And the cartoon says, "As New Yorker's view of the world." And it's this insanely detailed map of Manhattan. Here's 5th Avenue and there's 7th and there's Time Square and there's the West Side Drive, and there's the river with the Statue of Liberty. And then there's the golden gate bridge because when you're in Manhattan, there's a bunch of crap across the river, but it doesn't matter and no one cares about it. So what's interesting about this story to me is, it's true in every single industry and every single vertical of each industry. So I bring you news from the technology front today and it's a message for all journalists out there. And it's basically technologists don't care about you. You're on the other side of the river. You do a bunch of crap. You make some photos and you make some stories and we

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don't care. We just put them up online. We don't care what it is that's going up there.

This would be really horrible, but the truth of the matter is, journalists feel the same way. They just have a different island they're standing on. And my esteemed colleague from the LA Times and I were discussing awards today, and we were talking about the proclivity journalists have for giving each other awards. And the fact that the awards tend to bear no relation whatsoever to whether the readers have any interest or care about the things that we are giving each other awards for. And that's a funny story in one way, but it's a really sad story in another way.

I happened to be in a group of journalists and journalism media executives a few years ago who was talking to a well-known Wall Street Media analyst I shan't name. And this person was being quizzed at the time, at the height of the dotcom bubble, the stock market is racing ahead, there's all this valuation in newspaper, and TV stocks were generally in the tank. And they kept quizzing this person and saying, "Why don't you see the quality in our product?" And what was fascinating to me is that the person gave a very specific answer which everyone ignored and proceeded to get mad about what they - words that they put into the analyst's mouth. What they said was, what they heard was, "Wall Street doesn't put a value on quality." And so they went and stomped off and they talked about how Wall Street was stupid. What the analyst actually said was, "Wall Street doesn't see your market return on quality." You see. Wall Street gets that BMW is a quality automobile because people will pay more for a BMW3 series than they will for a Hyundai. So if you have a quality product, show me the people who will pay more for it. Whether it's subscribers, whether it's advertisers. If you have a quality product, show me the market return. And if you can't show me the market return, maybe your market is telling you something. So what does this have to do with the World Wide Web?

Well, one of the many things that I've said, and they're too innumerable to list, that have enraged people over the years. And Vin is nodding here because I think he knows where I'm going with this one. I also tend to write them down and publish them. That way people can beat me for them later and then get mad all over again. But when the dot com boom was really just ramping up, I wrote that the World Wide Web was the fax machine of the interactive world. And it's still the fax machine on the interactive world and we're not going to get anywhere until we start to acknowledge that and understand that the really important things are outside of the presentation here. It's not a question of presenting something on a printed page. And certainly not a question of taking a print paradigm and sticking it on a computer screen and pretending that that's an interactive media. If you want an interactive medium, Everquest is an interactive medium. There are interactive mediums out there and they are coming and they are going to wash over you like a wave.

But that doesn't change the fact that there are still some basic rules here. We don't like to acknowledge them online and why would we be surprised, because we didn't

like to acknowledge them in print either. For example, to go back to the discussion about awards, we all know that as journalists we want to cover certain things. We want to cover the White House. We want to cover the LA Dodgers. We don't want to cover the local high school prep soccer team, but your readers want that. Your readers can get the LA Dodgers reports a million places and they can't get the prep soccer anywhere.

So I'll say more horrifying things when we get to the technology point, but what it really comes down to is this. The interactive companies that are going to survive and Belo Interactive likes to think it's going to one of them, are making just one change. And that is we are not broadcast media companies. We are becoming direct marketing companies. And we are moving individual things - whether those things are pieces of content, broadband, or advertising, to individual users and we are aggregating individual users for advertisers. We are completely out of the broadcast media model.

NANCY REGENT: My turn?

VIN CROSBIE: All yours.

NANCY REGENT: You said I could stand up…. Rosental says I work for Hoover but I want to let you know that I don't work for that vacuum cleaner company. We're the company that doesn't suck. We're on the district information website. I'm here to tell you a success story so no matter what gloom and doom you've heard today, we were sold last month to Dun & Bradstreet for 117 million. And I went through many a due diligence process down the street at the Four Seasons. Many folks who wanted to dance with us and called on us. And I think there are two main reasons that Dun & Bradstreet bought us.

One, I have five people here from the editorial department. Raise your hands there. We have, if not for our online editorial product, they would never have been knocking on our door. And I oversaw staff at one time of 130. We downsized to 77 and we became so timely and accurate and aligned with our customer that we knew exactly what they wanted. And we delivered a business information product. We distilled all that garbage, all that 10Ks, all that information in business journalist words that layman could understand. So our online product was what customers wanted.

The second reason is that Dun & Bradstreet doesn't get the web. So all of our revenues except for books have migrated so 90% of what we do is on the web and we get it. The first week I told my staff a funny story. The CEO emailed me because he wanted me to head up the victory party. And I kept calling him and I said, I didn't get your email. So finally I went down to our tech guys and I said, what's going on here? They said, well, they send you a virus and we're having to call them and tell them that their whole email system has got a hole in the firewall.

So we were proud and pleased to say that we're going to help this dinosaur, this 200-year-old company understand the web. The reason I'm last is because not only am I from Cajun country and I talk fast with my hands, but I disagree a lot. And so I disagree with Vin and I told Martha that I would like to go last because I wanted to argue his points. So if you don't mind..

VIN CROSBIE: I'd love it!

NANCY REGENT: Let's go! I look at the web a lot like the microwave. When the inventors of the microwave invented it, they thought, we've got a product, we're going to replace the stove. But when the microwave came out - you know it doesn't bake all the way through. Your brownies are mushy in the middle, and it doesn't really work. But you wouldn't build a house today without a microwave. And you certainly wouldn't put a microwave in without a stove. Right? So even though my daughter is going to college in two years and we talked about the things that she won't have in her generation. I don't think she'll go to the edge of driveway and pick up a newspaper. But I certainly don't think that cell phones and blackberries and palm pilots are going to replace the web. I do think it's important and I do think it's a trend, but I don't think it will overshadow the web. And this is why.

In Europe, the reason that it's so big and the reason that they're going to cell phones is because why? It is too damn expensive. And guess what, my boss is from Europe. So he's telling us all the time about this. It's very expensive to dial up and to have a phone line. You can still go into Starbucks and take your laptop. Right? How many of you have done that? We've got ports everywhere in hotels. We still will have web access.

I'll tell you about our experience with a cell phone. We get 150,000 page views a day. So we pulled the reports and we said, "This can't be right. I mean, we haven't even gone to exit mail yet. It's clunky." I called the staff together. I said, "OK, what are we going to do? Well, we're going to strip that first line, you know, where we're really witty? We're going to take that out. And then we'll just give them office serves because we know our customers are really calling on businesses and they want that information." Then I said, "No, we're not going to do anything. We're going to focus on the web. We're going to continue to do what we do. And we go to readers on our site and we'll go to xml and then we'll talk about it."

And they came back to me, "people are downloading this long capsules, these long profiles". You know, and so we were scratching our heads going OK… We didn't' change a single thing and the cell phone uses have gone up. So when we redesign our site it will get even better. So, yes, it is something that we're paying attention to. We're not going to redo our business model. We're not going to redo things for the cell phone or the blackberry. The trend, I do believe, that Vin hit on that I think is very accurate is delivery. And we really are giving our customers download.

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Everything they want. They want to cover a customer and an industry. We give them that information. We're going to give them access to our editors and our writers. So very specialized, targeted information that the customer wants.

So my message is, I just sat down with this kid - well, he's 28. I hired him from San Diego and he was at a college website and he told me this. He said, you know what, when my friends tell me they want to go into online journalism, I tell them you'd better get marketing and advertising experience under your belt as well. Because at GM, when he was at the website, he was doing journalism but he had to understand the marketing angle and what the customers wanted. And the more he said he understood that, the more savvy and more page views went up, and the more aligned he was with his customer. So I think the trend will be really understanding your customer, refining that, and giving them what they want.

MARTHA STONE: All right. Well, we seem to be in agreement on a lot of things. I asked Nancy to bring her boxing gloves, but it didn't appear to be too ugly yet. Now we're going to move into the revenue phase. And in this area we all have different - we'll to technology next, is that alright? Actually it has to do with technology why we changed the order. I'm not being mean here. So anyway, revenue streams. I'm just going to focus on one, because all the other panelists have other key ideas. There's one area that I'm particularly focused on at the moment because I just wrote a book on it. And that's on the idea of cross media advertising within individual media companies. I wrote this book about - it's basically for media companies for INMA - it's a Texas organization, but international, called International Newspaper Marketing Association. And really what cross media advertising is all about is really nothing new. It's been going on in advertising agencies for a long time. It's just that media companies now have all of a sudden seen the value of putting together their advertising resources across their media. And putting them together for advertising campaigns for their advertising customers. And finding out that they're really quite successful both for them in revenue making but also very successful for the advertisers who are seeing some significant lift in putting together media in one market place in a short period of time.

So here's what I'm defining cross media advertising is. Multimedia advertising is about selling space to advertisers across their own media channels, including TV, wireless, radio, whatever media you have to offer. And here is what it requires out of a media company. New organizational and management structure and commitment from the top. New incentive plans for both advertisers and sales people. New culture and teamwork. New tailored sales products, particularly, with an accent on that one. And then cross promotion from one media to another. Telling the user of the advertising, hey, if you want more information, you can go to the website. Or for a coupon, go to the newspaper or what have you.

And here's what cross media advertising results in. New revenue streams for the media company. Cost savings for emerging advertising operations and cross-training

sales people. I found a number of case studies in that regard. And something called the media multiplier effect. And this is one again this word that we've been using - lift. The whole idea of getting more bang for your buck if you put all the media together. So it would be, if you did a campaign, for example, on Jaguar and you had first of all the user read in the Wall Street Journal a Jaguar advertisement that said that there's a special financing package going on. And that person, well, somebody like me who might want a Jaguar, said wow, I've always wanted a Jaguar and this price point looks pretty good. Maybe I'd consider it, but whatever, and then you forget about it. But then on the way to work you're listening to the radio in your car and you realize that there's a Jaguar advertisement on the radio and they're kind of using the same sort of approach as the newspaper, only they're making it sound very sexy in audio. Oh yeah, that's right Jaguar. Right. And then you get to work and you go online and there's an advertisement that's in your email box once again. I'm maybe a target audience for that car and I'm getting all these marketing messages within a very compressed period of time. It's reminding me again and again, and it's hitting me again and again, that Jaguar's have a sale going on, or they have a special financing package. And that kind of surround message that you're getting really does drive traffic. Maybe to Jaguars, but any kind of product or service that the advertiser has to offer. And I can talk about that a little bit if anybody has any questions because this is a really significant benefit to bringing media together in an advertising campaign. It actually gives more mileage, if you will, to advertiser's campaigns because there's an extra effervescence form the advertising campaign.

Then there's also the ability to offer advertisers a higher penetration in a local or regional market. For example, the Chicago Tribune market. By putting all of their media together - which is radio, TV, Internet, cable TV as well. They also have a Spanish newspaper and website called Exito. By putting all of their media together they put a 95% penetration of the Chicago area market - which is quite a lot more significant if the advertiser were just to advertise maybe in the newspaper or maybe on the local TV station. Also, a great benefit to the advertiser is that it's one bill, one point of contact. Again and again you hear from advertisers, complaining that they have a steady stream of advertising sales people come through their doors and it's very time consuming and obnoxious when they know that all of these sales people are coming from the same company. Why can't they just get their act together and work together?

AUDIENCE QUESTION: … You know, there was a time when there was online competing divisions within an entity, so you had this ongoing competition between different sales divisions and sales units. And I'm wondering how this model - while I think it makes perfectly good sense - I think that within the company like say Enron, they had divisions competing against each other for profitability sales and sales and marketing. So can this model work if we can get rid of this idea of competition within divisions? Even IBM still functions like that.

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MARTHA STONE: You're absolutely right about that and you've hit the nail on the head. Just like I said in the editorial presentation, the number one problem with converging advertising departments is the cultural issue. People don't want to work together. And if you add to it the whole idea of who gets the incentive, who gets the bonus, and then having people fight tooth and nail over that, then you've got a problem. So there are ways to handle it and there are many smart ways that number of media companies around the world have handled it. I have case studies from every continent. They all handled it differently, but there are some really evolved ways that they're trying to handle the culture issues and the incentive issues. The issues that mean a lot to people, before they move forward on something like this.

A really smart fellow at an organization in New York that enables these kinds of initiatives, Jeffrey Graham from Dynamic logic says, he' s just commenting saying how important it is to put media together for advertising purposes - "As more media, time gets fragmented, it gets more important to reach more people at multiple points of contact. There's an extreme proliferation of media vehicles. Channels are more targeted and specific. That's why multiple media advertising is necessary. You can use each medium as a tool in the tool belt." And so this is what the tool belt looks like. Each of these media provides different value propositions. So not only are you penetrating the market and providing all of these great, this great media multiplier effect, but you're also creating impact for each kind of message.

You're creating a broad reach with TV, a high branding value, for example. In newspapers you might be able to penetrate deeply into a local market. It's a portable message, it's reviewable. There's all kinds of great benefits to newspapers, as well as radio. It reinforces the message from other media. Remember, maybe the Jaguar example. It's immediate and it happens during important commuter times when people don't have anything else to do but to listen to the advertising messages, I suppose, and content messages. Internet multimedia platform, I think Chris was talking about the direct marketing tactic idea which the Internet provides. And then wireless, personalized messages. We're going to get to the point where we're able to deliver messages one and one as our technology evolves.

There are three different models that I've identified for creating ad departments across media. Each of them involve a different amount or resources and a different amount of commitment from management. The first one I identified was dedicated multimedia advertisement with separate - basically a separate budget. Another one is just cross-training your people to be able to sell across media. And a really low level of commitment in that regard. And then thirdly, a sort of hybrid of that. An integrated, marketing team that basically hands off the baton to the traditional media departments after they've basically sold a cross media campaign.

Once again, I can't emphasize enough the importance and probably the best value proposition that you have for your advertisers in this new way of selling and that's the media multiplier effect. There have been a number of studies done just recently

that involve combining print, online, and broadcast in campaigns. And by optimizing these three together in campaigns, you can find as much as a 7 point lift in your advertising ratings at the end of your campaign. There is money being made here. The Chicago Tribune, or rather I should say the Tribune Company, in their cross media program and all of their main media operations across the U.S. reported a 50 million dollar profit last year after five years of operation in this regard. They are definitely, as far as I know, the longest running cross media advertising group that I know of in the media world. And then also some newer ones that are making about roughly one to six million dollars in their first year of operation of revenue. So those are just the highlights of this kind of different idea for revenue making. But I know these guys and gals have lots of other ideas for you as well.

LARRY SANDERS: Dealing with local retailers is much different than dealing with national. Local retailers right now are where national were back in 1994 and 95. And so that offers some interesting challenges for the local operation. A couple of ways that we see creating revenue on the local level that also offers the local retailer a low-cost opportunity with low risk. And I'll talk about two or three of them here.

One of the most popular channels on Austin360 is our information in the restaurants area. We have content on 1,062 as of yesterday. Restaurants in the Austin area. It doesn't include fast foods. It's mostly sit-down restaurants. We're constantly updating, improving the list. When readers search for a place to eat they expect to have a complete list and expect to have information to help them make a decision. But this offers an interesting revenue opportunity for us. We just recently created an area powered by a company called Amazing Medium, through which you as a restaurant owner can build, schedule and pay for your company's banner which will run at the top of the restaurant category list. For example, the Salt Lick. For those of you who are not from around here, the Salt Lick is one of our more upscale barbecue restaurants just south of here. Anyway, the Saltlick can come onto the site, create a banner, decide where to run it, for how long, pay for it online. The banner will then show up at the top of the restaurant category search results every time someone is searching for a barbecue restaurant. It's an efficient way for restaurants to be seen first by diners and it requires little resources from us. Launched a week ago, so it's too early to tell how successful it's going to be.

I was talking earlier about website increasing their use of advertorial and we've started doing quite a bit of that. We're never going to get rich on the Lowe's, what Lowe's is paying us for their content integration, but we're talking to other advertisers about providing expert content for interior decorating, vacationing getaways. Our focus is in areas where we know we don't have the editorial resources to produce the content, but we also know there's some reader interest in that content. And so if we can find a way to produce good advertorial content, well-marked as advertorial content by reputable folks locally, and get a couple of bucks out of it, that offers some interesting opportunity.

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You know everybody's maligned the fact - well I shouldn't say that - that's probably too strong. They haven't maligned it - the fact that most of our local, most newspaper revenue streams are classifieds. We love classifieds. And it's true. But the classified model works. It's proven itself. Not only are classifieds a revenue generator, they're content now. People go to classifieds just to browse. People go to personals and classifieds to browse. Melinda talked a little bit about this this morning. There is some technology and a couple of companies that are now allowing us to move our retail ads that run in print up online. We call the area that we've got ours in, select shopper. It's clunky. It's not very pretty. It's certainly not very interactive, but it's searchable. And it's the first time you've been able to take all of the print ads and search them. And it offers, it provides some interesting revenue now, but it even offers more opportunity for local retailers to establish an ecommerce presence eventually. Eventually, we'll be able to use technology to actually buy and assuming they can fulfill. And so I think there's some real opportunity for, if we can figure a way to create what we did with classifieds for the local retailers.

(inaudible) and I think most of the 1.2 billion people out there who are using them are using them for convenience and not for price. If any of you have broadband - had it installed - you know how that changes your experience online. It's just like, wow, it changes how you use online and the utility of it and people who have the ability to do web browsing on the machine, email on the handheld stuff it's the same type of change in life - being able to just do the stuff from wherever you are, and web browse from wherever you are and things of that sort. So I just wanted to clarify that and talk...

NANCY REGENT: Well Vin, if everybody just wants us to duke it out here we can do that.

VIN CROSBIE: Well, I just figured if you're going to contradict me, I'd at least get a minute to defend myself.

NANCY REGENT: I get to wrap it up. I get the last word.

VIN CROSBIE: You're in the middle.

CHRISTOPHER FEOLA: You seem to have devolved to the tech topic, but I'll stick to revenue just by being the only tech guy up here. I want to talk for a minute about Dallas. BI is a nationwide company. We have sites coast to coast. Buell is a nationwide company. We have television, cable networks, and newspapers coast to coast. But I just want to talk about Dallas for a minute because I think it provides a pretty interesting contrast and starts to point out where I think Vin and myself and several others are talking here in terms about where this is going.

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Dallas Morning News is a great newspaper. No question about it. The last time Columbia did its roundup of best major metros in the United States, we were right up there. It is a paper that when it has a bad year financially earns the gross domestic product of a small, rather than a mid-size European nation. It is a great, great institution. It has little more than 500,000 sales per day - about 800,000 on a Sunday. About 60 to 75 percent of those are subscribers. The rest are rack and newsstand sales. Dallasnews.com - and we have two other sites in Dallas for reasons that I shan't bore you with - news sites in Dallas. But Dallasnews.com is a somewhat smaller site. It is a very profitable site all on its own. It does not earn the gross domestic product of any nation that I can name, including ones in the (inaudible), what shall we say, revenue challenged sections of the world. But it does very well.

What is interesting, though, is that a few months ago, Dallasnews.com passed a pretty interesting milestone. Dallasnews.com now has more than one million subscribers, registered users. Of those one million registered users (and it's well over that now - two years after, a little less than two years after we put Dallas News under registration, we're still registering at the same rate - thousands per day continue to sign up.) Of those one million, there's a couple of very interesting facts. First of all, something like two-thirds to three-quarters of them (the number varies continually as we add new people) are actually in the Dallas area. Of those, very few - only between 20 and 30% depending on the time of year when you happen to look at it - are subscribers to the newspaper. Our demographics at dallasnews.com are completely different from the newspaper's. Our usage patterns are completely different than the newspapers. And interestingly enough, that might explain why Dallasnews.com is profitable. Because when you look at the advertisers on dallasnews.com, it's less than a quarter overlap with the newspaper. The other three quarters are advertisers that our company didn't have before.

That leads me to kind of the point about revenue here. We're looking in a different direction. We're looking not to cannibalize our newspaper companions there. Not because we are trying to shield them from the world but because they're a pretty good newspaper. They've got that part pretty much nailed down, and our best bet is probably not to try to be them and to go to be what we can be in our medium. So the places where we're making money, and the places where we're delivering solutions and getting some traction - and the nice thing is, I get way more than my five minutes because Melinda has already done part of my presentation today. It tends to come up a lot - fall into a number of areas.

One, we have registered users, we know who they are, and we can reach them with dedicated content and dedicated advertising to - that leads us to different advertisers. We can do things for advertisers that the newspaper simply wasn't' reaching because the advertisers couldn't have their problems solved there. And one of our favorite examples is the one that Melinda used this morning where AT&T broadband cable has signed up with our products at dallasnews.com the number on producer of (inaudible) in Texas for AT&T broadband, despite the fact that we don't

have anything in roughly 70% of Texas where they try to sign people up. So we're 50,000 leads during the first campaign.

Second, we're doing things with classifieds, but we tend to do things with classifieds around the idea of new products that we can offer that aren't traditional. I think probably our biggest success story that you've heard us talk about over the past year there, is cars.com. And there's a couple interesting things about cars.com. One is that cars.com is not so much a listing service. It's an application for auto dealers. It manages their leads, it manages their inventories, it allows us to provide a solution that we couldn't do by simply listing those people's available automobiles and a newspaper. That's got us some pretty interesting traction in the automobile market and it's got us some pretty interesting traction as we've taken this into our non-newspaper markets and we're supporting it with television stations, using the reach of television stations to drive to the listings and the application power of the BI cars.com combo and places like KVUE here in Austin.

The third thing that we're doing is to get into - again, totally different ways of dealing with the customary - such as self-service. We sell subscriptions online and the interesting thing about selling subscriptions for the newspaper online is that the normal way of selling subscriptions that the newspaper uses, have two to three times the churn of the subscriptions that they sell online. That's cool. But we're also selling real estate ads online. And the real estate ads that we're selling online - they're not earning bazillions of dollars. They're earning thousands of dollars per month per site at a 97% margin. This tends to make the finance guys happy.

VIN CROSBIE: Well, there's also one other one. I was trying to segway to you and that's even brought up as a great point. It's the email stuff you're doing - delivery, deliverance.

CHRISTOPHER FEOLA: I should have said specifically, but because Belinda did this morning. Yes, my special direct product is the one that AT&T uses. We are adding advertisers there continually. I think we're up, I think we've cracked over a hundred advertisers on that product right now. And our main problem is getting enough inventory to sell. And Vin was actually making the point that we was some place or other at some place or other in that last week or two with one of my compadre's Wes Jackson, who was telling him, what was it? The cpm's were running…

VIN CROSBIE: The average banner ad is selling for 50 cents a thousand or something and you guys were getting $150 to $350 per banner ad on the email. I know Stephen Newman from the Times, who I'm not picking on him now, you know 3.5 million subscribers to that. And that's even pointing out the deliverance thing. The problem with the web and the reason people a lot of people don't use it, is because it doesn't deliver. You have to remember to go to the site and take the time to do it. Here's a great thing for getting the news out.

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CHRISTOPHER FEOLA: And the key there - and we'll get back to it when we get to the tech point which I've heard we're still going to get to. Not that I'm too anxious. But it's the idea of an individual message to an individual person and the effectiveness of that. And as much as I tease and pick on journalists in the earlier thing I said, what that really comes down to is the fact that Belo is a great journalism organization with great content. And it's interesting sometimes that when we get into the email part of it where we compare the numbers on our internal registrations to supplementary lists and other things like that, our open rates and our click-through rates are from 2 to 4 times the industry average because we're not spaming people. People who are interested in real estate of gardening or getting information on real estate or gardening from someone they trust and they open it and they act on it. It's your again.

NANCY REGENT: You're tired, you're asleep. Half of you are gone. I'm only going to make one point. How many of you in here could get up here right here where the microphone is and explain the business model of the organization for which you work. I mean really explain how you make money at your organization. All of you raise your hand right there. This is part of the issue. I spent 20 years in TV in traditional newsprint, then I was director of Austin360 and then I went to garden.com and now I'm at Hoovers. I can't look through the same lens anymore and say, you know, we're just going to do that. It's how do you make money? You know the CEO last week looked at me and he said, you're turning the editorial team into a sales force. And I said, yeah, all these guys have written goals. They have to sit in with the sales person. The sales team came and gave us a party Monday for our busiest season. I want them so connected with "how do we drive leads?" "How do we turn that business, the customer contact and turn it around and sell a subscription?"

CHRISTOPHER FEOLA: You would have got in a real fight if you would have said that during lunch to Steve today. He was still crying over the LA Times stuff.

NANCY REGENT: Well, I'll put on my boxing gloves. OK, if I only say one thing and you remember this. Two years ago our former CEO got up on the dry erase board in front of the senior management team and drew this big triangle. And he said, OK, free. Free was at the bottom. Middle - advertising. Top - subscription. Advertising that time was morphing everything. And he made us go around and vote, did we want to keep the top of that triangle? Did we want to keep the subscription revenue going? Thank god we did because they cast him off stock options. It worked. We became the low-end model to a down-turned economy when people couldn't pay for the Mercedes and the Porsches, they went to us, the Fords and the low-end model to really get the business information. And it worked and we grew. So I would say, it doesn't matter. I think when we're in journalism we turn it off and we say we don't have to understand the revenue or the numbers. It critical that we really get it and understand how our organization is making money, how they plan to build on it, and

how we can connect that in our ideas and our products to money-making, money-generating ideas. It can work.

MARTHA STONE: Great. Thank you. As promised we are getting to technology, so here we are. So I'm just going to show you one technology and these guys are going to talk about the other stuff. I think a really fun technology that's easy to learn so when we bring print journalists who have never touched anything having to do with broadcast, they are able to do this very quickly.

I'm going to show you an example of our team from Manchester that I mentioned before. And one of their tasks during a 3-hour period was to create this multimedia experience using a technology that is called Visual Communicator. It's by a company called Serious Magic. You can go to Seriousmagic.com. And I'm just going to show you one project. It's about a minute or so long, and this is by the news editor of the Manchester Evening News. They were each to do their own project after we gave them a basic training on this technology. We are able then to put it up either on the web or use it on TV.

[While we were busy drinking coffee and shouting at each other in newsrooms across the world our readers have been changing. They have dared to look elsewhere for their news. At first on radio and TV, but now through the Internet, email, and mobile phone tech messages. So far the changes have been driven by technology. But if newspapers want to use the ship to make money, we have to change the way we think. Convergence is one way to exploit this opportunity by creating content (inaudible) and publishing in many formats we can reach the widest possible audience at a time and place that suits them. To achieve this we must break down traditional (inaudible) work flows from reporter at the news desk to the print printing press and allow other publishing platforms to become more than simply bolt on extras. The principle at the heart of this change must be a transformation in the way the newsroom is organized, the way stories are developed, and the way they are delivered to the reader. However, content must remain king. A bad story is a bad story, however it is told. We call it the integrity of the news gathering process must not be sacrificed for the sake of presentation. And we should not forget how we are going to make money out of the new media. Everything shall be valued by its contribution to the business. Without a short-term profit, who are the long-term investment? If we chose convergence it should be seen as an ongoing process. Now until we no longer consider the differences between the way we publish but simply the best way to tell our stories.]

OK. I'm not going to show you all of them, but of course this is not a super polished piece of work. This is after only 3 hours of playing with this technology. They could have added audio voice overs, they could have added video, any technology or any media of any kind that they could insert into that. And it's a really powerful and fun program and kind of an entrée into multimedia journalism. So I just thought I'd show that to you as just a little bit of an excitement of what we're doing at the Newsplex.

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LARRY SANDERS: In 1966, I did a deal with a company to feature usatoday.com as a startup page in a web display that was going to be on the back of every seat of every airline. The company went out of business before we even signed the contract. A couple of weeks ago, I read about a company that has this new great idea to put web in the backs of every airline seat. What comes around goes around. I leave predicting the future of technology to the experts and will therefore defer my time to Chris.

CHISTOPHER FEOLA: Oh, he's going to skip Vin?

VIN CROSBIE: Well, I've been talking about technology. I want to talk about revenues now.

CHRISTOPHER FEOLA: Can we talk about technology now? Here's what I've been waiting to tell you so anxiously. Technology doesn't matter. Technology doesn't matter because it doesn't do what people think it 's going to do. The Harvard Business School argues that technology moves in 80-year cycles. And each 80-year cycle is split into two 40-year blocks. The first 40 years are figuring out how to make the technology and the second 40 years the real social impact starts to happen. And if you think about it, this is something that you know about. You know that in the early days of the telephone, smart people like you and I predicted that the telephone would be the end of local symphony orchestras because people would listen to music online on their telephone. It hasn't come up much.

You will remember that operators, who were human beings at the time, used to kick people off from making personal phone calls because the phone would only be used for business and it would not be the fact that every single person in my daughter's high school has a cell phone. And they call each other during classes. Or think of electricity. The first power station opens in the late 19th century in New York, but it's the '30s before you get to rural electrification. Think of the train. The train is an early 19th century invention. It takes us 40 years to figure out that it would probably be a good idea if we had one track size cause that way every one doesn't have to get out at the end of each piece of track and get on the next train.

What did the second 40 years bring?

VIN CROSBIE: It was an open standard, by the way.

CHRISTOPHER FEOLA: It was an open standard. The wonderful thing about the standard was that there were so many of them to choose from. But what did the second 40 years bring? Well, the second 40 years bring transcontinental railroads and they completely change the United States. Or think about something that's happened within some of our memories - at least pieces of it. We think about the automobile as something that's been around forever and we know that that's an early 20th century technology when it becomes commercially available. But think

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about this - things that you know but maybe they don't resonate. The interstate highway system only starts during the Eisenhower administration in the '50s. So the things that we think of as the impact of the automobile - suburbs, shopping malls, all the minor details, didn't come until decades after the technology was pretty much stable. What has there really been new in automobile technology since the automatic transmission in the '30s? Not much. If you could drop someone in the '30s into a car from today they would get in and drive it.

Well, guess what. We haven't hit our 1930s yet online or in computing. The business school counts the information technology revolution as dating from the late '50s - around 1960 or so when commercially available hardware and software begins to come into general use. So we're just getting to the interesting part. And let me tell you a couple things. Let me fearlessly predict the future here and tell you want the interesting part is going to be like. Anyone who tells you they know what's coming is lying. We just don't know. And for that purpose, let me back you up in a couple of 10 years segments and let's go through our once a decade technology crash. For the past 3 decades of so, we've had a technology boom followed by a crash followed by rampant speculation about what the next 10 years would bring.

In the '70s it was the mini computers that crashed. Ken Olson, the king of minicomputer companies - digital equipment corporation - famously said that no one would ever need a computer in their home. And the trend for the '80s - ask anyone or go look it up at the time - was office minicomputers. Yes, you could now get a Wang office computer for only $20,000. There are people still screaming in the back and some will have nightmares tonight thinking of that. A Wang minisystem that would fit in a small office. And then of course the PC just blew that out of the water. So the '80s was the decade of the PC. There was a struggling number 3 software maker named Microsoft starting to make some money off a program called DOS. And then of course we hit the big crash at the end of that decade and there was wild and rampant speculation that I can point to fingers at some of the people in this room. One of these days when I'm mad at Nora I'll dig up all of her "The gopher is the future of the world papers again." Nora is like "Stop that! Stop that!"

What about the next ten years would bring. Now to Nora's credit, Nora was a lot closer than what the general thinking was at the time, which was the '90s would be the decade of the Cdrom. So that's why we're all here in the cd-rom publishing conference. And so now we're talking about the next 10 years and what's going to happen when the economy turns around. And the web starts kicking and we finally make a lot of money, and I'm telling you here that that will be the cd-rom of the next 10 years. Now, I will refuse to predict what it will be, I can tell you what technologies are converging. Just like Nora correctly saw that it was going to be about connectivity and the net. At the time, the Internet predates the web despite the fact that that's not a popular stance anymore. You could see what technologies are coming right now.

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So I'll give you a couple of them. One is what our friends from the New York Times were referring to today was the idea of audience. The idea of the ability to know not just a registered user, but to know who is using everything on every medium - whether it's wireless, whether it's print, whether it's television. Sony today ships every single TV as an IT addressable device. If you buy a Sony television set tomorrow at the mall, it's an IT addressable device. Transport over IP is going to be there because it just makes sense from an economic point of view.

The second is wireless, but I won't talk about wireless because that cuts into Vin's time.

And the third is something called organic light-emitting diodes. Now this is the one that they invite me for because I've always got one strange thing that no one's heard of. But there's a really exciting technology now that has a fairly fascinating property. It is as good a display as these laptops you see up here, but instead of being made in extraordinarily expensive, billion dollar plus (no lie) fab plants and clean rooms, you can spray it with an ink jet printer and what you get is a working circuit that is a display. The first commercial device was shipped in February by Kodak. It's a digital camera with an OLED screen on the back.

What you're going to have at some point in the near future is the ability to have displays on everything. And if you think about what's happened with the microprocessor in the last two decades… Here's one. I'm assuming everyone here has seen a car. Right? Your automobile, sight unseen, not knowing what you drive. If your automobile is less than 10 years old, it has at least 100 microprocessors in it and more computing power than whatever it is that's sitting on your desktop. It's changed the way cars are built. It's changed the way that you interact with your car. And OLEDs are going to do the same thing with display technology and we're going to start talking about how we publish everywhere and what happens when everything is in display. And what happens when those displays are reusable. At a certain point in the next 10 years it will grow less expensive for the Dallas Morning News to give a disposable display to its readers than to print them a newspaper. Even if you just throw that display away after a month's worth of use.

And I'm telling you my friends, that will have a little impact.

VIN CROSBIE: I'm not going to do the speech about e-ink and the electronic paper, which is basically the same type of thing, but I'm going to go back to the dinosaur stuff. Print. Man Rolland is one of the world's largest manufacturer's of presses and they say you won't see any more big newspaper presses in the next few years, because what they're doing is digital presses. Giant ink jet printers. You've seen these probably when you get junk mail where it has your name and address on it. They've realized they can connect these things to giant rolls of paper like newspapers and they can have a database with people's names and what type of things they want to get in print. And they've said, "God, has anyone ever thought of

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this before?" And we're saying, "Have you talked to the web people?" You know this is personalization, individualization. So there are these trends of the display devices, wireless or not wireless, whatever, the pdfs, or Microsoft Readers, the ability to hyperlink that and print itself is going this way. So all of a sudden you're getting into these individualized mediums. Everybody gets exactly what they need and they're going to get it in whatever way they want. You'll soon be printing not a website and a newspaper, but one product, which will basically look in a particular way, it will flow to fit any device it's on, and it will be custom made for you. And if you are the journalist putting it together, you've got to figure out how to route that stuff, which is interesting.

One, editorial concept on this, since this is an online journalism as opposed to technology or revenue conference, is if you've got 2,000 stories coming in to your newsroom and now all of a sudden you're going to use all of them rather than 100, how do you make sure all that stuff is editorial correct and true and the veracity of it? There's a lot of interesting things that will come up with this. And editing and journalism takes a little while because of the technology allowing the stuff.

MARTHA STONE: Thank you panel. And I wanted to know if any of you would have any questions or comments at this point. Anybody want to come up to the microphone and ask questions?

CHRISTOPHER FEOLA: LCD is the thing that you're used to seeing like in a laptop or in a flat panel display. It's basically an integrated circuit that happens to have a resolution that you can read. The problem with them is that they are really expensive to make. You're making basically a computer chip out of glass that's this big. It's not the simplest thing in the world. Most of the cost of a laptop up until recently has been the screen. The computer is like free. They throw it in. That's gotten somewhat better, but not a ton. So a whole bunch of people have been looking for ways to come up with less expensive displays. And my it's been working on a technology using e-ink using charged particles that you could run across. But the really interesting thing that a bunch of companies are working on is this idea of an organic compound. It's an organic, chemical display. And again, the interesting thing to me is that, OK, it's a display. But what it actually is, just like a screen here, is a circuit. It's a working circuit. But because it's an organic chemical you can actually spray the pattern on with an ink jet printer. And one of the leaders in this technology is Sako Epson who is using the same stuff that you buy in Kmart - or not in Kmart I guess any more, but Walmart where you buy an Epson printer to spray these displays out.

Now again, the interesting thing about technology is when the technology becomes ubiquitous because the price goes to zero. The price of an PC now so cheap that it's less expensive to run your steering, your brakes, your airbags with PCs (I'm sorry I'm doing the geek thing) with integrated circuits than to build the mechanical systems in there. Get rid of the hydraulics in the car. Just control everything

mechanically. And if you happen to - I shouldn't say this at a panel where people will get on planes tomorrow and be terrified. If you get on one of the new airbus planes, they have no mechanical or hydraulic systems in them. It's totally computer controlled. The pilot moves the yoke and in the back there's a microprocessor that says, ahhh, wiggle the rudder. That's what's happening because the price has come down to the point where it's cheaper to just put a computer in everything rather than a mechanical system.

Well, the thing that I won't predict, but the question I will ask you is, what does it mean when displays are that way? There's always been the discussion that Vin brought up before of, would the newspaper go away? Well, maybe the newspaper doesn't go away. But if I can send you something that looks like this and different words appear on it every day and you could still roll it up and put it in your pocket and it's multiple pages, is it a newspaper? Is it an online device? And here's the really important question: Why would you care? If it's got the news in it that you want and if it has the interesting property now of being the first newspaper where you can poke the picture and the picture starts playing a video, do you care if someone brings it to you or if it's just there and it updates every time you walk past a kiosk or a computer?

VIN CROSBIE: And some of this stuff is not so futuristic. Some of it is actually in production. Chris mentioned e-inc which is in Cambridge, Mass spun out of MIT. That company is actually producing electronic paper now. They're not producing it for the newspaper industry because they found an even bigger market, which is a sign industry. You go into a GAP store. I don't know about here in Austin, but in many of them, the signs are actually electronic paper. They can change instantaneously. They don't have to have them printed at some print shop and bring them in.

CHRISTOPHER FEOLA: The JCPenny in Dallas has been using these signs for about 3 years. These OLEDs again. This is something that's shipping. You can buy one of these.

MARTHA STONE: Any other questions? Well, I'd like to take this time then for the panel just to give a quick hit on what you think the biggest issue is to look out for for the future. Larry, do you want to start?

LARRY SANDERS: Contradicting a little bit what I said earlier, getting beyond classifieds as the main revenue source for local papers. If times seem bad right now because of the economy and the way no one is making money, don't worry, because a lot of this stuff that we've just being talking about now shows what's coming in the future, and that's why I'm still here.

CHRISTOPHER FEOLA: Yes. The same point basically. What's interesting is a lot of the Harvard Business School stuff I heard from a speech from Warren McMannis who is the head of IT studies at the Harvard Business School Monday. What he was

saying was - he's been in Information Technology since 1956 and the big regret of his life is that he was here for the boring half and that the really interesting part is just coming now and he wants to see it.

NANCY REGENT: I'll leave you with a story. A little kid was in the drug store and he was making a phone call and the pharmacist overheard him. And he said, "Hello Mrs. Smith. I want to know if I can cut your grass." And she said, "No, I'm sorry. I already have somebody to cut my grass." "Well, Mrs. Smith I wonder if I can cut your grass and I'll bag up all the clippings?" "No, I'm sorry. I already have somebody. I like my service. I don't need you coming to cut my grass." And he said, "Look, Mrs. Smith, I'll cut your grass, I'll bag up all your clippings and I'll charge you $5 less than the service you're currently paying." "No, no no. I really like my service." So he hung up and the pharmacist said, "Well look Billie. That's pretty good. I'll sign up with you. I need my grass cut." And he said, "No, that's OK. I already have enough customers. She's my customer."

So the point is that he was checking up on to see if she really liked his service. So I just came away from the Inc. 500 conference and if you've got loyal, devoted customers coming to your website in this downturn economy, you keep them. And you find out what they want and you deliver more to them. Because once you lose your customers it's nearly impossible to get them back. And the cost of acquisition in this day and time is very costly. So keep your customers, know what they want, and deliver to them and you'll win.

MARTHA STONE: Nancy, I don't think I could say it any better. That would be my sentiment as well. Thank you very much for coming today.

ROSENTAL CALMON ALVES: Thank you. A special thank you for the moderators. They did a great job. They helped a lot. So, thank you everybody. You were great.