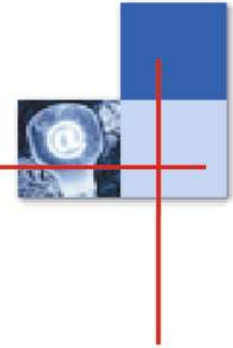


Business models in Information Industry

Pierre Buffet (Questel.Orbit, France)

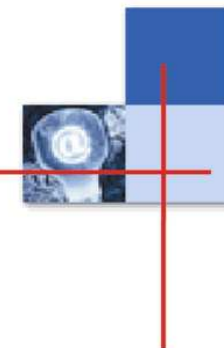
ICIC, Nîmes, France, 22-25 October 2006

Business models



- Pre-electronic era
- First electronic services
- Today's trends
- Tangible versus intangible
- What about tomorrow

Pre-electronic era



- The world was simple

Authors → (Primary) Publishers



Readers

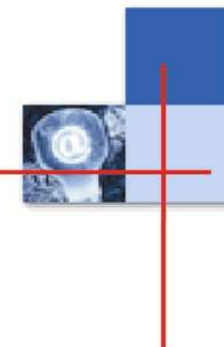


Libraries



- With simple documents
 - Books, Journals, Patents
- Known Publishers
 - ACS, Elsevier, PTOs
- And simple charging mechanisms
 - Single fee (books, patents)
 - Subscription (journals)

First electronic services

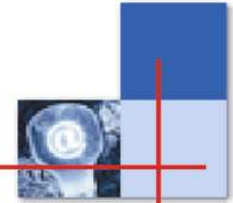


New comers appear or evolve:

- Secondary Publisher for Abstracting & Indexing
- Online Host & Vendor for Distribution
- Telecom companies for data transfer
- Software provider for Post processing

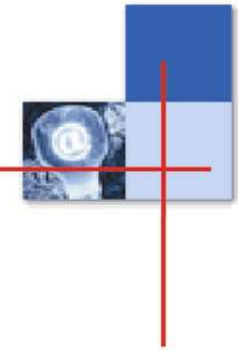
specialized by metier

Secondary Publisher: 1st metier



- To cope with vast amount of information
- Synthetic view
- Mainly for Journal articles & Patents
- Charging mechanism:
 - Subscription to bulletins or Alerts (SDIs)
 - Still “traditional”

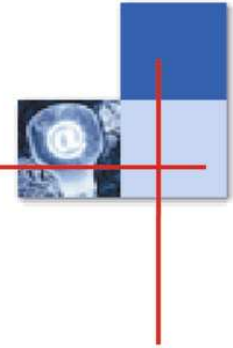
Online Host & Vendor: 2nd metier



- To improve access to & dissemination of
 - secondary information,
 - Primary information
- Charging mechanism:
 - Pay-as-you-go
 - Influenced by:
 - Computer service providers: CPU
 - Telecoms: connect time
 - Copy services: per document or per page

becoming more complex as time goes

Software provider: 3rd metier



- Initially, players specialized.
- E.g.: Aurigin, BizInt, MDL, Verity
- Charging mechanism:
 - Software company standards

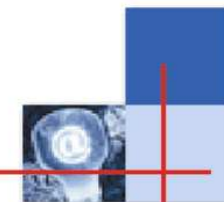
Today's trends



Back to more integration of functions

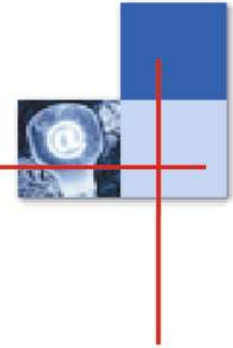
- Catalyst: technological evolution
- Public organisations are in the game
- Companies are part of the process
- Software & service providers join the club

Catalyst: Technological evolution



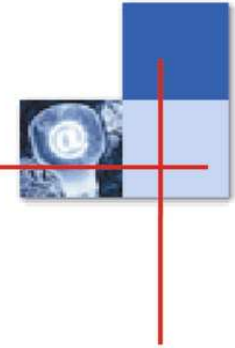
- Cost of producing electronic data decreases
 - more full text & multimedia information available
- Cost of producing services decreases
 - more facilities to handle information (linguistic tools, indexing, visualization)
- Cost of disseminating information decreases
 - more networks, more bandwidth
- Cost of PC hardware and software decreases

Public organisations are in the game



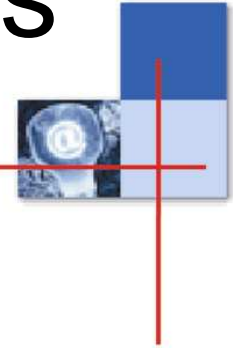
- Often as free services
 - NLM and beyond NIH
 - PTOs
- “Business model” (public mission)
conflicts with the one of private players

Companies are part of the process



- Integration of services crosses the various borders
- Internal info department and external players
 - have similar activities and issues to solve
 - work more and more closely together
 - or become competitors

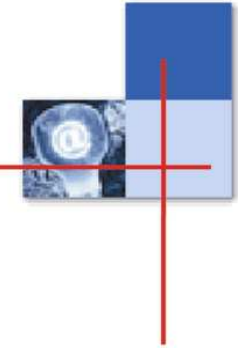
Software & service providers join the club



- CAS buys HDS
- Elsevier buys MDL
- IHI buys Aurigin, Liquent and Master Data Center
- Questel•Orbit takes shares in Lingway

Information and software are combined.

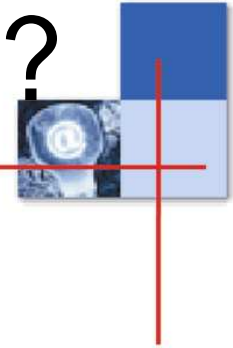
Comparing tangible and intangible – Why?



Mass distribution and Information distribution share similarities:

- Possibility for each to expand to the other activity (vertical integration)
- Dominating-dominated relationship between producer and distributor
 - C&A, Carrefour, Wal-Mart,
 - CAS, Elsevier, Thomson Corp.

Who leads the game – Why?



- Tangible:

- Real shops remain socially important
 - to see or manipulate the goods
 - to socially exchange with sales people
- Logistics is important

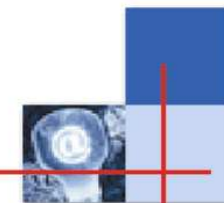
→ *Distributor leads*

- Intangible:

- Production is automated
- Distribution is automated
- Integration of production & distribution is simpler

→ *Producer leads*

Preliminary conclusion

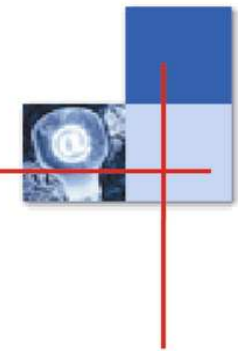


- Vertical integration is the trend on intangible
 - CAS, Elsevier, Thomson Corp., ...
- It corresponds to the worldwide evolution of economy increasingly specialized per market
- Consequence on pricing:
 - Pay-as-you-go is unmanageable & obsolete
 - Package deal based on new parameters
 - Size of the user population
 - Data & functions offered

What about tomorrow



- The internet offers new opportunities
- End users enter the game
 - Intangible is affordable
 - the loop author-reader could be revisited...
- Information and communication become more intricate
- Will Google lead the whole system?



This is another story...