

Remarks by Tom Curley  
President and CEO/The Associated Press  
Southern Newspapers Publishers Association  
Austin, Texas  
October 18, 2010

I begin somewhat unusually by asking you to watch a couple of minutes of what was a five-minute segment aired by the PBS NewsHour. Not incidentally, and also central to the message, the use of this video for SNPA was approved by PBS.

As you watch, I ask you to reflect on the prospective impact of a journalist these days.

(Play video)

Gerald Herbert's work on the Gulf oil spill this past year was extraordinary. In fact, PBS recently gave Gerald another five-minute segment to update its viewers on the progress of the recovery from the spill.

Gerald is especially valuable to our organization for his expertise on his home state of Louisiana -- expertise that was a major factor in setting his work apart from other coverage of the spill.

Gerald is a wonderful model for what distinguishes our profession from the expanding legions of content providers in the digital marketplace today. The most valuable assets in that marketplace aren't the websites

we produce. They are our journalists – the authoritative creators of original news content.

Every day, I am honored, really, thrilled to be associated with Gerald and so many other committed and talented journalists, including the group attending SNPA today, which was last week's winner of our global beat-of-the week competition.

Our journalists fan out across the globe to cover the world's biggest stories. Your journalists fan out across your states and cities to cover the stories most valuable to your audiences. As in Gerald's case, their geographic or subject-matter expertise resonates with authenticity.

In my view, the prospective impact of any of them can be greater than ever. Yes, there are thousands fewer journalists and arguably fewer powerful voices employing them these days.

But each journalist can get access to a global distribution system that consumers of news clearly find sensational. When a story is told well, offers the right visuals, perhaps even is multi-media and, above all, accessible, it can reach more people than ever, and, notably, more of the people who want to act on the story.

The digital marketplace is on the cusp of an even bigger phase of growth on new platforms and devices.

We have arrived at a moment of significant opportunity. By understanding what news consumers want and innovating to satisfy their changing news consumption patterns, we can access audiences that can be both vast and targeted. Importantly, we believe we must be compensated appropriately for how our good work performs in this new era.

For nearly a decade, the content our industry has created has been losing value on the Internet. That's due mostly to two things.

First, the common practice of leaving content exposed on the Web to scraping, copying, pasting and aggregating has led to the creation of secondary markets for our content that have siphoned away considerable value.

Second, and even more frustrating, we've stood by watching while others invent creative new uses for our news and reap most, if not all, of the benefit. In general, our digital businesses - AP's in particular - have been driven by repurposing content we created for analog uses. We've watched others innovate the delivery of that news.

With the audience now clearly online and moving across platform, I'm asking you today to join with AP to act swiftly on these two fronts.

To begin with, we need efficient solutions for managing rights and distribution of our content across an

expanding array of online and mobile channels. And, to take full advantage of the new devices that are emerging, we must create new products that will both excite the audience and challenge our journalists.

Just this past week, the Board of Directors of The Associated Press authorized management to pursue initiatives in both areas. Today, we are announcing our intent to create an independent rights clearinghouse for news publishers to manage the distribution and use of their content beyond their own Web properties.

The clearinghouse will answer a need we heard from multiple businesses for an efficient way to access content from a range of news providers for a variety of uses. This extends to the news industry an approach that has worked successfully in other industries with similar challenges around fragmented distribution and consumption.

In addition, on the product front, we are stepping up our efforts to help AP members create their own branded apps for the exploding mobile market beyond the Web.

We act for one compelling reason. We have reached a now-or-never moment. We – the creators of original news content – have a duty to be sure the truth in a democracy doesn't go the way of mortgage documents - - lost or obfuscated in someone else's hapless cloud.

A business built around intellectual property and technology will never be simple. Some may think it's

too late to act – that there are good enough substitutes for the work we do. Others fret that the business may not return sufficient funds to make it worth the contribution of their content.

To all the doubters, I say the work of Gerald Herbert and all like him where you live is worth the fight. In a world deluged with content, the great and true transcend. We remain the largest creators of that highly prized content. It is forever worth the fight.

Our announcement today follows years of planned and extensive development. We began in 2007 with the creation of the digital cooperative. We now have more than 1,500 local newspapers and broadcasters sending us their content to be tagged and returned for use on their websites.

In April 2009, the AP board authorized us to create a News Registry, a way to track how content is being consumed in real time on the Web and get data on consumption patterns. The News Registry went live in July, and already more than a thousand newspapers are up or in the process of on-boarding.

The latest AP effort to create a rights clearinghouse was accelerated by the enthusiastic response to the registry and an industry process that was kicked off this summer by NAA Chairman Mark Contreras and led by John Sturm. A study of industry priorities led to focusing on an independent rights agency as one critical initiative.

As part of that NAA process, a consulting group, Water Street Partners, conducted extensive interviews and studies of revenues and costs for similar business ventures. Water Street's work concluded there was a business to be built on the AP's News Registry work.

While we're very happy with the News Registry's progress, we've concluded that an AP-owned and operated model is not the right one for a news clearinghouse. Instead, the news clearinghouse will be a new separate entity that serves AP and other content creators.

Our initiatives directly respond to the major forces now shaping the digital marketplace. In this slide, we've highlighted the three areas of opportunity we see for news consumption.

First, there is the open Web environment, well-established after 15 years and soon extending to the mobile space via Google's Android platform. In this "open" system, content flows freely, with limited rights management, and search is the dominant mode of navigation. Advertising, most of it tied to search, is the principal business model.

The second environment is forming around the Apple success story with the iPhone, iTouch and iPad products. These attractive, multi-touch devices connect to a "closed" marketplace of applications, supported by both advertising and pay models. These devices have

now all moved into mass-market retail channels, and Apple is promising to unveil plans for monetizing news applications very soon.

Finally, there is the hybrid of open and closed - the social network space where information flows between friends and advertising is focused on people rather than content. This is perhaps the most difficult area for news publishers to navigate, but many, including AP, are taking early steps to engage the audience in social spaces, such as Facebook and Twitter, in hopes of someday monetizing those relationships.

At AP, we believe the industry has to get its content in shape for all these marketplaces as we head into a period of explosive growth.

Just consider the numbers. Devices based on the Android and Apple software platforms are both being activated at rates of more than 200,000 a day around the world. As the slide points out, that will result in 250 million of those devices in consumers' hands by 2012.

That is a magic date and not just because it will bring another Olympics and presidential election. By then, the consumption of news will almost certainly have shifted to screen-based viewing. In other words, there will be more touch screens than front pages.

With the proliferation of different kinds of mobile devices - smart phones and tablets in particular - the

mobile marketplace will soon become synonymous with the online marketplace. To be online will mean you are mobile or at the least connected wirelessly.

That shift to mobile and easy-to-use touch screen devices will transform the market we've been operating in. A one-dimensional, Web-based marketplace will be supplanted by a multi-dimensional, multi-platform opportunity. We'll be moving well beyond websites, search results pages and RSS feeds.

The move to mobile, with a wide variety of devices enabling an equally wide variety of consumer experiences, will usher in a new golden age for the development of new products, if we're up to the challenge.

That's where journalists like Gerald Herbert come in. The new platforms are creating opportunities to display their work in new ways and to connect the journalists themselves with the audience.

AP's mobile strategy will morph away from simple repurposing of our traditional wire feeds toward the creation of new experiences, handcrafted by the expert journalists who report and manage the flow of the news from around the world. By early next year, we expect to launch new applications in the mobile and tablet markets that will offer consumers fresh perspectives on the day's top stories and take them behind the scenes with our experts. We also will work with you to assure the value of content freely available.

In advance of that, we are offering services, through our mobile partner Verve Wireless, to help AP member newspapers create their own branded mobile and iPad applications. This white-label service will make it very easy for members to take advantage of the new platforms right away and gain experience with the kinds of products and business models that will drive the new mobile marketplace.

In addition to white-label content applications, we also plan to offer a mobile ad tool called iCircular to provide newspapers' pre-print customers access to our increasing numbers of mobile readers. This service, designed to translate the value of print circulars to mobile devices, can be integrated directly into members' mobile websites or apps.

Just think about it. The main option available for extracting new value from the online marketplace just a few months ago was a pay wall. We need many more tools to take advantage of the opportunities that lie ahead.

Given the way the mobile world is developing, news will need to flow to the screens in any number of ways. Of course, we'll continue to package our news into websites and apps, but news also will continue to be scraped, copied, pasted, aggregated and searched by others.

So far, as an industry, we haven't done a very good job of preparing our content for those kinds of uses. Publishers have focused most of their energy on attracting and holding an audience on their websites, and, as we know, that's just part of the story.

Once a publisher posts content to a website, it gets crawled, excerpted, linked, you name it. And yet the value publishers realize from all that use is mostly limited to what they can capture from users and advertisers on their own sites.

With the new rights clearinghouse initiative, we are hoping to give news publishers more tools to pursue an audience and capture value beyond the boundaries of their own digital publications.

Earlier this year, the U.S. Department of Justice issued a favorable business review letter supporting the News Registry, and AP will seek additional guidance from the DOJ to shape the services of the clearinghouse. The goal is not for publishers to wall off or limit off-site uses of content. Instead, content providers will get new tools so they can efficiently manage commercial uses of their content.

On a parallel track, we will begin work on rules for participation, a range of content and data license agreements and investment documents. In all these activities, we want the new organization to be as inclusive and as accessible as possible.

Here's a slide that shows the kinds of services that the clearinghouse could eventually provide. Managed services would enable publishers to manage access to content and enforcement of rights, including privacy tools for news consumers. Content services could include syndication of aggregated news content on behalf of the participating publishers. Audience services could harness the aggregated data from the clearinghouse to build media tracking and intelligence services from a global network of news providers.

This is the business infrastructure for news and information that the Internet sorely has lacked. It takes the next logical step in development of the digital information economy by helping publishers build new revenue streams based on the evolving and innovative uses of their content across the digital landscape. It also will enable news providers to allocate resources efficiently to address the fragmented demands of the digital marketplace.

It really is now or never. The shift to online consumption has moved well past the tipping point. The Pew research organization reported just last month that a majority of Americans now say they get their news from at least one digital source. About a third say they get their news online every day, about double the percentage who said that just four years ago.

AP is taking the lead in organizing this new entity, because as one of the largest news content producers on Earth, we have a big stake in how the next phase of

digital consumption plays out. But we are all in the same boat. The consuming public has spoken. They want their news when and how they want it. Sometimes it will be in the packages we create. The iPad is a great new device for delivering those products.

But innovation is not something we can control as creators and publishers of essential content. The lesson of the Internet so far is that it continues to open up new uses and distribution of our content. Check the app store on your phone or pad after this speech, and you'll likely find a few more apps harvesting our content from the open Web.

It's time to make it a real business and extract some additional value from the marketplace to support the good work that we do.

This is the moment, as consumption goes mobile and across many screens, to make sure that the work we do – like Gerald Herbert's great photography in the Gulf or our video journalists in Afghanistan or state house correspondent in Austin – captures both the exposure it deserves and the value it creates.

I'm especially grateful to SNPA and Donna for this forum at this historic moment. Thank you for your time.

###