

The videotex industry presents both an opportunity and a risk to the potential Information Provider. It is exciting and provides tremendous scope for creative, innovative entrepreneurs. The investments made today will generate returns in the long-term. Therefore, the decisions which are critical to the potential Information Provider relate to both the information content itself and to the industry.

Perhaps a useful model to consider is the television industry in its early stages. The initial technological development required the establishment of broadcast facilities and the development of a consumer receiver, the home television, to create an initial market. During the first decades, a limited audience viewed a limited number of programs, many either recreations of traditional stage productions, games shows or broadcasts of movies. The full cost of productions for a program would usually be covered by one sponsor corporation which would then "own" the particular show (eg. Kraft Theatre, General Motors Playhouse). The mass market awaited two critical developments: an affordable television set and sufficient content to justify the purchase for other than novelty reasons. Sufficient added value had to be provided by television over its precursor, radio. Contrary to some predictions, one medium did not replace the others. The presentation of news, for example, is substantially different on radio, television, newspaper and newsmagazine. Each traditional medium had to recognize and adapt to the new.

Today, the television industry is substantially different and is itself now the traditional industry having to make room for and adapt to the new information technologies. The industry is totally funded by advertising revenue with advertising use targeted very specifically at audience. Cable, satellite dishes, pay-TV, pay per view and specialized networks bombard the user with a wide variety of programming. Low power stations now make it economical to provide very specialized programming to very limited audiences. Furthermore, the VCR has given the user control over time and the viewing of commercial messages raising concern on the part of advertisers and producers of content. Pirating of signals and protection of copyright represent potentials for significant loss of revenue. On the program production side of the industry, independent production companies license their products to networks. Networks, in turn sub-license the program content to affiliate stations or cable operators for eventual distribution to the mass audience. The various licensing arrangement define a specific breakdown of revenue through the various distribution channels with the ultimate value of the product dependent on advertising revenue potential, which in turn is dependent upon audience size. No longer is it economical to consider custom production for a single client for a single implementation.