

INTERNET INFORMATION
PAYMENTS EXCHANGE COLLABORATIVE

Strategic Discussion Convening

9 a.m. - 1 p.m.
Tuesday, June 19, 2007
Massachusetts Institute of Technology
Cambridge, Mass.
(BUILDING TBA)

CO-CONVENERS

- [Prof. Henry Jenkins](#), comparative media studies, MIT; author, "[Convergence Culture](#)" (NYU Press, 2006)
- [Geneva Overholser](#), faculty, Univ. of Missouri School of Journalism, ex-editor *Des Moines Register*; ombudsman, *Washington Post*; editorial-page writer, *The New York Times*
- [Tom Stites](#), Unitarian Universalist Association; Center for Public Integrity (ex MSM editor) -- (may not be present June 19) *SPEECH*
- [Bill Densmore](#), Media Giraffe Project, UMass Amherst (and founder, [Clickshare Service Corp.](#))

EXECUTIVE SUMMARY

The Internet needs a system for tracking, exchanging and settling value (including payments) for information commerce (text, video, music, game plays, other entertainment, advertising views etc.)

One challenge might be to create a system that can be ubiquitous yet never be owned or controlled by either the government or a dominant private, for-profit entity. It should be massively distributed and -- in some fashion -- might ideally be collaboratively owned.

On June 19, 2007, we are assembling for a few hours a small group (no more than 10 people) -- representative of technology, entrepreneurship, academia, social theory and publishing -- to brainstorm a solution and consider an agenda for a larger fall event, also in Cambridge. For June 19, MIT is merely providing the meeting venue.

The session is by invitation only. The participants should understand the proceedings may be summarized generally (without direct attribution) in public and are not proprietary.

SOME ASSUMPTIONS

- Advertising is not covering the expenses of many information-vending web sites, especially the news that is needed to ensure a vibrant participatory democracy.
- Some content is unique and proprietary enough that it can be sold
- Lack of consensus on sub-\$2 incremental payment mechanisms or multi-site subscriptions:
 - Discourages most publishers from selling premium content digitally
 - Prevents "network effect" from taking hold (as with credit cards/long distance)

THE OPPORTUNITY

A creative and compensation tsunami is underway which is washing away the foundations of intellectual property exchange.

Those who represent and profit from the legacy arrangements see it as a crisis. (Most recent example: Column of Doug Clifton, retiring editor of the Cleveland Plain Dealer: <http://newshare.blogspot.com/2007/05/retiring-cleveland-editor-says-readers.html>)

Many who are outside of it see it as a welcome change. Two things are certain: The emergence of social networks and so-called "crowdsourcing" - using the Internet to assemble the reporting and research of many people on a common subject -- are bringing new voices into the public sphere.

The Internet has upended the economics of intellectual property and disrupted the newspaper, music and entertainment industries while creating new opportunities in software, games and multimedia. The old paradigm of subscription bundling in physical media is giving way to a new option - the creation of custom packages, on demand, by the consumer. But the Internet lacks a mechanism for the tracking and paying for information found and aggregated on the fly from many rights-holders and from the edges of the network.. Rights-holders are struggling to find new compensation schemes and the challenge has turned from the initial desire to protect (i.e., through DRM) to wanting to share with the option for compensation.

There is an opportunity to develop a universal system for the authentication of content users, and for the anonymous tracking of their access to digital information, so that they can easily pay discretely as their bundle is assembled in time or space, or receive compensation when they agree to use, view or listen to sponsored content (such as advertising). Such a system would need to be ubiquitous, but also open to a plurality of rightsholders as well as users and their service providers.

There is a need for a system that will make it trivially easy for consumers to purchase digital content in small pieces, across multiple websites (by subscription or per-click), without having to use multiple IDs, passwords or credit facilities. The marketplace perceives this need now and it is time to create the service.

This is important to rightsholders in music, video, photography, gaming and news, for starters. It's also becoming an issue for Google and Yahoo, and anyone who points to content and would like a way to earn referral fees for doing so. (See: <http://newshare.blogspot.com/2007/05/strategic-european-publisher-says.html>)

CONVENING GOALS

- Identify needs and requirements for an Internet information payments infrastructure
- Consider structure and ownership of a proposed integrated web-infrastructure service that would enable multi-site user authentication, transfer and sharing of user preference information, and logging (for later aggregation and settlement) of small content value-exchange (video, text, audio, multimedia, games, advertising views)
- Consider next steps on how to create the needed infrastructure
- Establish a working group to convene ongoing interest in solution(s)

POSSIBLE LONG-TERM GOAL

- Achieve consensus on an infrastructure for Internet information payments which is easy to use, allows sharing of users and content, maintains ownership of user bases for publishers, and is capable of supporting multi-media copyright-protection mechanisms.

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HALF-DAY AGENDA
(SUBJECT TO CHANGE AT CONVENING)

- 9:00 a.m. Coffee, Danish: Reach consensus on agenda – Densmore / Jenkins
- 9:15 a.m. Roundtable – individual intros, what do we each bring as agenda, what do we want to learn and take away; proposed outcomes
- 9:45 a.m. A short oral history of Internet information payments, user management and loyalty/advertising systems / Densmore and others
- 10:00 a.m. Discussion: Defining the problem/opportunity
- 10:45 a.m. Bio/coffee/phone call break
- 11:00 a.m. Whiteboard possible solutions
- 11:30 a.m. System ownership: Existing models analysis
- noon **WORKING BOX LUNCH:**
-- Consider impediments to success
-- Select options for structure/ownership to be explored
- 12:45 p.m. Seek consensus on how to advance including possibly:
--- Research agenda
--- September summit convening
--- Consensus building within publishing, technology, advertising
--- Who takes the lead?
- 1:00 p.m. Adjourn / future conference call date?

A call to action . . .

“The evidence is mounting that the news industry must become more aggressive about developing a new economic model. The signs are clearer that advertising works differently online than in older media. Finding out about goods and services on the Web is an activity unto itself, like using the yellow pages, and less a byproduct of getting news, such as seeing a car ad during a newscast.

The consequence is that advertisers may not need journalism as they once did, particularly online. Already the predictions of advertising growth on the Web are being scaled back. That has major implications, (which some initiatives such as .Newspaper Next. are beginning to grapple with). Among them, news organizations can broaden what they consider journalistic function to include activities such as online search and citizen media, and perhaps even liken their journalism to anchor stores at a mall, a major reason for coming but not the only one.

Perhaps most important, the math suggests they almost certainly must find a way to get consumers to pay for digital content. The increasingly logical scenario is not to charge the consumer directly. Instead, news providers would charge Internet providers and aggregators licensing fees for content.

News organizations may have to create consortiums to make this happen. And those fees would likely add to the bills consumers pay for Internet access. But the notion that the Internet is free is already false. Those who report the news just aren't sharing in the fees.”

-- above excerpted from “Overview-Major Trends,” in:
“The State of the New Media 2007: An Annual Report on American Journalism,”
by the Project for Excellence in Journalism, Washington, D.C., found at:
http://www.stateofthemediamedia.org/2007/narrative_overview_eight.asp?cat=2&media=1

An earlier convening . . .

In June, 1999, the Bank of Boston, IBM, the University of Massachusetts and a group of technology companies sponsored a three-day summit called the “Internet Information Payments Collaborative.” The goal was to spark establishment of a universal payments infrastructure for digital content. The effort failed; the marketplace wasn't ready. A description: <http://users.crocker.com/~newshare/email.html>

- The 1999 event program:
<http://users.crocker.com/~newshare/conference/program.html>
- The 1999 vision statement:
<http://users.crocker.com/~newshare/email.html>

ADDITIONAL RECENT COMMENTARY (2006-2007) FOR SKIMMING:

1. Doc Searls, author, "Building a Relationship Economy."
<http://www.linuxjournal.com/node/1000182>
<http://cyber.law.harvard.edu/projectvrm/VRMcompanies>
2. Mark Potts, founder BackFence.com, formerly a WashingtonPost.com editor:
http://recoveringjournalist.typepad.com/recovering_journalist/2007/02/paid_content_pa.html
3. Dan Kennedy, Northeastern Univ., MediaNation blog
<http://medianation.blogspot.com/2007/03/paying-for-news.html>
4. David Lazarus, columnist, the San Francisco Chronicle: "What if online portals had nothing but 'digital fish wrap'?"
<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2006/11/12/EDGRMLJIGK1.DTL&hw=scheer&sn=001&sc=1000>
5. Dean Singleton, vice-chairman, MediaNews Group Inc., chairman, The Associated Press:
<http://sfgate.com/cgi-bin/article.cgi?f=/news/archive/2006/04/27/financial/f155717D68.DTL&type=business>
6. Elliott Spitzer's antitrust enforcer on antitrust implications of wholesale/retail:
<http://journalism-issues.blogspot.com/2007/05/pricing-spitzer-looking-at-wholesale.html>
7. Tom Hespos, president, Underscore Marketing Inc.
<http://newshare.blogspot.com/2005/08/charging-tom-hespos-perhaps-its-time.html>
8. Martin Nisenholz, The New York Times:
<http://newshare.blogspot.com/2005/07/times-nisenholz-suggests-premium.html>
9. Richard Siklos, The New York Times: "It's Like Selling Meals by the Bite. And It May Work."
<http://www.nytimes.com/2005/11/13/business/yourmoney/13frenzy.html>
10. Jack Fuller, ex-president, Tribune Publishing unit of Tribune Co. :
<http://newshare.blogspot.com/2007/05/strategic-tribunes-jack-fuller-says.html>
11. John Battelle, MIT TECHNOLOGY REVIEW: A New Idea for Publishing:
The advertising cost-per-influence network
<http://www.technologyreview.com/articles/05/01/issue/megaphone0105.asp>
12. Hank Barry, Hummer-Winblad Venture Partners on "self-expression" payments network
<http://newshare.blogspot.com/2007/05/strategic-napster-venture-capitalist-on.html>
13. Vin Crosbie, Digital Deliverance: Online Publishing: Past is No Prologue for Micropayments
<http://www.clickz.com/showPage.html?page=3365061>
Also: The Long View Part 2: <http://www.clickz.com/showPage.html?page=3404451>
14. Robert Shiller, economics professor, Yale University: "Electronic money changes everything."
<http://www.taipetimes.com/News/editorials/archives/2004/08/01/2003181286>
15. Steve Crocker, founder CyberCash on the concept of "reverse payments"
<http://www.merchantseek.com/article9.htm>
16. Dee Hock, founder Visa, co-collaborator (with Greg Steltenpohl), Interra card project
Http://users.crocker.com/~newshare/reports/visa_founding.html
<http://www.interraproject.org/>
17. Big payoff for inventor of software metering?
<http://newshare.blogspot.com/2007/05/strategic-big-payoff-for-inventor-of.html>

RELATED LINKS:

The utility of the OpenID framework and how that might work if combined with a payment mechanism.
http://en.wikipedia.org/wiki/Open_id

TALKS AND ESSAYS ON THE FUTURE OF NEWS:

1997: On why newspapers must secure an online financial relationship with user:
<http://newshare.com/interactive/>

1996: The Hourglass and the cylinder: How newspapers can profit in a free market for digital information
<http://newshare.com/pnpa/speech.html>

2002: Symptoms of childhood: The charge plate and the off-limits Xerox machine
<http://www.clickshare.com/news/update-02-05-02.shtml>

2002: A tale of two industries: Music and newspapers could find salvation together
<http://www.clickshare.com/news/update-10-07-02.shtml>

CLICKSHARE-SPECIFIC PITCHES:

A battle waged over consumers that everyone can win:
<http://www.clickshare.com/news/shorttopics/thebattle.shtml>

Three examples of real-world clicking and why per-click will work
<http://www.newshare.com/News/clicking.html>

Handling demographics and privacy in the Clickshare system
http://www.clickshare.com/news/shorttopics/demographics_and_privacy.shtml