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AGENT 2.0

25 November 2010

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Key Questions

- What is the role of a traditional agent and how is it being affected?
- How have other similar markets been affected by digitization?
- What are the alternative strategic directions for agents?
- How do changing user needs and expectations drive the defining of services to publishers and libraries?

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A traditional agents role is focused around a content transaction

Definition:
Business that sells periodical subscriptions through libraries that in return receive varying mixes of commission from the publisher and service charges from the library.

Publisher Benefits
- Selling of publications
- Simplification of administration

Library Benefits
- Simpler purchasing of publications
- Independent advice, pricing
- Simplification of administration

Key Dynamics

Concentration of publishers
Selling of collections
Capabilities of publishers
Product & administration economics
Consortia

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Two gorillas in the room will also cause a major impact on the market

Economic Environment
- Accelerated change, nothing sacred
- Increased accountability for all spend
- Ideal need to increase the level of investment to drive change

Google
- Redefining search and content access
- Different business model
- Active in the sale of content

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In music, digitization drove a change in the competitive landscape of resellers

Billboard Magazine 2008 Market share estimate for sale of music in the US

- Top digital accounts combined in 2008 equaled 31.6% of the U.S. Market share with the top non-Apple digital accounts adding up to 10.2%.
- Amazon's market share includes .78% market share from its MP3 store, which by itself would be large enough to rank at #20 on this list.
- Verizon, T-Mobile, Sprint, and AT&T are all wireless carriers selling music and they account for 5.87% combined.

2008 Rank	Account	2008 Market Share	2007 Rank	2007 Market Share
1	iTunes	21.42%	2	12.70%
2	Wal-Mart/Anderson	14.89%	1	16.70%
3	Best Buy	10.74%	3	12.01%
4	Target	8.96%	4	8.94%
5	Alliance Entertainment	7.74%	5	8.07%
6	Amazon	4.93%	8	3.64%
7	Trans World	3.83%	7	4.16%
8	Verizon Wireless	2.30%	10	1.70%
9	Borders	1.98%	9	3.22%
10	T-Mobile	1.28%	NA	NA
11	Sprint	1.25%	15	0.66%
12	Super D	1.22%	13	0.78%
13	Rhapsody	1.21%	18	0.56%
14	AT&T	1.04%	17	0.56%
15	Napster	1.00%	NA	NA
16	The Edge	1.00%	NA	NA
17	Hastings	0.91%	12	1.05%
18	Baker & Taylor	0.82%	11	1.53%
19	Virgin Megastore	0.80%	14	0.72%
20	Zed USA	0.68%	NA	NA

Other markets affected include – software, videos, books

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In music, the change in landscape required a lot more than delivering content in the old way but in a digital format

- ✓ A device with a good user experience
- ✓ A store with great content and a better buying experience
- ✓ A delivery system that more reliably and quickly gets you content
- ✓ A pricing model that is defined by how consumers wanted to buy

Must create a better and higher value service.
Continuous innovation and improvement

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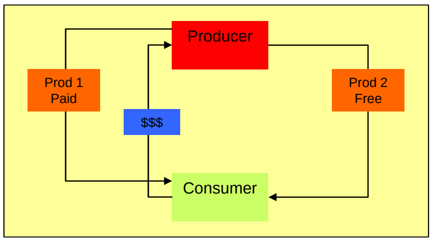
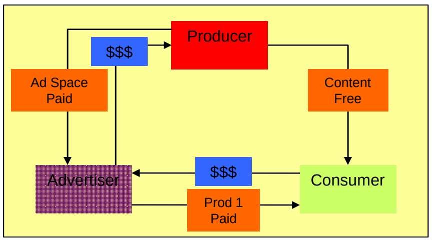
The digital world has created different price models, usually thought of as free, that need to be carefully considered

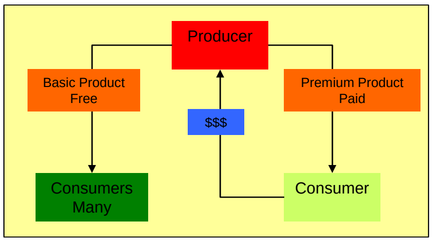
Free 1: Direct Cross Subsidies



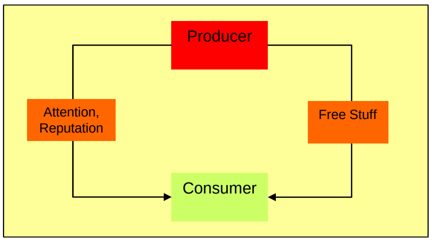
Free 2: Three Party Market



Free 3: Freemium



Free 4: Non Monetary Markets



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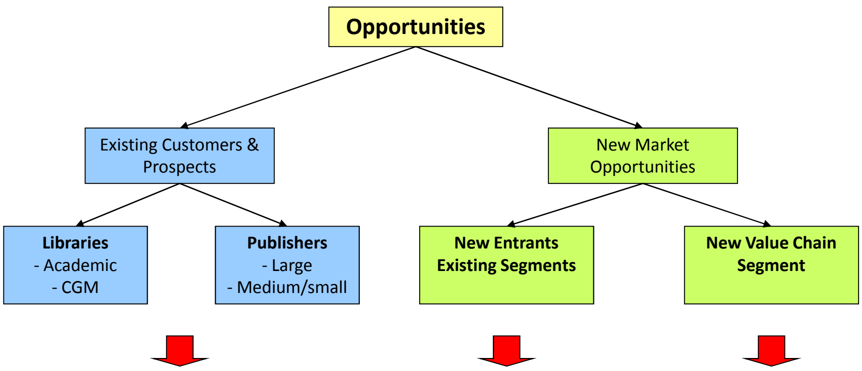
Changing markets create opportunities



Do what they do better

Transition to new capabilities

Add new capabilities & services

More efficient business model, no legacy issues

Disruptive business model

New segments

Back to authors

Forward to end users

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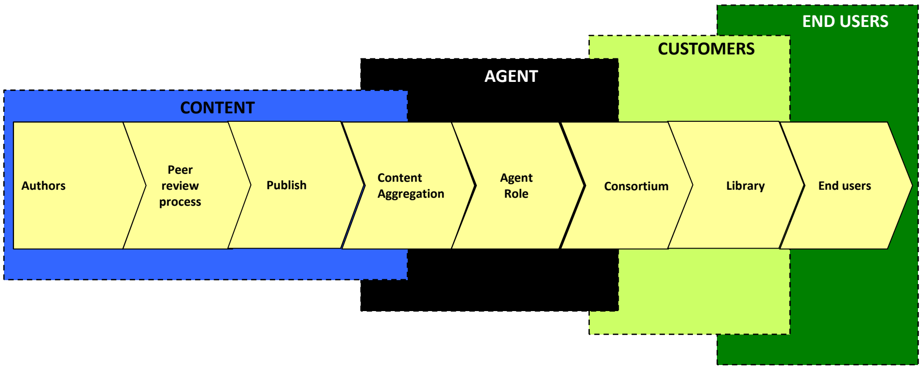
There are different strategic options for Agents going forward



Integrate toward publishers
- Back into content
- Publishers services

Extend 'agent' focus
- Broaden content range
- Expand geographic focus
- Improve core capabilities around reselling and/or order administration
- Consolidate market

Add further services to libraries
- Outsourced services
- Services related to content selection and use

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Agents service development, like libraries need to be driven of end user needs and an understanding of what is possible

Researcher, author needs
- Anywhere, any device, any format
- All content - unrestricted search and access
- Simplified research process
- More effective collaboration
- Lower cost

- Content use is measurable real time
- Research process can be accelerated
- Collaboration can be self organized, accelerated and simplified
- Long tail of research can be addressed
- Services for authors and researchers

Library needs, Agent opportunities
- Aggregation based efficiencies
- Onsite and remote services
- Information and tools
- Solutions to dealing with legacy systems and processes
- Services that drive value to researchers/ authors

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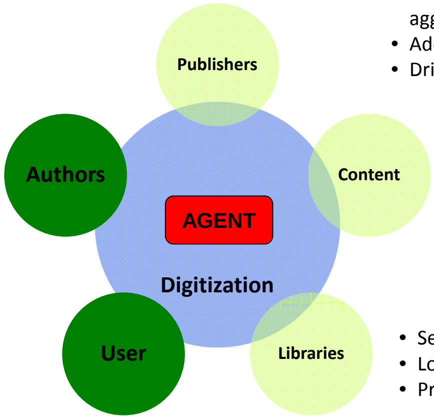
Having understood the evolving needs of users/authors, Agent services can be developed to help libraries and publishers succeed in their contextual situation.



- Selling services to markets and segments where aggregation economics are superior
- Add capabilities to medium/small publishers
- Drive further efficiency improvements

- New content formats
- New delivery models
- New pricing models
- Discovery

- Selection management services
- Lower cost of existing capabilities
- Provision of new capabilities

Real benefits come from a relationship based approach not a transaction mentality

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IMPROVING THE DELIVERY AND USE OF KNOWLEDGE

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