3.   Information Content is Expensive to Develop

The potential Information Provider must be prepared to make a significant investment in the development of quality content. The emphasis on quality cannot be ignored as the audience that is to be reached has grown up with the TV industry and has become very sophisticated in its expectations of information available through a screen. The Information Provider must consider not only the initial investment in people and technology but also the ongoing support costs associated with maintaining the information on a timely basis, distributing it to the various services and supporting any interactive services available through the electronic mail services which may put the end user in direct contact with the source of the information. It is recommended that the Information Provider consider having initial capital to cover at least one year's operating costs until the revenue from sales will be available. For those providers of information without such resources, it is advisable to consider contract development for an advertiser or another specific client as an entry into the industry. It is important to realize that, by and large, the investment in development of content cannot be recovered through a single implementation, or solely through license fees or user fees. Until the home market breaks open, both System Operators and Information Providers will be concentrating on establishing market positions while minimizing their costs. When the projected mass home market materializes, the significant source of revenue will be from the advertisers, with users essentially paying communications costs and minimal user fees.

4.   Need to educate your market

The Information Provider who distributes through a System Operator has two different levels of users. While the ultimate or end user must be considered in the design of the content or service, the immediate customers are the distributors and the System Operators. While those who have been in the market for some time have realized the importance of independent producers of information content, many of those just beginning still think of the business primarily in technological terms. The fact that something is possible technically does not necessarily mean that it is feasible, meets a user need or can be financially viable. In many ways, the Information Provider must educate the potential client and must ensure that the content is appropriate for the technical and business environment of the operator. Failure to do so may result in substantial loss of valuable time and resources.