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Re-Inventing Aggregation

The Rise of Aggregated Online Current Awareness in the
Enterprise: Analysis and Recommendations Whitepaper

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1. Introduction: Re-Inventing Aggregation

A new information aggregation model has emerged which promises to cut costs while offering a superior range of current awareness services. Though the companies which operate this model are still small, relative to the established giants of the industry, their awesome potential is only now becoming apparent. This paper describes how the "Internet aggregation" model works; examines some of its advantages and analyzes how information professionals can effectively exploit its benefits.

2. The Rise of Internet Aggregation

Two types of online information services have, until now, dominated the market for news and corporate information. Deep archives provided by companies such as Factiva and LexisNexis, and real-time newswires and stock information offered by agencies such as Reuters and Bloomberg.

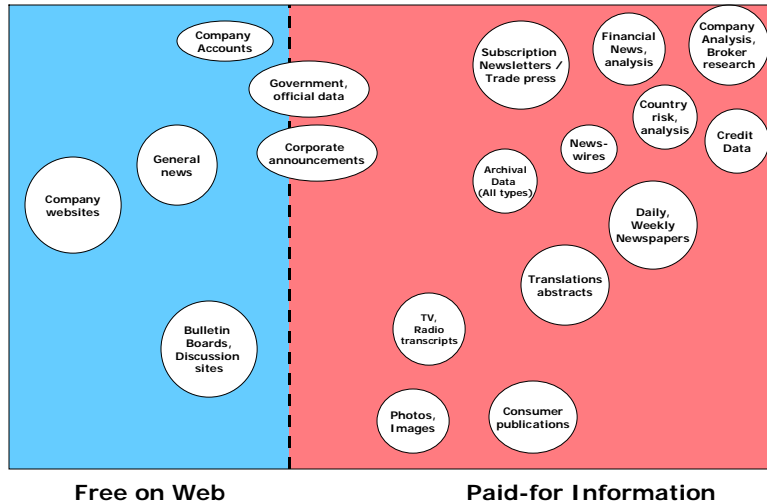
Between these two traditional models a third, and strikingly different, model has now emerged – Internet aggregation. Its starting point is the vast sea of online information available. The information resources accessible to these new aggregators are already large, are growing at a phenomenal rate and are highly diverse. They range from traditional news and media organizations right through to what might be termed personal or informal publishers.

Weblogs and Bulletin Boards, for example, are now providing insights into consumer opinion as well as breaking news that is sometimes only later picked up by mainstream media. They also offer discussion, unsolicited opinions and analysis that can be vital for companies seeking to manage their reputations or protect their brands.

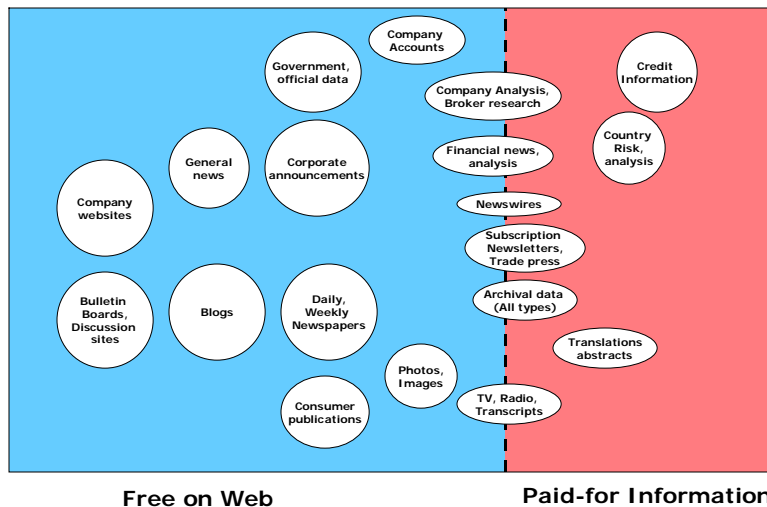
Even though Internet search engines have improved in recent years, the infrequency of their indexing - which can be measured in weeks rather than hours - is not generally suited to current awareness services and breaking news. Additionally, the typical corporation has neither the time nor the resource itself to manually capture all the useful information available to it. Asking well-paid executives to spend hours during their working day trawling Internet sites is not a good use of their time.

When this model began in the late 1990's, it suffered from both a lack of available data and from the dubious quality of some of the information aggregated. But as Figs. 1 and 2 demonstrate, that is no longer the case. Much news and corporate information that was previously restricted to paid-for, premium, services have now migrated to the free (or at least low-priced) Internet.

Free vs. Paid-for Information Year 2000



Free vs. Paid-for Information Year 2005



Distribution Wins

Publishers used to be fanatical about protecting their copyright. Some – such as academic, pharmaceutical or newsletter publishers – still are. But the ubiquitous nature of the web has thrown a new light on copyright protection and fair use.

Publishers are learning that restrictive publishing policies are not always in their best commercial interests. They are realizing the benefits which flow from using their published material to draw traffic to their home site which can then be effectively monetized through, for example, advertising.

This is the key to the success of the Internet aggregation model. An aggregation company – such as Moreover Technologies – scans thousands of sites at frequent intervals, tags headlines, stores them and delivers them as custom packages. The chosen sites can be re-indexed as frequently as every two minutes, creating a powerful and comprehensive current awareness service. As the aggregators re-direct clicks back to the original source page, the publisher benefits from increased traffic and heightened circulation. The commercial appeal of the model is all three parties - the original publisher, the aggregator and the client - stand to gain something from the transaction.

With some Internet aggregators, even where the publisher requires a subscription fee – such as the Wall Street Journal or the Financial Times – the client can sign up to the service directly and their content flows freely through the web aggregator's system.

Internet Speed

The Internet aggregation model is also able to process new sources with exceptional speed. Adding a new source for one of the traditional aggregators can take months. The web aggregator can include a source within hours. This enables it not only to keep ahead of the latest trends, but it can be exceptionally fast in responding to customer requests for new sources.

Economic Model

Perhaps the most revolutionary aspect of the new model is its commercial structure. Traditional aggregation companies pay a substantial chunk of revenues as royalties to publishers. Typically this is around 20%-25% but can be as high as 50%. Those aggregators locked into this high cost model have had no choice but to pass on these costs to customers.

Web aggregators, by contrast, sign no source contracts with publishers and consequently pay no royalties. This radically changes the economics of data aggregation and allows Internet aggregators to operate from a much lower cost base. This gives them the opportunity to charge both lower prices and – without the contractual requirements of a source contract – they can offer much simpler and more flexible tariffs than traditional aggregators.

Matching Content to Needs

None of this, of course, suggests that the giant aggregators such as Factiva and LexisNexis will be put out of business by the emergence of this new “third-way”. The demand for different products depends, as ever, on the requirements of particular users. Legal or pharmaceutical librarians, M&A specialist, investment bankers, venture capital specialists and credit risk analysts all have different needs and often there will be a

requirement for the kind of premium sources offered by the traditional aggregation companies. Access to a deep archive also remains essential for any company involved in strategic planning. However, the need for online news typically runs horizontally across job functions.

The recently-announced integration deal where Factiva selected Moreover's aggregated online news for use in the Factiva Insight reputation management solution is evidence that the two models offer different, but complementary, services.

3. Benefits of Internet Aggregation

For anyone thinking of subscribing to an Internet aggregator, such as Moreover, at least three benefits clearly stand out:

1) Speed: Traditional aggregators excel in building archival services but the delivery of current awareness information – which is essential in supporting business decisions – was always a secondary objective.

There are practical reasons for this. Some publishers – in order not to damage sales of the printed versions of their publications – ask for an embargo on the release of their materials. In the case of trade publications, this can be up to a week. Another reason is that publishers sometimes regard the supplying of their publications to online aggregators as a secondary activity – their primary role, of course, being to publish their material themselves. This means that publishers can sometimes be tardy in providing feeds.

The new breed of aggregators, by contrast, has been able to build their systems around “near-time” delivery. In practice this means that key sites of interest can be visited, and links delivered, every few minutes.

Web aggregators are, of course, dependent upon the time it takes for material to be loaded on a website. But, once released, there is no technical or contractual reason for a delay to be imposed.

2) Price: The days when information budgets could be assumed to keep growing are over. The information professional is increasingly being asked to justify expenditure in this area by demonstrating return on investment.

When services were just supplied to the corporate library, the financial justification, in terms of the volume of queries answered or research supplied, was relatively straightforward. But once information services left the structured confines of the information department and moved into the wider corporation, the ROI became harder to identify.

The lower prices offered by web aggregators are attractive not only to small and medium-sized enterprises – which have historically found it hard to justify

spending the high prices asked for research services – but to larger companies as well.

Information professionals in global corporations are struggling to reconcile an explosion in demand for current awareness services from information-literate employees with static or marginal growth in their information budgets. Their answer, increasingly, is to turn to the web aggregators.

Customers are not only attracted to the lower prices, but to the simpler pricing schemes. The pricing structures of the traditional aggregators are not only opaque – they are often reluctant, for example, to publish full price lists – but when they do provide a price quotation, it is often of eye-watering complexity. To be fair, the giant aggregators have worked hard in recent years on simplifying pricing schemes. But they are locked into legacy billing systems and contract terms that make change difficult.

The online aggregators, on the other hand, have been able to respond more flexibly to clients' pricing needs thanks to their lack of historical pricing precedents and the absence of royalty "protection" conditions imposed by publishers. Web aggregators can, for example, offer flat-rate "all-you-can-eat" prices with no restrictions on content usage.

Lower, and simpler, prices are likely to become increasingly attractive to customers as the pressure to justify expenditure grows.

3) Range of Coverage: As described above, the diversity of these sources is something quite new. The lack of source contracts with publishers means that the new style aggregators can look far and wide in their search for new data sources. They can also respond immediately to customer requests for new data. As web aggregators take no legal responsibility for the material they provide, they are able to access more controversial opinion-based sites. These can be extremely useful to companies wanting to listen to authentic, unfiltered, views on their products and services. It also provides the ability to quickly move into new media types such as the emergence of Weblogs.

4. Conclusion

News – both general and financial – is now largely available for free on the Internet. But the sheer volume, diversity and rapid turnover of information means that corporations seeking current awareness services are generally not equipped to organize such services internally.

Web aggregators such as Moreover are undertaking this task with increasing speed and imagination. They also add value through the addition of metadata, converting content to web-standard formats, storing links and distributing the sources in tailored packages.

The traditional aggregators continue to gain subscribers thanks to the access they offer to premium sources and to their powerful research archives.

For these reasons, information professionals are starting to adopt a new balance in their information buying habits. For current awareness services, web aggregators are becoming acknowledged as the wave of the future. For access to certain restricted data types, and for a deep archive, the need remains as strong as ever for access to the traditional aggregation services. Where that balance will settle between these two different, but complementary, services is still an open question. One thing seems certain, as the Internet grows, so too will the web aggregators.