

David Worlock - Q&A with Deutsche Fachpresse

1. With regard to b2b media you recently talked about "content" as a "world which is departing". What does this mean?

When I talk about content as if it belonged in a departing world I am trying to signify that ideas of content being a linear - as in a magazine or newspaper - are becoming increasingly remote to many users, and will quite soon become a tiny part of the re-use of content in a networked society. In business markets many users do not commonly seek content for its own sake but they seek solutions based on that content and all other content. Increasingly we find ourselves creating solutions around content, permitting analysis of content and examining the content which users generate from original content (both in terms of their opinions of it, and their usage of it). So "pure content" business models are under stress, and in markets damaged by recession, advertising is under stress too. This has speeded up the move from content-based information publishing for its own sake towards solutions based network publishing for workflow integration.

Lets take an example. Do you read a magazine for engineers for news and information purposes, new product alerts and industry update? Or do you use a service like www.globalspec.com which holds 10 million design briefs, searches the entire Web using engineering terms to find news and update, and sends you a customized digital news service with alerts on the products and services you are following? And then, when content from services like GlobalSpec get integrated into the internal structures of information management within your engineering company, is the magazine still relevant - or just "nice to have"?

2. How will this effect the business model of b2b publishers?

Not everyone can do vertical search or workflow implementation. And markets do not want 10 solutions - they want one (and maybe be a second to keep pricing fair and ensure innovation continues). Indeed, not every publisher wants to work in such fully integrated environments or become a hybrid content/software company. So for many existing players the business model will be about selling content to those who own the services and do have access to end users. And this is a difficult place to be, since the service vendor, unless the proprietary content is of very high value indeed, commands the pricing, can dictate royalty levels to contributors, and is close enough to the users to see where data is most valuable, and emulate it where necessary, thus cutting out the supplier. The business model for those one or two players per sector who succeed in becoming full service suppliers is very different. They can expect high growth and renewal levels on annual or two year service contracts. The margins on these businesses should be in the 40-50% EBITDA range, and many digital services have achieved this consistently.

3. You said, to be indispensable, b2b media have to meet the three criteria productivity, decision making and compliance. Can you give us some details on this?

Buying into digital solutions is an investment for a business, and there has to be a clear return on that investment. This is not a decision like buying a magazine subscription or even subscribing to a standalone database service. The usual way in which technical investment is justified is in productivity terms, usually expressed in terms of manpower. So if the solution makes a company more efficient by concentrating information at the points in the business where it is required in order to

make processes work, and that involves less staff time, or staff, then productivity gain can be used to offset investment cost. But ideally, these service environments should enable better decisions to be made as well by better informed managers. By concentrating all the information needed to make a decision at the time and place in the business cycle where the decision is made, efficiency and increased operating power can be introduced. And, finally, as recession very slowly ends in Western Europe, we find markets re-regulating, with new rules designed to remove economic instability and new regulators at state and European Union level. This is an additional cost for businesses as they struggle with "know your customer" requirements or anti-money-laundering tests. Workflow engines can and should be auditable, enabling businesses to demonstrate to regulars and others that they did have the knowledge they needed to act as they did, thus offsetting some of the people costs of compliance.

4. Big data is the mega trend for the time being. How can b2b publishers take advantage from this?

But what is Big Data? Many people think of it as what happens when the volumes of data to be searched and manipulated become larger than the capacity of SQL databases to handle them. This is unhelpful. Think rather of the effects of searching all of the web available content, plus private proprietary databases, plus the content of the user (or groups of users sharing content, as in the Lexis Risk Assessment system in the USA through which insurance companies share data). This means that the data will be searched by analytical systems that address the data where it is currently held, and regardless of the structures within which it is held. A good example of the principles at work is provided by Kreditech.com in Hamburg. Soon publishers moving down this path will not think it strange to search huge amounts of third party data in relation to their own data in order to produce connections or relationships not previously envisaged creating "new" content. And equally soon this will be the least that customers will expect.

5. Technology know-how seems to be the key to successful publishing business in the future. How can publishers deal with this challenge?

The Publisher, if we still use that term, in the future will be a hybrid data/software house. Functions of selectivity which we currently call "editorial" will become part of "content architecture". The Wolters Kluwer Germany development of the semantic web service for lawyers called "Jurion" clearly shows how this will work. Although platform technology will be outsourced to companies like MarkLogic and semantic preparation/entity extraction to players like TEMIS, there has to be enough software knowledge on the inside for system maintenance and upgrade. These systems will develop through constant iteration, based on user feedback and driven through in "agile" development processes. And this world also demands management knowledge and experience in software, in order to make investment decisions and negotiate contacts, as well as manage and motivate software engineers. Managers will also need to get ever closer to markets and users: it is not just sufficient to know a great deal about engineering: now we need to know exactly how engineers work and what information flows are critical at what parts of their work cycle.