

"Free vs. Paid Internet Content: and the Winner Is...Both"

But Problems Arise as Publishers Straddle Business Models, Says Clickshare President Helen B. Fields

NEW YORK, Oct. 3, 2000 – The so-called battle between free and paid Internet content is a misnomer that denies currently effective publishing models, according to Helen B. Fields, president of Clickshare Service Corp. In remarks prepared for an Oct. 4 panel at the Internet Content East conference at the Marriott World Trade Center, Fields says there is a great deal of uncertainty during the current phase of Internet development, but that both the free and for-fee models can and will survive.

On the other hand, a problem lies ahead for companies straddling the battle line, a foot in each camp. "Some companies are going through great pain as they depart their pay-for-print model in favor of offering their content free-on-the-net," Fields said. "They're buying market share with lost profits."

Some trade and business periodicals, many of which already offer their print versions for free, are experimenting with advertising-only business models in cyberspace. But Fields says that some others who charge for their print versions are also trying the "free content" model on the net, and this approach is cutting into their paid circulation revenues.

"The 'ouch factor' will be definitive. Sooner or later, publishers will realize that if their business calls for selling content in printed form, it may well mean that they need to sell it in cyberspace, as well," she said. Until that pain is felt, companies will seem comfortable with just advertising support.

Clickshare provides a platform for a digital content exchange on the Internet. Provided as a service, Clickshare includes payment aggregation, audience measurement, site-access control, personalization and privacy-protected demographics management.

KNOW THE RIGHT QUESTION

The relevant question is not how much is being sold on the Internet. It's "how much content is not being sold in physical channels because of the availability of free content on the Internet. Publishers have begun to recognize that free digital content is impacting their subscription revenues, although the evidence of physical-channel shrinkage is still pretty sketchy," according to Fields.

"But just like every facet of business that is touched by technology, the Internet will change this, too," Fields said. Publishers and other content providers need to prepare for the day when new factors such as immediacy and product customization impact old distribution models of packaged, off-the-shelf information products.

Fields contended that the Internet will likely continue in a bifurcated business model, with mass-circulation content sold by consumer-oriented publishers, versus trade periodicals whose income relies more on audience demographics for advertisers. In the print world, such “controlled-circulation” periodicals thrive in an advertising-only model, said Fields, who spent more than 10 years as a publishing executive.

The Internet is simply a distribution medium for digital content, she said. Some highly-specific information such as market research and analysis, typically sold in the print medium, will continue to be sold on the Internet.

How can a business tell what type of information can be sold on the net?

“Niche, unique, premium content is already the first content sold on the Internet. Why? Because the Internet demographic is professional and upscale. If you have premium content and you put it on the Internet for free, you'll kill your physical channels overnight. So your choice is to stay off the Internet, or find a way to charge,” Fields explained.

“If you want to know what content will sell on the Internet, first make sure it is unique. Then ask three questions,” she said:

- 1) Is it time-sensitive?
- 2) Is it customizable?
- 3) Do people need it on location?

“So besides uniqueness, answer ‘yes’ once and you've got a business,” she said. “Answer ‘yes’ twice and you've got a sustainable competitive advantage. Answer ‘yes’ three times and you've got the Next Big Thing.”

Examples of content that might qualify include professional publishing; medical, science, technology; distance learning, “coursepacks” and journals; special-purpose, downloadable software, including games; time/place sensitive information; plus value-added consumer subjects such as restaurant reviews and travel directions/recommendations

ABOUT CLICKSHARE SERVICE CORP.

Clickshare facilitates one-click sharing of digital content and users among content owners and other infomediaries. The Clickshare service includes payment aggregation, audience measurement, site-access control, personalization and privacy-protected demographics management. It provides portals and other proprietors with built-in customer bases, such as ISPs, wireless carriers, banks, and affinity groups with a way to strengthen and monetize their bond with customers. Clickshare offers consumers a way to have an account at one web site, yet buy content from many other websites -- without having to pass around a credit card number, fill out forms or give up personal information.

Clickshare has alliances with Advanced Publishing Technology, Red Hat Software Inc., Hagadone Newspapers, Comtex News Corp. and Tristar Technologies (Proprietary) Ltd. of

South Africa. In the last year, Clickshare has tested the sale of information provided by The Associated Press, PR Newswire, Business Wire, Xinhua, Itar-Tass, M2 Communications, U.S. Newswire, and The Sports Network. Clickshare has also demonstrated the sale of digital content over cellular phones.

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NOTE to Editors: Fields is available for interviews at Internet Content East conference until 4pm Wednesday, Oct. 4. To arrange for interviews, call 1-800-340-0436.

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