

5. Need to establish fair market value of the information

Establishing a fair market value for the information you develop may be one of the most critical elements to your business success. In most cases, the development costs can not be recovered from a single client. Therefore, you must consider the market potential in the light of multiple clients who in turn will distribute the content to the ultimate user. Depending on the content and the overall business strategy, the various sources of revenue outlined earlier in the Guide must be considered carefully. When the industry and market matures, it is anticipated that the value of information will be in large measure dependent of the readership base, not unlike the cost of advertising space in the print medium.

6. Negotiation for distribution of Content

In negotiating the distribution of the Information Content product and services, the Information Provider must consider the particular environment of the System Operator and propose the appropriate mix of user fees, license fees and advertising royalties to ensure an attractive financial return for both parties. If, for example, the environment was such that no user fees were charged, then the license fee and the advertising split would need to generate sufficient revenue. If, on the other hand, the advertising on the service was fully established, perhaps a split of the advertising revenue could be the only payment to the Information Provider.

Furthermore, as the industry is evolving, both parties need to develop a business relationship which allows each to share in the risk inherent in bringing up new systems as well as in the long term benefits which will accrue from mature operations. The Information Provider will need to develop a flexible but pragmatic approach to negotiation with system operators and may need to balance short term cash flow against long term revenue potential.

7. Copyright

The issue of copyright protection for information in electronic form is a very important one for Information Providers. At the essence of the issue is the fact that information which is expensive to create is subject to easy and inexpensive copying and pirating. Information Providers and System Operators alike have a mutual interest to prevent wholesale pirating of information stored in central data banks. The copyright laws must recognize the realities of the new information technologies and must be amended to provide adequate protection and recourse.