

A New Model for Publishing on the Internet

RIP THIS CONTENT

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THE GREAT CONTRADICTION

In 1971, counterculture icon Abbie Hoffman authored a book titled, *Steal This Book*. The first 12 chapters provide tips on how to “rip off” just about anything—including movies, books and records. Several different publishers have published the book in both hardcover and paperback over the years. There is even a twenty-fifth anniversary edition sold through Amazon.com, Book.com and other booksellers. Obviously the book has an audience. The copy that I have carries the following notice on the inside front page:

“All rights reserved. No part of this book may be reproduced, stored in a database or other retrieval system, or transmitted in any form, by any

means, including mechanical, electronic, photocopying, recording, or otherwise, without the prior written permission of the publisher.”

Go figure. It would seem that a book encouraging people to steal stuff—including the book itself—does not suspend copyright or defy the laws of economics after all.

The same can be said for publishing on the Internet.

It may be sacrilege to say it, but I'm willing to bet that most people who have the book actually bought their copy. I have no doubt Abbie Hoffman profited from his book, if not financially, certainly from increased notoriety. I also have no doubt the various publishers of *Steal This Book* have profited

KEY POINTS

- Content creators and publishers want to make money publishing online. They also want to have more control over how their content is being used.
- Revenue from advertising and subscription fees is insufficient to sustain most content owners. The ROP Model (Reprints and Interactive Permissions) provides a new source of revenue.
- The ROP Model allows users to license specific pieces of content they are most interested in, according to their needs and intended usage. It allows any type of content—an article, a photograph, a video clip, a song and other pieces of content—to be separated from its original publication and instantly licensed by millions of people.
- The Internet provides publishers with more control over their content, not less, if they install an IP (Intellectual Property) Meter. An IP Meter records where and how people are using the publisher's content and bills them accordingly.
- Once turned on, an IP Meter can instantly license content for reprint or reuse according to the business rules established by the owner, and hitch itself to every derivative work (copy). This “hitching” provides a way for people who receive the derivative work to quickly locate the original material and to purchase their own reuse license from the owner.
- The ROP Model is applicable to content published off-line as well as online. An IP Meter can be invoked via the telephone or via the Web. Publishers just need to add a unique ID number to each piece of content.
- Installing an IP Meter and making money through Reprints and Interactive Permissions is a make vs. buy decision. Either way, publishers will have more control over their content and will make more money by publishing it in digital form.



from it, which is why they continue to publish it. Likewise, in the age of the Internet, it's a good bet that most content creators and publishers who have an audience will profit from putting their content online.

Like *Steal This Book*, content on the Internet appears to contradict the basic laws of economics. Why should any content creator or publisher go through the expense of publishing material online if people can easily steal it? It seems as though everything on the Internet is free for the taking, and the copyright laws provide little protection or solace. Copy, paste, bingo, it's yours to redistribute or repurpose as you see fit. Right?

THE BIG QUESTION

In reality, publishers of content potentially have MORE control over who is using their content, where it used and how it is used, than they have ever had before. Publishers can also make MORE money from their content than they could if the Internet did not exist. The Internet and its enabling technologies make this possible. Publishers just need to think about their content and their potential audience in a new light.

On one hand, the Internet gives users access to a global platform to publish almost anything they like with minimal investment or interference. Publishers no longer control the channels of distribution. On the other hand, people only want content that is specifically meaningful to them at a particular point in time. They also want content that is authentic, useful and presented in the proper context. All content is not created equal. Publishers with established brands that provide editorial and other value-added services will continue to get mind-share. So the central question posed by these new dynamics is this:

Since the potential audience is so large...

...access to the audience so easy and inexpensive...

...the need for highly targeted, highly valued content so acute...

...yet content in digital form so difficult to control and protect...

...how can content creators and publishers make money?

A NEW ANSWER

The first answer that comes to mind is advertising and/or subscription. These are the old standby business models. They work well enough for publishers that can attract a lot of eyeballs or enough subscribers to pay the bills. The 80/20 rule applies to these models: 20 percent of all publishers will get 80 percent of all the advertising and subscription dollars. This is not the answer for the vast majority of content creators and publishers.

The *real* answer lies in taking full advantage of the breadth, depth and diversity of the potential (online) audience according to their need for specific pieces of content and how they want to use them. For example, a person may buy a newspaper each day, but only read certain articles. And of all the articles read, a person might want to make copies of just one of the articles. That one article probably has more value to that person than the rest of the newspaper. This is how publishers should look at their content in today's information-rich environment.

By seeing the lifetime value of the many parts of a publication

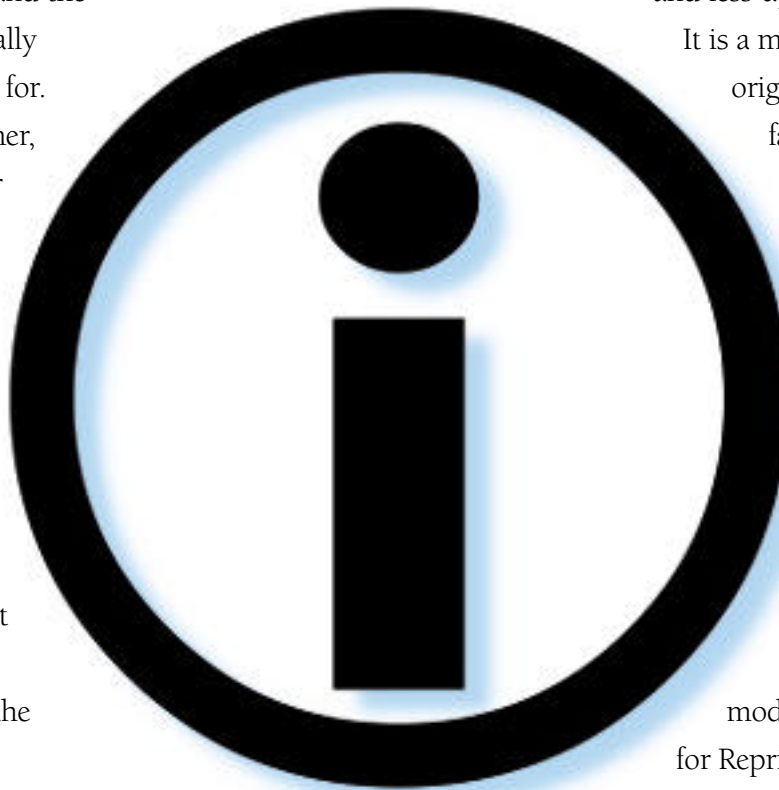


and not just the short-term life of the whole publication, a new business model emerges. It is a model that recognizes that the product is not a newspaper, a magazine or a CD; it is the article, the photograph, the graphic, the lyrics, the score, the frame and the other “parts” that people really want and are willing to pay for. To break it down even further, people will pay not only for an article, but also for a particular paragraph or excerpt within the article. People will pay not only for a video, but also for one single frame that can be delivered in the form of a poster. This one-off model is not only feasible, it is actually quite easy for publishers to enable using the Internet.

I’m not talking about a micro-payments model or a pay-per-view model characteristic of archive collections. I’m talking about a new model that goes beyond how people buy content today. I’m talking about a revenue model that is based on *who* is using the content, *where* they are using it and *how* they are using it.

For creating and publishing

content in digital form, this new business model represents the difference between selling one million copies of a printed publication, or selling 10 million copies of three or four articles electronically. The Internet makes



these multiples possible if publishers are willing to make their content available in parts, while continuing to maintain the context provided by the whole. Each article becomes a living, self-perpetuating annuity, that over the long run will provide a return greater than that of the publication in which it was originally

published. Therein lies the secret to a new business model that works equally well for creators of content, publishers of content and consumers of content in the digital age.

It is a model that depends more upon the actual use of the content and less upon its mere existence.

It is a model that embraces the original spirit of the Web by facilitating the free flow of information. At the same time, it honors the people who create the content, and respects the intellectual property rights of those who own it and/or distribute it—in most cases the publishers.

I call it the “R*Ⓘ*P” model. R*Ⓘ*P is an acronym for Reprints and *Ⓘ*nteractive Permissions, or if you prefer, Reuse of *Ⓘ*ntellectual Property. It literally means that the content is “freely” available until it is ripped out of a publication or off of a Web site. Content creators and publishers of all sizes can enable the R*Ⓘ*P model by installing an “IP Meter.”



THE R*IP* MODEL

The R*IP* model is like the sure-fast diet. You can chew whatever you like and as much as you like; you just can't swallow it. In other words, take all you want, but at the point where it provides you with calories and protein, you can expect to pay for it. All-you-can-eat content is a fact of life. The key is recognizing that people have different tastes and appetites.

People are already conditioned to getting most of their content for free. Television, radio and thousands of magazines and newspapers provide content for free—and much of it is good content. When people want to see a movie on their own time and at their own pace, however, they rent the video. When they want their friends to hear a new song, they buy the CD. When companies want customers or employees to “digest” certain information, they buy news feeds and reprints.

Licensing content for reuse is already a multibillion-dollar business. Reprints and permissions (also called “rights management”) is a burgeoning industry. Only a few publishers have figured out how to license content for reprint

and reuse well. The lack of standards and automation has prohibited most publishers from capitalizing on this untapped market. With the rise of the Internet and technologies that automate the process, the sale of content for reuse will provide many publishers with a more profitable platform than does the sale of their content for original use.

Travel on any airplane or commuter train and you will see people rip pages out of a magazine or newspaper. They rip content that they wish to act on—to put to use. The same is true for Web sites. Go to any site and you are likely to see content that was ripped from another site. Different people rip different content based upon their interests and intended usage. This is the point where an IP (Intellectual Property) Meter could record the amount and the kind of usage, then bill accordingly. It would be painless and it would be fair.

Let's look at an analogy like the electric and gas meter ticking outside of your house. How often do you question its accuracy or the value you are receiving from the power usage that it monitors?

In the same way, I believe few people will question an IP Meter. Like heat and light, intellectual property is a requirement to sustain life in an age where information is capital, and where the most valued products are knowledge, entertainment and artistic expression.

How does it work? It starts with what's already affixed to every piece of content created in almost every form—the © copyright symbol. It usually lies inconspicuously at the bottom of every Web page. It appears in every newspaper and magazine, on the jacket of every CD, and in the credits of every film. The copyright symbol is used worldwide and is universally recognized by the majority of content consumers. The copyright symbol—or a clever version thereof—is an IP Meter and publishers already have one built into their content...they just need to turn it on.



HOW AN IP METER WORKS FOR CONTENT PUBLISHED ON THE WEB

All Web users have to do is click on the copyright symbol. A Meter then pops up and displays the information needed to properly license the content. (See Figure 1.)

Among other things, the Meter displays who owns the material and who publishes the material. It displays the “permissions,” i.e., how the content may be used and what it will cost. It also displays the terms of use.

If the user accepts the terms under which the content may be licensed for reuse, the Meter would then record their usage and notify the “utility company”—in this case a rights and permissions clearinghouse—to deliver the content in the form needed by the user. For example, the user may want the content in PDF, HTML, JPEG, ASCII, or any number of other popular content formats. Hyperlinks allow the user to learn more about the content, the author/owner, the publisher and the licensing process.

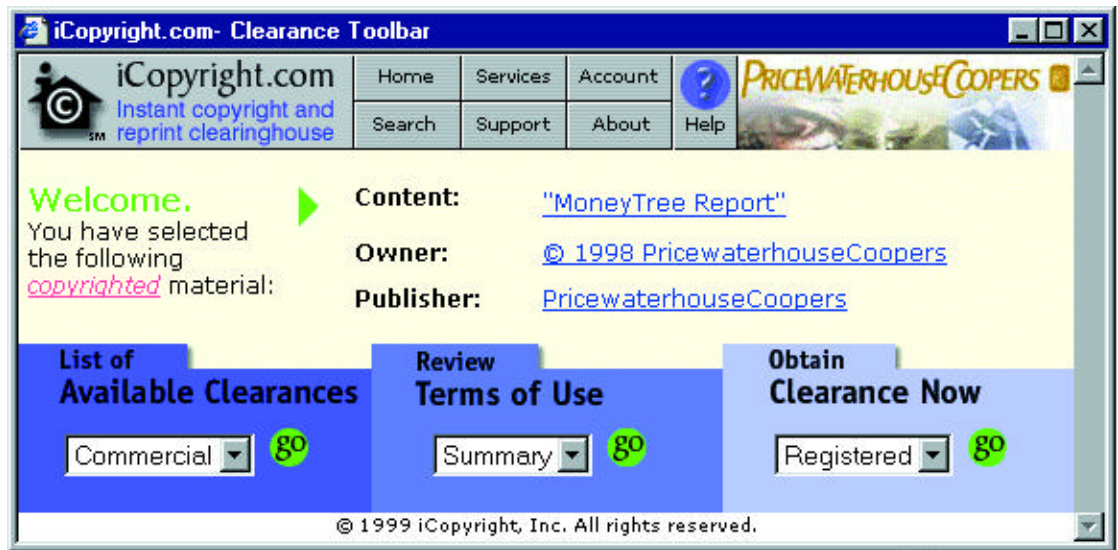


Figure 1. Example of a proprietary IP Meter invented by iCopyright. It allows users to instantly license content for reprint or reuse. (Reprinted courtesy of PricewaterhouseCoopers.)

The rights and permissions clearinghouse collects the money from the user and remits payment to the publisher along with a detailed report. The report outlines:

- *who has licensed the content, e.g., a Fortune 500 company or university.*
- *where they are using it, e.g., on their Web site or in a printed publication.*
- *how it is being used, e.g., by employees, students, customers or suppliers.*

The IP Meter also “tags” the content that has been properly licensed to the user with a unique

identification number embedded in the file that is delivered to the user. (See Figure 2.) This tag can track all derivative uses of the original content, and allows everyone who receives the licensee’s derivative use to quickly locate the original material. In this sense, the IP Meter hitches itself to the licensed content. It encourages users to buy their own license to reuse the material. This feature is what makes the ROP model so compelling. It allows an article to be published once, but automatically licensed by millions of different people for their own reuse. Every derivative use becomes a vehicle to sell even more derivative uses.



HOW AN IP METER WORKS FOR CONTENT PUBLISHED OFF-LINE

The interactive nature of the Web is ideal for the Reprints and Interactive Permissions model. The Web demands immediacy. The installation of an IP Meter enables content to be instantly licensed from any Web site while the content is still timely. It also permits material to be legally ripped from other digital devices, such as electronic books and PDAs. What about content that is not published online? The ROP model works almost as seamlessly for print publications, music, film and other forms of publishing. Quite simply, an IP Meter can be invoked using the telephone or the Web for content that resides off-line. All that is needed is a unique serial number affixed to the content.

Even this paper is an example of how an IP Meter can work for content published off-line. At the bottom of this page, next to the iCopyright symbol, is a unique serial number in the form of a URL. To instantly license this

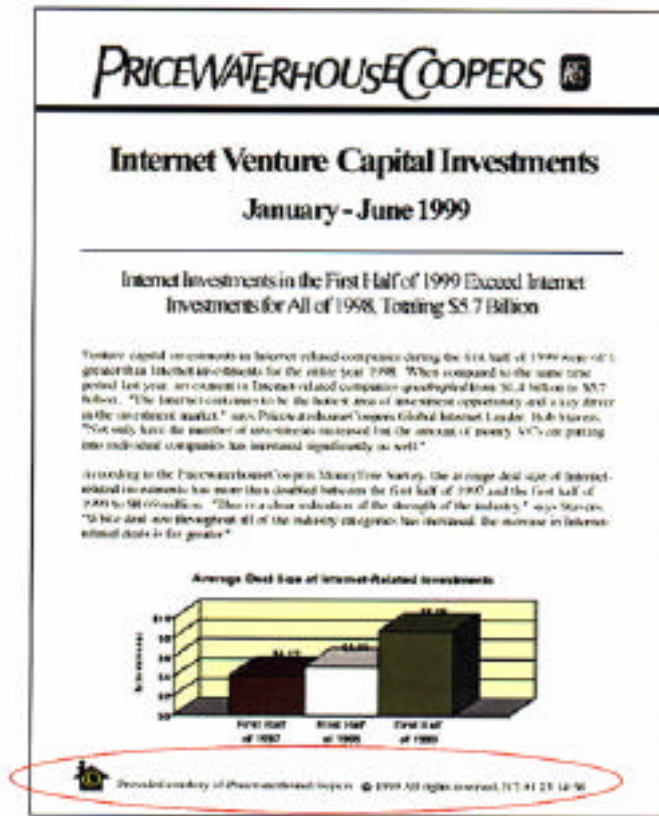


Figure 2. Example of a proprietary ID tag invented by iCopyright. It proves the user properly licensed the content, and allows people who receive the derivative work to locate the original material to purchase their own reuse license. (Reprinted courtesy of PricewaterhouseCoopers.)

content for reprint or reuse, simply enter the URL into any Web browser, or call 1-425-430-4555, extension 623. It really works.

Content owners and publishers can enable this same kind of system on their own Web sites. Publishers can also set up a toll-free number or an extension off their main line to handle incoming calls. A licensing agent or an Interactive Voice Response (IVR) system can process reprints and permissions inquiries. Alternatively,

content owners and publishers can outsource the entire reprints and permissions function to a professional reprint and copyright clearinghouse.

HOW TO ENABLE THE ROP MODEL

To begin making money from Reprints and Interactive Permissions, publishers need to do the following things:

1. Secure the rights to license their content for other uses.

Publishers who do not already have the rights to license the content for reprint or reuse need to negotiate the rights with the creators and/or owners of the content.

2. Determine the business rules. *Publishers need to decide what kinds of reprints and permissions they will allow and how each type will be priced. Examples of clearance types include professional reprints, desktop reprints, Web e-prints, excerpts, and photocopies. Publishers also need to decide which business rules will apply to the different classifications of potential licensees. Classifications might include commercial, academic, nonprofit and personal use.*



3. Determine the “terms of use” agreement for each clearance type.

This agreement is the legal license that specifies the conditions under which qualified users may use the content, where they may use it and for how long they may use it.

4. Install an IP Meter to process ROP requests and to track all licenses granted. *Publishers can either build their own IP Meter or use one built and maintained by a reprint and copyright clearinghouse.*

HOW TO INSTALL AN IP METER

The decision to manage reprints and permissions internally, or to outsource these functions, should be made after a thorough analysis. Some of the points to consider include:

- *The publisher’s core competency and business objectives.*
- *The type and amount of content available for reprint and reuse licensing.*
- *The format of the content.*
- *Where and how the content is currently published.*
- *The publisher’s technical sophistication and system capabilities.*
- *Staffing and other overhead limitations.*

In most cases, the expertise, focus and economies of scale provided by a reprint and copyright clearinghouse make outsourcing the most cost-effective decision. Corporate users also prefer to license their content through an independent clearinghouse because of the convenience and service. Should publishers wish to build their own IP Meter and be their own clearinghouse, they will need to install the following components:

1. A REGISTRATION ENGINE.

Users need a way of making themselves and their intended usage of the content known to IP Meters.

2. A DATABASE ENGINE.

Each piece of content must have a unique ID number associated with it. This number allows IP Meters to call the database where the business rules are hosted.

3. A PAYMENT ENGINE.

IP Meters should know how the user is to be billed.

4. A FULFILLMENT ENGINE.

Once the user is approved to reprint or reuse the content, IP Meters need to hitch themselves to the licensed content.

When these components are installed, IP Meters can be turned on to record where and how people are using the content—and how much money the publisher is making by licensing its content for reprint and reuse.

IP Meters make no value judgments. They don’t care who publishes the content or whom the owner decides may use the content. They don’t decide whether the content is good or bad. They simply charge the user the price set by the legitimate content owner, according to where and how the user intends to use the content. If the user does not think the price is fair or does not want to pay, he or she does not get the permission (license) to use it. If the user rips it anyway, IP Meters have innocuous ways of finding out and reporting unauthorized usage to the owner.

No, an IP Meter is not Big Brother looking over the shoulder of Internet users, nor does it invade anyone’s privacy. IP Meters rely primarily on the honor system. But, like the honor system, there are mechanisms built in that ensure reasonable compliance. Think of it like the high occupancy



vehicle (HOV) lane on the highway. There is nothing to prevent lone drivers from driving in the HOV lane, but most people honor the system voluntarily. Spot checks (patrol cars) and the ire of other drivers help ensure compliance, and nab those who violate the system. Similarly, spot checks by publishers and other content users identify infringers of intellectual property.

Every content creator and publisher already has an IP Meter. The copyright symbol is affixed to every piece of content created and is recognized by people world-wide. It just needs to be turned on.



ABOUT THE AUTHOR

Mike O'Donnell is the founder and president of iCopyright, Inc., based in Seattle, Washington. He also serves as chairman of the Internet Division of the Software and Information Industry Association. SIIA is the principal trade association for the software and digital content industry. iCopyright.com is the first instant copyright and reprint clearinghouse. Mike can be reached via email at mike@icopyright.com.

iCopyright.com as the IP Meter

Taking advantage of an IP Meter requires a build-versus-buy decision on the part of the publisher. The iCopyright.com service provides a number of benefits without the learning and technical curve of developing an IP Meter from scratch:

Automates the time- and labor-intensive rights and permissions process.

Tracks all types of licenses, digital to reprint, with transaction-level detail.

Requires no new technology or major change in workflow.

Keeps the publisher in control of setting prices and terms of use.

Appears as a co-branded utility "window" within the publisher's site (and not as a separate Web site).

Generates revenue from editorial content via the Web.

Has no up-front cost to register editorial and other business content.

To find out what other major publishers have already discovered, please visit www.iCopyright.com.



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