PAFET OPERATING COMMITTEE MEETING
Minneapolis, MN
August 22-23, 1995

HOTEL

Minneapolis-St. Paul Hilton Airport
3800 East 80th Street
Minneapolis, MN   55425
612-854-2100
fax: 612-854-8002

MEETING ROOM

Meeting Room 4
Minneapolis-St. Paul Hilton Airport
3800 East 80th Street
Minneapolis, MN   55425

COCKTAILS/DINNER

California Cafe
(on the Terrace, overlooking Camp Snoopy)
Mall of America
612-854-2233

Directions: *Right across from Macy's on the third floor of the Mall*

ATTIRE

Business Casual is appropriate for both the meetings and dinner.

PAFET OPERATING COMMITTEE MEETING
Minneapolis, MN
August 22-23, 1995

ATTENDEES:

A. H. Belo Corp.
Jim Galli
Doug Tracy

Central Newspapers, Inc.
Howard Finberg
Myrta Pulliam

Cowles Media Co.
Martha Duckert
Bob Schafer

Freedom Communications, Inc.
Ginger Neal
Tom Porter

McClatchy Newspapers, Inc.
Chris Hendricks

Pulitzer Publishing Co.
David Lipman

PAFET
Marla McDonald

Guests

Lunch
Peter Ickes, Director of Information Technology, Cowles Media Co.

Dinner
David Cox, President and CEO, Cowles Media Co.
Joel Kramer, Publisher and President, Minneapolis Star Tribune
Chris Mahai, Senior Vice President and Leader of the Strategic Integration Unit
Tim McGuire, Senior Vice President, Editor and General Manager of the Reader Customer Unit
Jim Diaz, Senior Vice President and General Manager of the Marketer Customer Unit

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PAFET OPERATING COMMITTEE MEETING
Minneapolis, Minnesota
August 22-23, 1995

AGENDA

Tuesday, August 22nd   *(Meeting Room 4)*

8:00 AM - 8:30 AM	Continental Breakfast
8:30 AM - 10:30 AM	NCN Update / Internet Activities
10:30 PM -11:10 PM	BREAK
11:00 AM - 12:00 PM	Review of Pafet Strategic Plan
12:00 PM - 1:30 PM	Lunch *- Presentation by Peter Ickes, Cowles Media*
1:30 PM - 3:30 PM	Real Estate Activities
3:30 PM - 4:00 PM	BREAK
4:00 PM - 5:30 PM	Update on Member Company Activities
7:00 PM	Dinner

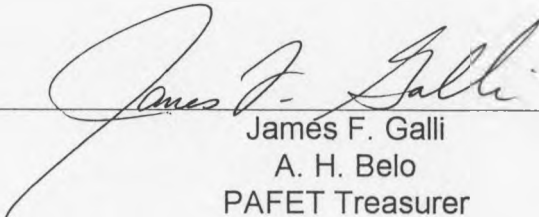## *Wednesday., Aug. 23rd* *(Meeting Room 4)*

8:30 AM - 9:00 AM	Continental Breakfast
9:00 AM - 10:30 AM	Update on Current Activities

- *Consumer Marketing Survey*
- *AP Electronic Media Advisory Committee*
- *Syndicates Survey*
- *Graphics Sharing Project/Demo*
- *CD-ROM Project*
- *Transportation Survey*
- *Regulatory Tracking*

10:30 AM - 11:00 AM	BREAK
11:00 AM - 12:00 PM	Wrap Up

- *Plans for September Meeting in Colorado Springs*
- *Meeting Process/Effectiveness Review*

PAFET Financial Summary 8/18/95	Amount To Date	Annual Budget	Difference	Variance Notes
Member Contributions	$300,000.00	$945,278.23	($300,000.00)	
Administrative Expenses:				
Executive Director	$61,469.67	$114,750.00	($53,280.33)	
Travel/Meal Expenses	$16,650.78	$28,500.00	($11,849.22)	
Office/Admin. Expenses:	$38,413.30	$20,657.00	$17,756.30	
Information Sharing Expenses:				
Committee Meeting/Meal Expense	$17,985.77	$12,000.00	$5,985.77	
Communications	$12,571.80	$35,600.00	($23,028.20)	
Yankee Group	$35,000.00	$40,000.00	($5,000.00)	
Membership Fees	$549.00	$1,610.00	($1,061.00)	
Publications	$2,649.00	$17,665.00	($15,016.00)	
Project Expenses:				
Consumer Market Study	$162,000.00	$150,000.00	$12,000.00	
University Liaison	$1,210.49	$125,000.00	($123,789.51)	
CD-ROM	$9,484.00	$20,000.00	($10,516.00)	
Online	$16,677.89	$45,000.00	($28,322.11)	
Real Estate	$9,825.05	$12,500.00	($2,674.95)	
Regulatory Tracking	$821.15	$12,200.00	($11,378.85)	
Standards Consortium	$0.00	$4,500.00	($4,500.00)	
Total Expenses:	$385,307.90	$639,982.00	($254,674.10)	
Interest Income	$8,038.36	$0.00	$8,038.36	
Bank Charges	$51.28			
1994 Balance Forward	$345,278.23			
Net Partnership Balance (Deficit)	**$267,957.41**	$305,296.23	($37,287.54)	
Bank Balances:				
Money Market Account	$255,041.27			
Operating Account	$12,916.14			
Proof	**$267,957.41**			

James F. Galli
A. H. Belo
PAFET Treasurer

Partners
Affiliated
for Exploring
Technology **PAFET**

P. O. Box 223605
Dallas, TX 75222
214-977-7525
FAX: 214-977-6838

August 16, 1995

TO: Pafet Operating Committee
FROM: Marla McDonald

* * * * *

Martha created the following questions to "help us determine the
scope/parameters of a common Internet vision." Since the briefing book
will not be sent out until tomorrow, she asked that I fax these out today so
that everyone has a chance to prepare for the discussion next week.

1. What Internet products do you plan/hope to have on the
   Internet in the next 6 months? (Describe the application, target
   audience, branding). What stage of development are they in?
   (Concept, under development, launched, etc)

2. What tools are you currently using for handling Internet content
   production?

3. What tools do you plan to acquire for handling Internet content
   production?

4. Do you plan to be an Internet Access Provider?

5. What plans/strategies do you have for linking other sites for the
   purposes of content augmentation?

6. What do you plan to spend money on for internet site
   development in the next 6 months? How much?

7. What are your revenue expectations from internet application
   in the next 6 months? 12 months.?

Hopefully, questions like this will help us identify the common ground for
moving forward. Please call me or Martha if you have any questions.

Revised August 4, 1995   **WEB SITE FEATURES/APPLICATION GRID**

Application Type	Frequent Content Update	Respond to visitors	Capture usage info	Search engine	Enhanced Graphics	Full motion Video	Sound
Directory	X		X	X			
Billboard/ Promotion	X		X		X	X	X
Transaction		X	X				
Destination	X	X	X	X	X	X	X
Distribution	X	X	X				
Special Interest Information	X		X	X	X	X	X

Revised August 15, 1995 **WEB APPLICATION GRID**

APPLICATION TYPE: Directory - Directory applications are primarily "roadmaps" to internet sites. Sites are organized into relevant categories.

Target Market/Need being met: Market = all internet users. Need = ability to quickly find sites which they want to visit. Saves time, may or may not rate quality of site.

Value Creation: Value for user - saves time. Value for internet site - directs people to them.

Market Size: 739 sites in Minnesota , ?? commercial, ?? educational, ?? private/consumer

Who Pays: Site listed on directory could pay for placement on directory. In most cases today directories will list sites for free.

Our Competitive position: We could leverage print tie-in to directory. Our brand may be of some value for if directory is twin cities focused.

Competitive Situation/Response: Yahoo and other established directories have world-wide recognition.

Capabilities needed to pursue: Resources to research, solicit, organize and maintain directories. If we want to add reviews of content, then we would need people to do that.
Technical capabilities: Search engine, frequent content update

Links to other applications:

Business case: poor for making money, medium for brand building

APPLICATION TYPE: "Billboard" - Billboard applications are primarily promotional vehicles. They may promote businesses, products, events.

Target Market/Need being met: Market = Businesses who define their target audience as internet users.. Need = ability to reach audience of internet users. Establishing a presence which implies (some or all): technological expertise, cutting edge, youth oriented, etc. This value may vary if content is inconsistent with image implied. Additional value may come from use as direct response vehicle for additional information.

Value Creation: Value can be created by helping marketer create content. Additional value can be created, by directing viewers to internet site, from other media (e.g. Wall Street Journal Internet Directory)

Market Size: ??? businesses who want this , ?? businesses who already are successfully doing this

Who Pays: Marketer pays.

Our Competitive position: We could leverage print tie-in for local businesses. We have established business relationships with local marketers. We have limited experience in creating this type of content.

Competitive Situation/Response: Competition = ad agencies with new media capabilities. Competitive environment ???

Capabilities needed to pursue: Develop expertise in content design, creation, and in effective use of full motion video and sound.

Links to other applications: Effective promotion could be linked with transactional capablities to send additional information or purchase a product or service.

Business case: If we develop sufficient expertise to compete with new media ad agencies, it could be profitable. There is good demand for high expertise.

APPLICATION TYPE: "Transaction" - Transaction applications are for conducting commerce.

Target Market/Need being met: Market = Businesses who desire to conduct transactions over the internet. Need = ability to conduct business transactions with internet users.

Value Creation: Value can be created by helping businesses design, implement and manage their internet business transactions. Additional value can be created by managing the technological infrastructure for them (e.g. security, credit checks, funds transfer, fulfillment instructions , etc).

Market Size: ??? businesses who want this , ?? businesses who already are successfully doing this

Who Pays: 1. Seller pays for services provided and it is "free" to buyer (1-800 model), or 2. buyer pays as add-on cost of doing business (e.g. electronic banking charges).

Our Competitive position: We have limited experience in electronic transactions for our newspaper business. We have no experience managing transactions as a vendor.

Competitive Situation/Response: Competition = Online service providers, phone companies, banks and credit card companies have stated this as an area they intend to pursue. Current status ????

Capabilities needed to pursue: Develop expertise in transaction design and mangement. If we want to manage service, then add (e.g. security, credit checks, funds transfer, fulfillment instructions , etc).

Links to other applications: Transaction applications could be linked to promotion, destination, and special interest applications to fulfill requests for information, products or services.

Business case: doesn't look likely

APPLICATION TYPE: "Destination" - Destination applications digital places which represent real places (for example, The Mall of America, or Twin Cities may have content relevant to those real places). These destinations are different from fictional places (e.g. Waterworld - which is a promotion application) , and virtual places (comm unities of interest which are special interest applications).

Target Market/Need being met: Market = Real places which desire to promote themselves over the internet. Need = ability to promote to internet users.

Value Creation: The ST becomes the information integrator that puts together information and creates the comprehensive information that has value. We can approach many different constituents, and can thereby create something greater than what they themselves could put together on their own.

Market Size: It begins with our knowledge and expertise about the local market, and the content we can leverage. As we build expertise as a good content builder, then we could examine leveraging that nationally.

Who Pays: We can make money developing content; we oculd extract a fee for those places included (e.g. people pay to be affiliated with the "brand"). Longer term it might be possible to evolve into a subscription based application.

Our Competitive position: We have connections to much of the information. There are some Minnesota sites emerging, but Star Tribune is well positioned to move forward strongly.
Competitive Situation/Response: There are things being done on a small scale, but not integrated.

Capabilities needed to pursue: See Directories and Billboard.
Links to other applications: Links to Directories and billboards looking for integration with a larger pool of information (e.g. that which have wider appeal and accessibility by being referenced from a larger context).
Business case: Good competitive position to start from. Excellent brand building as it relates to Twin Cities destinations (see Billboard).

APPLICATION TYPE: "Distribution" - Porting what we currently have onto the internet. e.g. using the internet as a distribution vehicle - same products, distributed electronically.

Target Market/Need being met: Market = Internet Users who prefer to receive traditional products in an electronic format. Need = immediate nature of electronic distribution, and the flexibility of the medium (e.g. not dependent on/limited to geographic location).

Value Creation: Value for user - saves time, and provides greater distribution choices, and possibly a wider audience than through traditional means.

Market Size: ??? Internet users interested in receiving product in this manner. ??? locally, ??? nationally, ??? world-wide

Who Pays: 1. Advertisers could pay for reach to local, or national market. 2. Readers could pay for distribution on this medium as another distribution option.

Our Competitive position: We have a web site that can be accessed world-wide. We would publish our existing content in an electronic format, not dramatically changing the manner in which it's formatted. We need to gain expertise in electronic distribution/downloads if we desire to distribute other format types (other than HTML).

Competitive Situation/Response: Competition = Online content providers; multimedia content providers (CD-ROM); fax on demand; audiotex
Capabilities needed to pursue: Could involve handling transactions online, in the case that Readers pay to receive distribution; could involve more robust capability for electronic distribution, broader than HTML; could be a precursor to full "multimedia" content design, so we might want to develop that over time (which would migrate into another Application Type).
Links to other applications: Billboards, Transactions, Special Interest Information.
Business case: Not sure about volume of need. Would need to evaluate market. If there is a market for electronically distributed print-based products, then ST could play effectively in this business.

APPLICATION TYPE: "Special Interest Information" - Very targeted information for specific communities of information.

Target Market/Need being met: Depends upon the willingness of the community of interest in an electronic or internet accessibly forum/information source.

Value Creation: Can add value to the special interest by creating, maintaining and promoting the site to those interested in the special interest topic.

Market Size: Depends on community of interest, and their thirst for more information on their topic.

Who Pays: 1. Marketers - people trying to reach the audience, or 2. Individuals within the community may be willing to pay to connect with each other, and to access valuable information on the special interest.

Our Competitive position: Have expertise in managing information, but would need to leverage CMI and CBM for niche perspective.

Competitive Situation/Response: Similar to chat groups but far more robust. Would include advertising + content. Competition exists within Online services that organize information around interest areas (e.g. AOL, CompuServe). Hosting this on the Internet could provide a wider audience than a specific Online service can provide, and could attract those within particular online services because of their intense interest in the subject matter.

Capabilities needed to pursue: See Billboard, Directory, Destination. Plus need to add expertise in the special interest being supported.

Links to other applications: Transactions, Billboard, Destinations, and may be a good participant in a Directory.
Business case: ST may be uniquely able to provide Minnesota specific special interest information topics that might not otherwise exist. If there is a strong enough interest group, it could be a good business, and would support the ST brand as the leading provider of TC/Minnesota information.

August 17, 1995

TO: Pafet Operating Committee

FROM: Marla McDonald

SUBJECT: Online Activities Profile DRAFT

* * * * *

Attached is a preliminary profile of the online activities at Pafet member companies. This is based on my (quick) review/analysis of online services that I knew about or was able to find. I left blanks in areas where I wasn't sure about the information, thought it might be sensitive, or just didn't know. Please review, correct, fill-in. I will bring an updated version with any corrections I receive before the meeting.

Thanks.

Marla

A. H. Belo Corp.
Central Newspapers, Inc.
Cowles Media Co.

Freedom Communications, Inc.
McClatchy Newspapers, Inc.
Pulitzer Publishing Co.

TECHNOLOGY ACTIVITIES

- **Audiotex**

- **Fax**

- **Online**

- **CD-ROM**

- **Interactive Television**

- **Wireless**

- **Other**

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ONLINE INITIATIVES: *Launched*

	Belo	Central	Cowles	Freedom	McClatchy	Pulitzer
America Online		●	●			
CompuServe			●			
Interchange			●			
Prodigy	●					
Other Commercial Service				●		●
Internet	●	●	●	●	●	●
BBS					●	●

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ONLINE INITIATIVES: *Planned*

	Belo	Central	Cowles	Freedom	McClatchy	Pulitzer
America Online		⬤				
CompuServe						
Interchange						
Prodigy						
Other Commercial Service				*MSN?*		*MSN?*
Internet	⬤	⬤	⬤	⬤	⬤	⬤
BBS						

PAFET MEMBER COMPANIES: Online Activities

	DESCRIPTION	OBJECTIVE	FUTURE PLANS	LOCATION
A. H. BELO				
Newspapers				
Dallas Morning News	access to DMN opinions pages (current and archives)	establish web presence	expand to include other sections of the paper	http://www.pic.net/tdmn/tdmn.html
Dallas Morning News	access to DMN Sports Day	new media product that leverages print product; focus on sports segment		Prodigy (GO DMN)
Television				
KHOU-TV (Houston, TX)	news, weather, traffic reports, lottery results; background on the station; links to CBS, Cityview and other Houston sites			http://www.khou.com
WFAA-TV (Dallas TX)	past and future stories from Computer Corner segment, weather, lottery results; email to station; link to Belo TV stations and TV Net			http://rampages.onramp.net/~news 8/
WVEC-TV (Norfolk,VA)	news, weather, program listings, community information; background on station, including online tour of newsroom; job listings; links to other news sites			http://www.wvec-tv13.com/wvec/
Other				
CityView	entertainment information on Dallas, Houston and New Orleans; includes searchable restaurant guide, listing of events, online city tour	make money	roll out into other cities	http://www.cityview.com

PAFET MEMBER COMPANIES: Online Activities

	BUSINESS MODEL			OPERATIONS	LAUNCH DATE
	advertising	subscription fee	other		
A. H. BELO					
Newspapers					
Dallas Morning News	no	no		newsroom	May '95
Dallas Morning News	yes	yes		sports desk	
Television					
KHOU-TV (Houston, TX)				station	April '95 ?
WFAA-TV (Dallas TX)				station	June '95?
WVEC-TV (Norfolk, VA)				station	February '95?
Other					
CityView	yes	no		advertising	April '95

PAFET MEMBER COMPANIES: Online Activities

	DESCRIPTION	OBJECTIVE	FUTURE PLANS	LOCATION
CENTRAL NEWSPAPERS				
Newspapers				
Indianapolis Star/News	sports news - SpeedNet focuses on autoracing news, including Brickyard archive and Guide to Indy; Hoosier News focuses on local sports events (currently tennis tournament)	new media product that leverages print product; focus on sports segment	expand into other segments	http://www.starnews.com
Phoenix Gazette / Arizona Republic			AOL, website	
Other				

	BUSINESS MODEL			OPERATIONS	LAUNCH DATE
	advertising	subscription fee	other		
CENTRAL NEWSPAPERS					
Newspapers					
Indianapolis Star/News	limited display	registration for AP stories		new media group	July '95
Phoenix Gazette / Arizona Republic				new media group	
Other					

PAFET MEMBER COMPANIES: Online Activities

	DESCRIPTION	OBJECTIVE	FUTURE PLANS	LOCATION
COWLES MEDIA				
Newspapers				
Minneapolis Star Tribune	access to Special Report on the Digital Age, directory of other MN sites; background/promotional material on the Star Tribune and Star Tribune Online	establish web presence; promote STOnline		http://www.startribune.com
	comprehensive news and information source for the Twin Cities; includes current news and information, searchable archives discussion forums, information on local events and community services	new media product that leverages print product		AT&T Interchange
Magainzes				
Cowles/SIMBA Business Media	information on new media news and information; organized by topic; searchable; online message boards; Simba product information	expand brand/image	in discussion with MSN	AOL (GO Simba)
Mobile Office	access to news, features and review in magazine; downloadable software; online conferences and message boards	expand brand/image		AOL (GO Mobile)
Weissman Travel Service	Traveler's Corner profiles US and International destinations, inlcudes travel smart info; destination of the month, top 10 lists and members vacation photos; links to Travel Holiday magazine	expand brand/image		AOL (GO Travelers Corner)
Other				

DRAFT: 8/17/95

PAFET MEMBER COMPANIES: Online Activities

	BUSINESS MODEL			OPERATIONS	LAUNCH DATE
	advertising	subscription fee	other		
COWLES MEDIA					
Newspapers					
Minneapolis Star Tribune	no	no			June '95
	classifieds	yes		new media group	June '95
Magainzes					
Cowles/SIMBA Business Media	no	yes			
Mobile Office	no	yes			
Weissman Travel Service		yes			
Other					

PAFET MEMBER COMPANIES: Online Activities

	DESCRIPTION	OBJECTIVE	FUTURE PLANS	LOCATION
FREEDOM COMMUNICATIONS				
Newspapers				
Orange County Register	indepth coverage of OCR's fertility clinic news story; information on Orange County Register	experiment with online technology		http://www.ocregister.com
Colorado Springs Gazette Telegraph	comprehensive information for Colorado/Rockies area including news, weather (picture cam from Pike's Peak), and community information (online tour of Col. Springs); special interactive and chat forums (aimed at teens)	new media product that leverages print product		http://www.usa.net/gazette/
Television				
Orange County Cable News Channel				can't find it....
Other				
Freedom Classified Network	use BBS to distribute classified advertising to Advertising departments across Freedom newspapers; focus on specialty classified areas	expand advertising base available to customers	expand into display ads	Freedom Link (First Class BBS)

PAFET MEMBER COMPANIES: Online Activities

	BUSINESS MODEL			OPERATIONS	LAUNCH DATE
	advertising	subscription fee	other		
FREEDOM COMMUNICATIONS					
Newspapers					
Orange County Register	limited display	no		newsroom	July '95
Colorado Springs Gazette Telegraph		no			
Television					
Orange County Cable News Channel				station	August '95
Other					
Freedom Classified Network	not directly	no		advertising	June '95

	DESCRIPTION	OBJECTIVE	FUTURE PLANS	LOCATION
McCLATCHY NEWSPAPERS				
Newspapers				
Tacoma News Tribune	comprehensive news and information source for Tacoma; includes current news and information, searchable movie reviews, information on local events and community services; directory of links to "cool" sites	new media product that leverages print product		http://www.tribnet.com
Raleigh News and Observer	comprehensive news and information source for Raleigh-Durham/NC area, includes news and information (with area targeted to GenX segment), sports server, entertainment and community information (multimedia tour of Raleigh), business directory	new media product that leverages print product	leverage NandO.net across other McClathcy properties; package into a product to sell to newspaper/media industry	http://www.nando.net
Other				

	BUSINESS MODEL			OPERATIONS	LAUNCH DATE
	advertising	subscription fee	other		
McCLATCHY NEWSPAPERS					
Newspapers					
Tacoma News Tribune	classifieds	registration for certain areas			
Raleigh News and Observer	classifieds		Internet Access and Service Provider	new media group	
Other					

	DESCRIPTION	OBJECTIVE	FUTURE PLANS	LOCATION
PULITZER PUBLISHING				
Newspapers				
PostLink				Delphi
Arizona Daily Star	comprehensive news and information source for Tuscon; new is organized into section resembling a newspaper with links to related sites on the web; wire service updates every 10 min; entertainment and community information;			http://www.azstarnet.com
Other				

PULITZER PUBLISHING	BUSINESS MODEL			OPERATIONS	LAUNCH DATE
	advertising	subscription fee	other		
Newspapers					
PostLink		yes		new technologies group	
Arizona Daily Star		yes			April '95
Other					

INTEROFFICE MEMO

Wednesday, August 16, 1995

TO: Pafet OpCom

FR: Howard Finberg

RE: NCN RFP

What follows is a draft of a request for information/proposal sent to various vendors (a complete list is currently not available) by a technical subcommittee of New Century Network. I will be attending some of the presentations next week and will report on the discussions that follow.

cc: Jim Rosse, Joel Kramer.

[DATE]

[VENDOR NAME & ADDRESS]

Dear [VENDOR]:

New Century Network (NCN) has initiated a search for a state-of-the-art billing tracking, authorization, and administration system. The search is being conducted by a project team consisting of members of the Technology Committee of NCN who represent the various entities of the corporation.

The project team has prepared the enclosed Request for Proposal (RFP) outlining our project objectives, major issues and data requirements. The RFP has been forwarded to the following nine vendors: EDS, AT&T, IBM, DEC, Compuserve, Open Market, Netscape, Arthur Andersen/Broadview, and MCI. Others may be added at a later date.

The project team intends to use the responses to the RFP to select vendors for demonstrations of their proposed solution at **[Location].** We expect to select between six to 9 vendors for demonstrations, which will be scheduled during August, 1995.

Please notify me of your intention to submit a response to this RFP by 5:00 p.m. (EST), August 1, 1995. Please provide preliminary financial terms at that time.

RFP responses must be received by my office by 5:00 p.m. (EST), August 15, 1995 to be considered.

Please call if you have any questions or require clarification.

Sincerely,

Introduction

New Century Network (NCN), a limited liability corporation of Advance Publications, Inc., Cox Newspapers, Inc., Gannett Co., Inc., The Hearst Corp., Knight-Ridder, Inc., The New York Times Co., The Times Mirror Co., Tribune Company, and The Washington Post Company, has been created to facilitate a network of local online publishing ventures. (See the attached press packet from NCN). The goal of this venture is to assist all local newspapers (both members and affiliates world wide) in providing online services to their communities. NCN has committed to provide specifications for a complete Internet publishing environment to its affiliates by September 30, 1995.

At NCN, we are willing to create, contract for, or assemble the necessary infrastructure to meet our needs. All factors being equal, our bias is to contract for the majority of these services from one supplier committed to meeting our needs and evolving their Internet offerings along with ours. NCN has divided its technical needs into three large areas: billing, search, and client/display software. This RFP specifically addresses the requirements of billing security, tracking, authorization and administration. For simplicity, respondents will be referred to as the "billing vendor."

This RFP is being offered to a variety of hardware, software and service vendors for their comments and proposals. Based on the quality of thinking displayed and the ability to respond to both our short-term requirements, and long-term needs, we intend to further refine these proposals with two to three respondents, potentially culminating in a contract to be awarded this year. At this stage, we are not inviting firm proposals from any vendors. Rather, we are interested in exploring alternatives vendors might propose to handle our increasingly complex requirements.

We recognize that the Internet is undergoing rapid evolution. We therefore expect that the responses will address our immediate needs to be operational by January 1, 1996 and to and support our efforts to develop, over the next few years, a sophisticated and comprehensive Internet-compliant, **standards-based** "back office" as is defined in the remainder of this document.

In this document we will try to familiarize you with the short-term environment and provide some detail on the directions we see NCN affiliates taking in the future. The future is uncertain; therefore, flexibility, adaptability, reliability and adherence to standards as they evolve, are critical to us. At this point, we are indifferent to solutions which centralize and those which distribute network control and functionality. We expect you (as explained in detail) to help us understand which direction you believe will better meet our needs.

Statement Of Confidentiality

The Billing Vendor should specify any restriction on the use of the response information. NCN and its affiliates reserve the right to use any concepts and methods contained in the response unless specifically restricted otherwise by the billing vendor. If, in the submission of its response, the billing vendor specifies that certain information is proprietary to the billing vendor, NCN will afford such information the same degree of confidentiality it affords its own sensitive business information. Information in the billing vendor response specifically requested to be returned will be returned to the billing vendor. All information contained in the RFP or subsequent verbal or written communications from NCN or its affiliates to you shall be considered confidential and for express use only in connection with the response preparation.

Response Guidelines

We would like you to respond to this request with a serious evaluation of how your products and services might serve the goals we have outlined below. We are not looking for detailed proposals of specific equipment and configurations. It is more important that you think through your product sets, their applicability to our situation, and your future directions. We would rather have a presentation from three or four highly-informed people on your staff than a 250-page proposal full of product brochures. While cost is important, we are also less interested in specific prices than we are in orders of magnitude comparisons.

Some of the questions we would like you to address are listed below:

- What services do you expect us to be able to offer by January 1, 1996? How do you expect them to evolve over the following 36 months?

- What hardware/software/operational architectures do you think are appropriate in our environment? What directions are you pursuing with these today?

- How do you see the five- to ten-year evolution of the system architecture for the Internet? Are you creating a similar environment for others that may help us understand your view of this evolution?

- What are the staff and skill mixes that we will need in your environment? How much of this must we hire and how much are you willing to provide?

4

- What costs are likely to be entailed in the startup and/or conversion of web sites to your environment? How long would they take? How do we minimize the impact on our customers during this initial startup and later conversions?

- We are committed to standards-based development. How would you meet our needs without imposing proprietary tools in the long-term?

- We don't want to restrict your thinking. What other services should we consider providing? How do they differentiate you?

- What are the primary advantages that you offer and are willing to integrate into a sophisticated set of services for us?

Cost Liability for Billing Vendors' Response

Neither NCN nor its affiliates' representatives shall be liable for any costs associated with the billing vendors' preparation of a response to the RFP, nor for any costs incurred for vendors' attendance at oral presentations, clarifications or demonstrations.

Media Contact

The prior written approval of NCN or its affiliates is required for any news release, interview or other print/electronic media or trade contact that relates to this RFP.

Preliminary Cost Estimate

To comply with NCN's budget process, billing vendors must provide a preliminary estimate of project costs by August 1, 1995. This estimate may be based on the billing vendor's standard rate card and may be modified by the final response to the RFP.

Response Due Date

The billing vendor should contact Ralph Terkowitz by 5:00 p.m., August 1, 1995, of the billing vendor's intention to submit a response. At that time, the billing vendor should provide NCN with their "rate-card" estimate of the project cost. Final responses to the RFP must be received by 5:00 p.m. (EST), August 15, 1995, to be considered.

The billing vendor should submit eight **[ck #]** copies of the response and supporting material to:

> Ralph S. Terkowitz
> Vice President/Technology
> The Washington Post Company
> 1150 15th Street, NW
> Washington, DC 20071

NCN Contact for Questions and Clarifications

Billing vendors must direct inquiries regarding this RFP to Ralph S. Terkowitz. We prefer that these inquiries be made via electronic mail addressed to terkowitzr@washpost.com. Mr. Terkowitz's phone number is 202-334-7196, and his fax number is 202-334-4605.

Response Format

Responses should be organized in the same general format as the RFP and address the five major RFP categories: Project Objectives, Major Issues, Data Requirements, Vendor Information and Costs,.

The response must indicate whether the billing vendor's proposed solution "fully meets," "partially meets," or "does not meet" the specified objective, issue and/or requirement.

The response may be submitted on paper or via electronic media (3.5" diskette). If the diskette submission is selected, the document must be prepared using Microsoft Word for Windows, version 6.0.

Evaluation Criteria

All responses will be evaluated by an NCN team consisting of executives from affiliate companies. The responses will be examined for at least the following:

1. Ability to meet requirements stated within this RFP.

2. Billing vendor's understanding of the work to be performed as indicated by the vendor's response to the RFP.

3. Functional/Technical architecture to meet NCN's goals.

4. Level and extent of support and integration services (operations, training, maintenance, consulting support, etc.).

5. References, including site visits to existing billing vendor customers.

6. Live demonstration of declared system capabilities.

7. Cost to implement and return on investment.

8. Additional services offered which will be of value to NCN and its affiliates.

9. Ability to implement a system to meet NCN's timetable for initial release while addressing NCN's ambitious future systems expectations.

Vendor Information

Vendor Background
1. How many years has your company been in business?
2. Who are the current owners?

3. Are the owners of your business involved with the day-to-day operation?
4. What is your primary business?

5. Did you design the package, or are you marketing the proposed package? If marketing, who designed the system and who will support the system?

6. List current locations where you have offices.

7. Do you intend to subcontract any part of the work for the proposed system? If yes, please indicate which subcontractors.

8. Who would be our account representative during the evaluation period?

9. Do you develop other types of software besides Internet billing and control software?

Implementation Planning

1. How do you plan on meeting our implementation timeline?

2. What are the average resource levels of support required during the installation of the system (project manager, percentage of time required by business managers)?

3. What are the average resource levels of support required after the system is installed (project manager, percentage of time required by business managers)?

4. Describe the customization strategy for your product (i.e., does the architecture of your system provide for site-driven customization? Or, must customization be done by a central staff. If so, where?

5. Do you provide consulting services? Are they third-party consultants? If third-party, who are the consultants and where are they located?

6. Will you provide implementation support?

7. Is on-site training included in the proposal? If so, how much training is provided (number of student hours/days)? How do you plan to help us train additional sites as affiliates become operational?

8. Describe your documentation.

9. Will you provide user and system documentation for our review?

Support/Maintenance

1. What support services are provided by your company?

2. Will we be assigned a support representative who will take us through implementation?

3. Is an emergency telephone service ("hotline") part of your product support? During what hours is this service available?

4. Do you ever charge extra for telephone support if the reported problem is a customer/user problem and not a software problem?

5. Do you provide an electronic mail service?

6. Please state the availability of maintenance personnel.

7. What is your policy regarding issues and contents of new releases?

8. How many prior releases are supported?

9. Have you ever discontinued support for certain operating systems or databases? If so, describe.

10. Describe planned or in-process modifications to the proposed package and give expected release dates.

11. Describe your company's policy modifications that might be made to your system by a customer after initial installation. What impact would such customer modifications have on your system's warranty?

12. Please describe any additional support services provided or available that have not been specifically covered.

Security Issues

References
Please provide three specific contacts who have installed the proposed product or worked with you on similar efforts. This must include the following information:

1. Company name.
2. Contact name.
3. Contact title.
4. Contact telephone number.
5. Services provided.

Costs

Provide information on the following costs, based on each of the following three implementation scenarios:

1. Consolidated processing at [Location] with all sites remotely accessing the software and the data.

2. Consolidated processing at each [Location] with all affiliate sites accessing the software and data remotely. Include detailed proposal for the network-wide consolidation of information.

3. Autonomous processing at each affiliate. Include detailed proposal for the network-wide consolidation of information.

List the costs of obtaining and utilizing the system(s) described within this RFP. Please explain these costs briefly. Attach a schedule of fees charged for consulting services. Describe, in lay terms, the warranty policy accompanying the proposed systems. Include a sample copy of a proposed license agreement.

History

New Century Network (NCN) was formed in April by nine of the largest American newspaper companies. Its goal: "To help local newspapers develop online services in their markets and to create a national network of these services to facilitate access to news, information and advertising . . . ."

NCN is a private company, owned in equal shares by the nine founding companies. Affiliation with NCN is open to all U.S. local daily newspapers. It will provide services and standards to large and small papers alike. Note that most founding companies own medium and small newspapers as well as metros.

The founders are:

- Advance Publications
- Cox Newspapers
- Gannett Co. Inc.
- The Hearst Corporation
- Knight-Ridder Inc.
- New York Times Co.
- The Times Mirror Co.
- Tribune Company
- The Washington Post Co.

Together, the founders own 205 newspapers, with Sunday circulation exceeding 26 million; more than one-third of the U.S. total.

NCN is not intended as a profit center. While it will pay a reasonable return on investment to the founders, its real purpose is to enable affiliates to maximize their profits in online services. NCN has a goal of putting a minimum of 75 newspapers online in the new network within two years.

The NCN network will be Internet connected and compatible. NCN intends to allow maximum flexibility to affiliates to choose whatever Internet Service Providers each may choose, allowing affiliates to be unrestricted in any way from participating in other networks of similar activities, either independently or with other partners.

NCN will provide the following services to its affiliates:

- A means for network affiliates to share editorial content.

- Allow a subscriber of one newspaper affiliate to access the online content (e.g., daily editorial, archives and classified databases) and services of other affiliates.

- Encourage development of interactive services by NCN newspapers and third parties.

- Ensure high-value e-mail and communications among affiliates and their subscribers.

   Facilitate the development of national and other advertising opportunities, including a rate card for network-wide advertising sales.

- Provide network usage tracking and customer billing services to

affiliates.

- Facilitate the distribution of network affiliates' content to third parties.

Scenario

The following scenerio depicts the actions of two subscribers to newspaper online services affiliated with New Century Network. It is intended to provide a sense of the "experience" of a user and is not a service specification. It is important to note that these hypothetical subscribers represent only two of a number of user demographic and psychographic segments.

⁜

Nathan C. Nelson is a 45-year-old male. He is a sales manager for a regional pharmaceutical distributor. His wife Natalie is a real estate agent. They have two children: a boy, Eric, 6, and a girl, Jennifer, 13.

Nathan learned to use a computer at work and fancies himself as somewhat of an expert around the office. He knows his way around Windows, Excel and Word. Nathan's computer at work does not have a modem. But Nathan's Intel-Inside Pentium MultiMedia PC at home has a 19.2 zinger.

Nathan signed up for America Online the day after he bought the computer — which was almost a year ago. The software was pre-loaded on his PC and he now logs in a couple times a week, but never exceeds his five-hour monthly limit. His daughter has her own screen name.

Last month Nathan saw an ad in The Miami Herald for an Internet service called Herald Center. It promised not only access to services provided by The Miami Herald, but connections to 12 other newspaper services.

Nathan called an 800 number and ordered the service. To his surprise he found that he was given a $2 monthly discount to Herald Center because he was a subscriber to the print newspaper. Herald Center thus costs only $7.95 a month. He also decided to switch to credit card payment for all services from The Herald. Using a quick interview, the customer service operator determined which access package Nathan required: full Internet with PPP and browser, browser only, or just the manual. The next day Nathan received with his newspaper a software package, a book of instructions and a password.

Nathan has been using the service for about two months.

We are now standing over Nathan's shoulder as he boots up the computer and prepares to enter cyberspace. He wants to do three things: check The Herald's Sunday automotive classifieds from last Sunday for a 1971 Jaguar XKE (he had been out of town that day), see what the Philadelphia Inquirer sports columnist has to say about his beloved Phillies and check out and bookmark the Batman web site, which he read about in the paper, to see if it's OK to show his son.

❶Nathan clicks on the Herald Center icon, which launches the browser and dials his Internet Service Provider. The Internet installation package was provided by Herald Center and the browser is pre-configured to the Herald Center home page, typeface and navigation buttons.

Nathan is asked to log in to receive full access to The Herald's service. He supplies his user name and password. The server verifies both the ID and password as well as an encrypted file in the client software further identifying him.

Nathan jumps to the Herald's automotive classifed, completes a search and finds only a 1970 XKE -- the wrong year.

❷He notices a button at the bottom of the page promises to take him to the same "Antiques and Classics" classification of other newspapers. Nathan has reached a menu for a national classifed network organized by a group of affiliate newspapers. It is a free service. He selects the correct automotive category and the Palm Beach Post and Orlando Sentinel newspapers [the Fort Lauderdale Sun-Sentinel is blocked from access for Herald Center subscribers]. He enters the search criteria and is rewarded with three 1971 XKEs. Nathan prints out the list so he can make phone calls later. Nathan presses the button labeled *Return to Home Newspaper*, which is at the bottom of every screen when he goes to locations outside of Herald Center.

❸Nathan is returned to Herald Center. Because he has already logged in once today, he does not have to repeat the process. He uses a search command to check all stories about "drugs" and "pharmaceuticals" in that day's paper, then clicks to the sports section. The Phillies, alas, blew a six-run lead last night and lost to the lowly Cubs, 8-7. "What's wrong with their relievers?" he wonders.

Nathan grew up in Philadelphia and remains an avid fan of the Phillies and Eagles (he gave up on the 76ers and switched to the Heat two seasons ago).

❹He presses a button on the Herald service home page that takes him to the NCN electronic newsstand. He decides to pay a dollar for a "single copy" — access for 24 hours — of Philadelphia Online, the service of the Philadelphia Inquirer and Daily News. Nathan goes to the sports section and catches up on last night's ball game.

The Inquirer's lead sports columnist and baseball columnist are both writing about the effects of the strike, but the Daily News nails the pitching problems: injuries and illness.

❺Heartened that three relievers may soon return to the lineup, he decides to check out the Batman site his son's been bugging him about. Clicking on the OPEN button, he types in the URL that had been listed in the newspaper story. In seconds, the flash with the ears appears on the screen. Looking around, he sees nothing violent or out of line for his son to see.

❻Later that day, from her estate on the Main Line, Angela Andrews sits down at her PowerMac 8100 to catch up on several things.

Angela, 59, lives with her husband John, 63, who is senior vice president and chief counsel for the Sun Company. Their children have long since graduated from college and married, so they are alone now in their 6,500-square-foot house with their extensive antique furniture collection.

Mrs. Andrews subscribes to the daily and Sunday Inquirer. She decided to subscribe to Philadelphia Online mostly to read the columnists in the Daily News. The Daily News is not home-delivered in Bryn Mawr, and, besides, she'd rather that her neighbors not know some of her reading tastes. The service costs her $9.95 a month, on top of the $19.95 bill for Internet access from Netcom.

For about 20 minutes after logging on, Angela browses the Daily News. Then she remembers that she hasn't kept up on events in Palm Beach for several days, so she goes to the newsstand and clicks on the Palm Beach Post's service.

❼Since 1988, the Andrewses have wintered in Palm Beach, and she's become involved in several social clubs there. Thus, when the chance presented itself to subscribe to an electronic version of the Palm Beach Post for $5.95 a month — a $2 a month discount since she already subscribed to one NCN electronic service in Philadelphia — she accepted. Today, she searches on her clubs' names and then goes into the Post's electronic library to find the names of the children of a friend who died two years ago so she can invite them to a charity event. Because she uses it a few times a month, she's become adept at searching the archives. Now, she finds the obituary in only two tries, which, the computer system informs her, will cost $3 extra on her next monthly bill.

❽She also has discovered an almost ideal electronic service through the Post: an online Antique Trader with all the latest antique news and market prices. It was offered by the Post for an extra $9.95 a month. She looks at the latest postings to see if by some stroke of luck a gate leg table to match one she already owns has come on the market.

✛

As each of Nathan Nelson's and Angela Andrews' transactions occurred, the server computer where the transactions were happening forwarded the transaction data to their home services. But at the billing date for each, the billing method differs.

⑨Nelson, you may recall, decided to pay for all of his Herald services on a single credit card payment. This month, his Visa statement shows "Herald Services" totaling $25.20. That's a bit confusing, since it's usually less. So Nathan logs on to check his online detailed statement. There, it shows:

Miami Herald, 7-Day Home Delivery	$16.25
Herald Online, with $2 discount	7.95
Phila Online, one day 7/14/95	1.00
Total:	$25.20

⑩Mrs. Andrews, however, still pays her bills the old-fashioned way. She has never really trusted credit cards. So when her bill marked Philadelphia Newspapers Inc. arrives (there's no way to tell it came from a billing service in St. Louis), all the detail shows clearly.

But Angela is unhappy that she was charged $3 for the archive search. The first headline was misleading, she thought. Calling the 800 customer service number from her bill, she complains to "Philadelphia Online" about the perceived overcharge. The service representative agrees to credit $1.50 on her next bill.

Philadelphia Inquirer, 7-Day Home Delivery	$17.50
Philadelphia Online	9.95
Palm Beach Post Online	5.95
Antique Trader Online	9.95
Palm Beach Archives, 7/14	3.00
Total:	$46.35
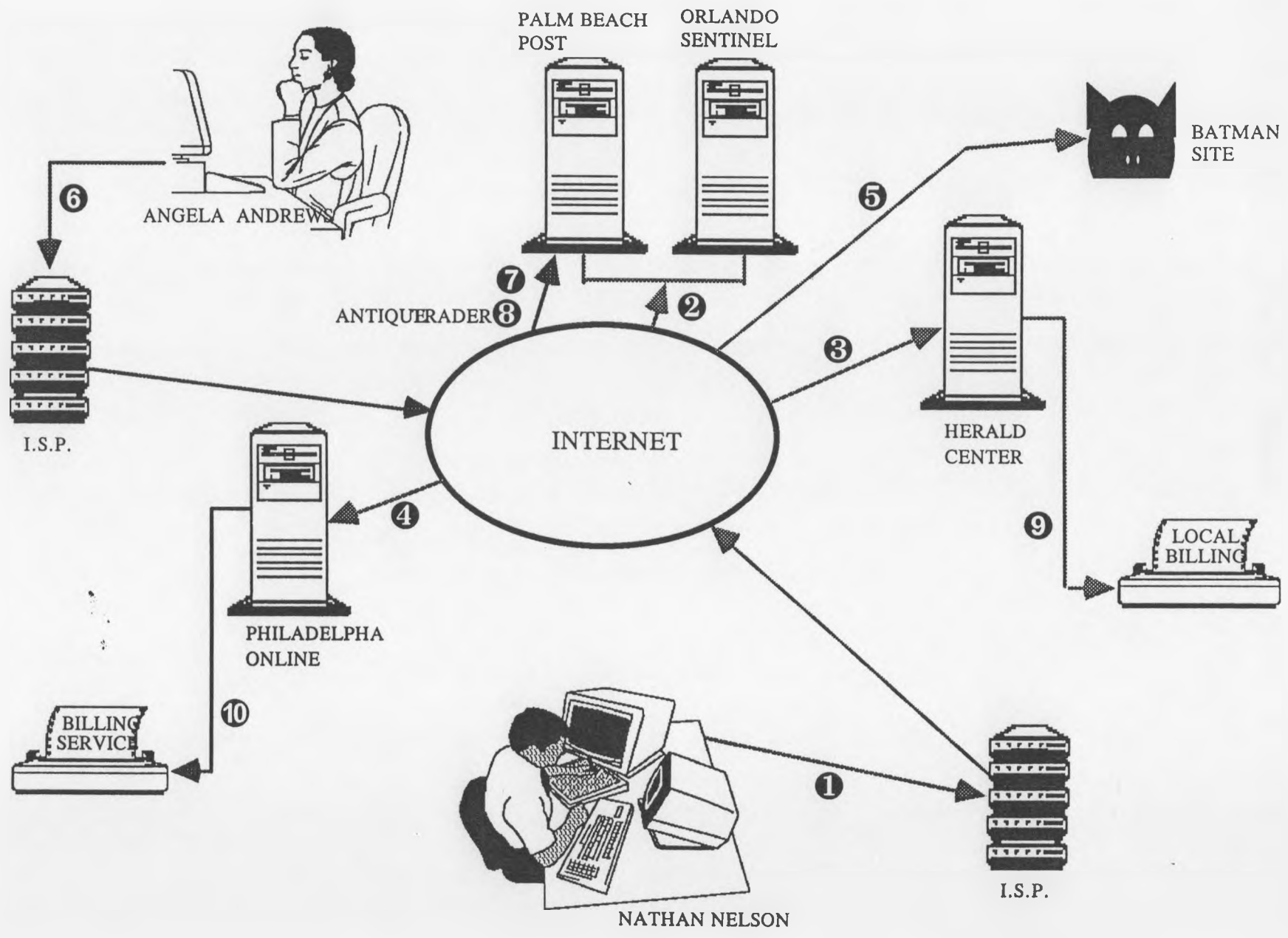
PALM BEACH POST

ORLANDO SENTINEL

BATMAN SITE

ANGELA ANDREWS

⑥

I.S.P.

ANTIQUERADER **⑧**

⑦

②

INTERNET

⑤

③

HERALD CENTER

④

⑨

LOCAL BILLING

PHILADELPHA ONLINE

BILLING SERVICE

⑩

NATHAN NELSON

①

I.S.P.

NCN Affiliate Responsibilities

NCN's affiliates -- some large, some small, all spread across the country -- will operate in a wide range of circumstances:

- Some will run their own servers, others will outsource that function.

- Some will have high-speed communications lines, others will rely on slower speed dumps into remote servers.

- Some will have programming and systems administration talent on staff, others will have none and will rely, when necessary, on outside sources.

- Some will charge for their services, others will not.

- Some will have robust premium offerings, others will not.

- Some will join in with selected NCN affiliates in creating or combining joint content to be offering to those services' readers.

- Some affiliates will offer access and ship client software to readers, others will not.

- Some affiliates will be associated with larger services on the World Wide Web (e.g., Prodigy, America OnLine, MCI, AT&T).

- Each service is completely free to set its own pricing structure, though NCN is discussing the possibility of creating some limited set of pricing structure options for cross-service commerce (NOT individual service pricing) to get the NCN network up and working in the marketplace.

- Services will join after NCN is launched (meaning that NCN will need to handle integration of services, reader registration data bases, and such at any time).

NCN's affiliates strive to serve the maximum possible World Wide Web Internet audience, including readers using a very wide range of browsers including Internet applications (e.g., Netscape, Spyglass, NCSA browsers of various versions), browsers included in other services (e.g., Prodigy, AOL, CompuServe, Delphi), and browsers bundled in other applications (e.g., Microsoft Word). NCN assumes no requirements on

these browsers regarding registration, authentication, or security. Vendors should alert NCN to any requirements they may have and any implications of those requirements.

In general, NCN strives to keep to an absolute minimum the requirements put on its affiliates. NCN does this to keep the hurdle to affiliation low and thus to encourage newspaper online services to join the network. NCN also does this with the understanding that, especially in a new and unproved medium and marketplace, some services' ability to invest will be very limited. And NCN does this with the understanding that until NCN and its affiliates have experience with readers' online behavior, it would be unwise to make or require affiliates to make substantial investments in an infrastructure that likely will change as experience with the marketplace develops.

NCN will strive at all times to work within existing and developing open standards in its assumptions about both the affiliates' servers and their readers' client software. This means that NCN does not intend to market or endorse one vendor's hardware or software. Affiliates will be free to chose whatever hardware, software, and service providers they wish so long as those choices adhere to open and generally accepted standards that will be set by NCN during the current research and RFP work and will be updated by NCN's technical staff as standards and technology evolve. It is understood that there will be rapid and often drastic evolution of standards.

Wherever possible, where software requirements are put on affiliates, NCN wishes them to be made in the form of published, open standards that may be met by any of the vendors with whom the affiliates are doing business.

If, as a result of these requirements, affiliates may be required to run additional software specified or created by NCN and vendors, that software should be kept to a minimum in cost, hardware demands, and technical expertise required to operate it and that software should be interoperable with all server software and platforms used by affiliates' services.

NCN will offer guidance to its affiliates on how to meet NCN's and other standards and to operate under them efficiently. This may mean, for example, that NCN's technical staff would evaluate server and client software against standards and perhaps benchmarks and share this information with all affiliates. The staff may offer advice to affiliates on optimum ways to design pages with certain client software and hardware in mind (for example, the maximum size of graphics to include in a page being downloaded at a particular modem speed in a set period of time).

NCN believes that a core portion of every affiliate's service must be satisfactorily readable to the majority of every affiliates' on-line readership. In saying this, NCN is aware that new functions will come along and even be accepted by much of the marketplace, often in advance of standards bodies. Affiliates will want to use some advanced functionality (to experiment, to stay hip, to add value, to serve certain specific audiences) and they will not be prevented from doing so.

There are no other content requirements put on affiliates.

NCN has decided to require affiliates to handle billing and related responsibilities (e.g., authorization, credit clearance, bad debt) for the activities of readers who use other NCN affiliates' services. That is, when a reader belonging to affiliate A links to the service of affiliate B and subscribes to receive an article or access for a period of time, affiliate B will need to send that billing information to affiliate A and affiliate A will be responsible for billing, collection, and forwarding the proceeds -- possibly also involving and commissions and fees to both affiliate A for having brought the reader to affiliate B and to any party that performs services in the transaction. There may be an intermediary that takes part in these transactions; that is part of what vendors are invited to propose. (For a fuller description of these scenarios, see section TK above.)

[Board note: Does this require larger transactions or just NCN content transactions? In other words, if a reader buys a computer through a vendor on another affiliate's service, is the readers' home service responsible for billing, credit clearance, collection, and bad debt for that transaction?]

Vendors should be aware that some affiliates will not have billing infrastructures as part of their services or will have billing structures not sophisticated enough to handle NCN's requirements. This could be because the affiliate's service is free (and advertiser supported) or because the service has a very simple pricing structure. As a result, it will be necessary for NCN affiliates to be able to outsource NCN's billing, collection, authentication, and credit clearance requirements to NCN and/or to other parties.

As a part of the billing responsibilities, readers will need to be registered and, upon entry to the service, authenticated. NCN will require vendors to propose a means by which readers can register once for any affiliate and thus become registered for all affiliates. Similarly, once a registered reader authenticates for any affiliate (not just the reader's home service) that reader should be able to traverse freely among all NCN affiliates' services (that is, the portions of those services where a reader is authorized -- in free portions or a portions to which the reader or the reader's home service has subscribed) without being challenged for authentication again at any time in a session (e.g., a day or until the reader's browser is restarted). Affiliates will be responsible for some level of registration and authentication. Vendors should propose means of handling this -- using open standards, wherever possible -- and should make clear the software, hardware, reporting, and technical expertise requirements put on affiliates. At the same time, vendors may propose means by which some affiliates -- those who do not have robust registration and authentication requirements in their own businesses -- may outsource this function (so, for example, a reader may freely traverse an affiliate's content without registration but, upon choosing to visit or initiate commerce with

another affiliate's service, registration and authentication could be accomplished by a third party).

NCN is also aware of the need to track reader usage of the services for (1) billing, (2) generation of reports to advertisers, (3) the ability to dynamically serve up different ads or content to different readers based on their preferences or what we know about them (for example, giving a different car ad to different readers based on demographic; giving a different TV ad to different readers based on location; giving different content to different readers based on age), and (4) judging the readership and appeal of the services and of NCN. NCN is aware that, in a client-server architecture, that tracking information must come from the content host (rather than the reader's host). However, some NCN affiliates will not have sophisticated tracking abilities because those affiliates may not need or be able to afford such functionality as part of their own businesses. As a result, it is NCN's position that affiliates will be encouraged to track usage information that NCN and affiliates deem useful. They will not be required to do that beyond the requirements of their own businesses. However, they will be told that if they perform this tracking, they may realize benefits. For example, services that share tracking information will also receive tracking information from other affiliates or NCN as a whole. Similarly, if a national advertiser requires tracking data for ad placement, then the affiliate must meet that requirement before receiving placement of the ad.

Vendors should be aware that affiliates' newspapers already operate in tremendously varied technical environments. The services each will need to create links to legacy systems handling editorial input, editorial production, classified advertising data base, classified advertising input, advertising production, library archives, photo systems, graphic systems, wire services, desktop publishing workstations, circulation data bases, and billing systems. In some cases, these links will be strictly internal, in others, it may be possible for reader to use an affiliate's online service as a gateway to one of the other systems (for example, to search for an archives news story or to place a classified ad); this means that some links will need to work in real-time and others will not.

Billing

Participants

At a minimum, there are four parties involved in any billing transaction:

1. The subscriber to a newspaper's NCN compatible on line service.

    A) This subscriber must be authenticated by the newspaper which provides that service (Home Newspaper). This authentication must be able to support the following conditions:

- Multiple concurrent users (will this conflict with start and stop times, it should NOT, due to a different user certificate (a session key type certificate, which may or may not be tied to the user at the visiting service, depending on if the user information is shared.)

2) The newspaper who provides that service (Home service)

B) The Home service must be authenticated in some manner that allows other services to confirm that service's customers as legitimate NCN customers, this is the tie in to which the billing mechanism is based.

C) This service must be able to confirm that the user is an authenticated user of the Home service, and that the Home service is an authenticated NCN affiliate.

3) NCN who has to act as a clearing house for charges and revenues between the participating services

Ground Rules

The Home service is responsible for paying the Visited service for all charges (not if fees and commissions) incurred by their subscriber at the Visited site.

The Home service is responsible for billing, collections, bad debts and customer service for their subscribers for charges incurred on both their and the visited online service. Customer service transactions (make-goods, credits, etc.) shall be considered part of bad debts. The Home service may handle this function themselves or may outsource it to NCN, or its contractor, (if offered) or another service.

The Visited service may will have their own unique rate structure for their service to cover their costs for providing the service and making a profit. The Visited service may set different rates for access by different Home services.

The Home service will have their own unique rate structure for adding a markup to a visited service to cover the costs incurred in providing access to the NCN network, to cover the billing/customer service charges, and to make a profit. The Home service may set different rates for access to different Visited services.

While NCN may require some basic overall ground rules and structure for these rates, the intent is to let each service set their own rates and structures. It is possible that some of these services are free. The response must address the limitations we need to place on this billing flexibility in 1995, as well as plans to address these limitations in the future.

The Visited service can be considered to have the wholesale price which added to the markup of the Home service gives the Retail price to the subscriber. The Retail price must be clearly stated to and accepted by the Subscriber before a Visited service starts to charge for their service.

The pricing method should be transparent to the subscriber to support the goal of NCN to present a seamless system to the subscriber.

The transactions on the NCN service must be "secure" to assure that billing is correct and that Subscribers are not billed for services they did not incur.

Required Transaction Information

In order for the Home Service to provide adequate customer service to their subscribers, the Visited service or the new billing vendor must provide back to the Home Service the following minimum information:

- Visited service name

- Date

- Time service started

- Time service ended

- Rate and billing basis

- General area of service that customer visited

The intent is that the Home service must be able to answer customer questions and prepare a transaction based bill if they desire (similar to a long distance phone bill). That does not mean that the Home service must bill that way - it is totally up to them. Other possibilities include flat rate charges, free services, electronic billing, and online supported credit card billing such as presently used by Prodigy, Compuserve and AOL.

NCN Clearing House Function

NCN will be responsible for establishing the procedures and auditing them to assure that all billing between the services is accurate.

Each month, NCN shall act as a clearing house between the participating services to facilitate the economical and accurate payment for services provided to each other. NCN will net the charges and revenues associated with each service and provide a check or bill to each service for the correct amount.

As an additional service, NCN may want to offer a billing and customer service function to newspapers participating in the NCN Network. This would be on a out-sourced basis and would be done for an additional fee for the newspaper. Nothing in the basic service should require this additional service.

Network Statistics And Information

NCN will be responsible for establishing the procedures to troubleshoot problems and measure activity on the NCN Network. While most of this information will be considered confidential and remain within NCN, certain summary information will be required to be used for marketing the NCN network and its services. In addition, advertising will be made available on the NCN network and statistics will need to be available to both sell new advertisers and support existing ones.

Basic summary activity will also be provided to participating newspapers on a regular basis.

Other items not resolved or included

Search of archives and billing for it

blackout - not a billing issue

note - make sure that RFP includes the fact that some of this may have to be phased in.

Authentication

Authentication of NCN subscribers should have the following properties:

- A home service should be able to authenticate it's users as valid subscribers.

- It is desirable that a user-id should be tied to the current session, so that multiple concurrent users will be identified appropriately.

- It is also desired that the user authentication model be extensible enough to offer additional user authentication for things like age, etc. It is not directed that a central membership directory be mandated for this purpose.

The visited service should be able to authenticate a home service as a valid NCN affiliate.

The visited service should be able to authenticate a user as a valid user of the authenticated home service.

The authentication mechanism should be reasonably invulnerable to packet sniffing, that is, the sniffing of an authentication session should not cause a malicious server to be able to authenticate as an NCN affiliate, or a malicious client to be able to authenticate as an NCN user.

Wherever possible, open standards for authentication should be used. Any cryptographic mechanisms should be limited to RSA, DES, Fortezza, or similar de facto standards.

Proposed mechanisms should support as many client and server combinations as possible.

Proposed user scenario:

- User logs on to service provider.

- User starts web client, and starts session with home service.

- Home service authenticates user as valid NCN user. User now has valid session key which identifies user.

- User selects content to browse.

- Home service serves content, or in the case of interactive, or questionable content, authenticates user's permission to see that content, and then serves content. Home service also logs user and content access.

- User selects NCN affiliate to visit. Visited service authenticates that user is coming from a valid NCN home service, and is a currently authenticated user of that service.
- If the user's home service is in blackout from visited service, visited service does not serve content.

- User selects content to browse.

- Visited service, using permissions rules described above, serves content. Visited service also logs user and content access.

Please note that the final goals of this process are a single sign on, transparent mechanism. However, in the interim, or to support web clients that do not support this authentication model, it is permissible to present a phased implementation plan which uses, for example, forms input, and requires multiple sign-ons. The data gathered as a result of the authentication process will be used for the billing process.

Advertising

For the purposes of this document, online advertising refers to the value-chain relationships in a marketplace (as diagrammed below) and is not limited to traditional newspaper impression advertising.
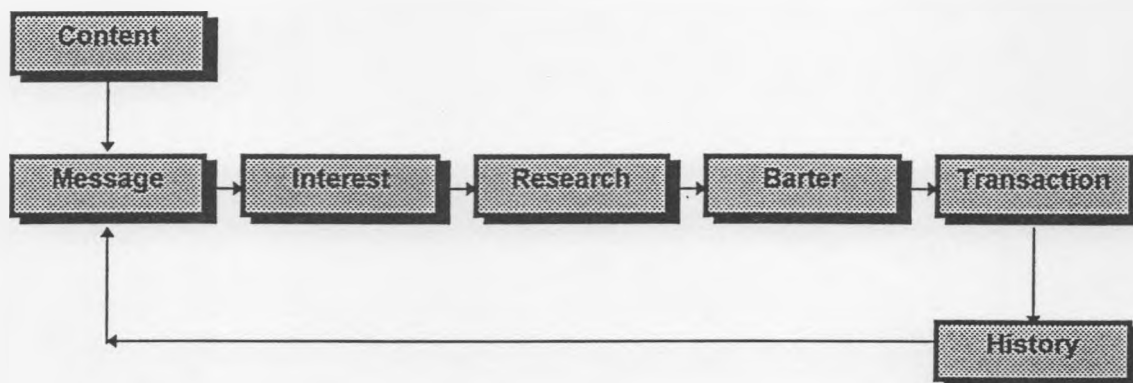
The following are a set of hypothetical scenarios, built on the above value chain, that a services vendor is expected to address. Immediate items are requirements that must be met. Future items are anticipated features. Discussion of these will help NCN evaluate the direction and capabilities of specific service providers.

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Content

Definition -- Typically editorial content.

Immediate -- Packaged content is used to draw consumers to pages that contain advertising messages. Advertisers are provided with consumer activity data that show who visited the page and for how long. This can be thought of as a measurable form of a newspaper retail or classified advertisement. [Need to discuss what additional consumer activity might be tracked that would be useful in indicating exposure to an advertiser's message.]

Future -- Access to some, or all, content is provided after the consumer answers a questionnaire. This form of registration would serve as payment for accessing content without monetary charge -- with the understanding that the registration information will be provided (sold) to marketers.

An example would be that on-line fees to access travel information about Los Angeles will be waived for a specified period for consumers who reveal how soon they intend to visit Los Angeles and are willing to let that information be sold to travel packagers.

Message

Definition -- The message is analogous to impression (newspaper) advertising.

Immediate

1. Advertisers are billed for the length of time the message is available on the page of any individual service.

2. As described in the Content section, advertisers are provided with consumer activity data that show who visited the page and for how long.

Future
1. Advertising messages are rotated on a yet-to-be-determined basis. Each advertiser should be billed based on availability on the page.

2. Advertisers are billed for the measurable amount of time consumers are viewing the page.

3. An advertiser can place a message on multiple services and pages and receive one bill.

4. Messages are presented to a consumer based on the History of that consumer. (See History section.) The system tracks which ads are presented and for how long.

Interest

Definition --The ability for a consumer to express an interest in a message.

Immediate
1. A consumer clicks on a message, which is linked to an advertiser's home page. The click is noted, along with other available data such as [user name,] date, and time. Measurements are tabulated and provided to the advertiser.

2. External activities can be added to the advertiser's bills, such as creative charges for creating a home page for an advertiser.

Future
1. The advertiser's home page is hosted on the NCN network. The advertiser is provided with selected consumer activity concerning the home page, including data that show who visited the page and for how long. [Is this Immediate or Future?]

2. The advertiser's home page is not hosted on the NCN network. The advertiser is provided with selected consumer activity concerning the home page, including data that show who visited the page and for how long. [Is this Immediate or Future?]

Research

Definition -- The ability for a consumer to find, independent of the advertiser, information about a product or services. Typically editorially related.

Immediate -- (Refer to the Content RFP]

Future -- (Refer to the Content RFP]

Barter

Definition -- A direct exchange between the consumer and the advertiser, including auctions or queries about a classified advertisement.

Immediate -- Not applicable.

Future --
1. Real-time auditoriums for the use of auctions, with final bids verified and charged to consumers.

2. Creation and charges for "blind boxes".

Transaction

Definition -- The exchange of goods or services for equity.

Immediate

Future

1. Consumers purchase goods and services through the affiliate's service. The capability is secure, with appropriate internal and external privacy for consumers and advertisers.

2. Transactions are recorded and transactions fees -- due to the affiliate -- are calculated.

HISTORY

Definition
The accumulated knowledge about individual consumers as they interact throughout the value chain. A relationship/database marketing capacity.

Immediate
Not applicable.

Future
1. Knowledge of individuals and ability to trace threads of activity.

2. Security and confidentiality.

3. Data reporting tools.

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Real Estate Survey

Responses were received from the following organizations:

- Indianapolis Star/News (INI)
- Sacramento Bee (SAC)
- St. Louis Post Dispatch (STPD)
- Minneapolis Star Tribune (MST)
- Orange County Register (OCR)
- Dallas Morning News (DMN)

1.   Have you decided to offer a real estate online product?

INI: yes, we are reviewing several at this point

SAC: not as a separate product, real estate would be part of a much broader online service

STPD: PostLink offers real estate line ads from daily and Sunday P-D; exploring the possibility of partnering with the Board of Realtors

MST: yes

OCR: yes

DMN: yes

2.   Who is your target audience (i.e. brokers, agents, consumers, etc.)?

INI: all of them; we see the pecking order as 1) consumers; 2) agents; 3) brokers

SAC: both brokers/agents and consumers

STPD: potentially all of the above

MST: 1) Classifieds on ST Online are targeted at consumers. 2) Phase 1 of the Internet application is a promotional vehicle for realtors and builders who advertise in our print magazine Real Estate Extra. We hope to extend this to all advertisers of our PICTURE CLASSIFIED product. During this phase, we will evaluate consumer Internet usage and demographics.

OCR: brokers and agents first, then the consumer

DMN: consumers

3. **How do you plan to reach this market (i.e. a commercial online service, the Internet, both, other platforms, etc.)?**

   INI: we are now established as an Internet web site (not yet for real estate) and are reviewing the possibility of specific online service providers. Audiotex is a definite part of our plans

   SAC: possibly the Internet

   STPD: Internet will be primary platform at first. Hope to add a media server that would allow the information to be published on proprietary platforms. Also envision spinning off the product as a floppy or CD

   MST: We have our classifieds on ST Online. Currently we're deciding if we want to develop a more full featured application. We are most seriously considering the Internet for this application

   OCR: tie in with MLS for advertising, then online and Internet

   DMN: the Internet

4. **What features do you want to offer (i.e. search capabilities, photos, video, etc.)?**

   INI: 1) search; 2) photo; 3) direct connect; 4) ability to measure results/tracking

   SAC: fully searchable with multiple photos and video maps

   STPD: eventually all of the above if it is profitable

   MST: ST Online offers a basic dump of our Classified ads. We are still working on search capabilities. For the Internet application, we will begin with pictures from our PICTURE CLASSIFIED product and pictures and promotional material from Real Estate Extra. We plan to add geographic search capabilities and eventually search on additional criteria - price, number of bedrooms, number of batches, type of seller, open house. We also plan to add: neighborhood profiles, services directory, financial information and directory, comparable search capabilities, articles

   OCR: Photos, search capabilities and tie into other services

   DMN: search, photos, text

5.   **How are you planning to position this product (linked to other products, as a stand alone product, etc.)?**

   INI: we are creating a bundled product line of various print products attached to audiotex

   SAC: both. It would be part of a web site, but could also be used as a stand-alone product in real estate offices

   STPD: linked to core product

   MST: Classifieds on ST Online are obviously linked to that product. Plans for phase 1 of the Internet application are linked to print buys in ROP and our real estate magazine

   OCR: would like to link to other products so realtors can place ads (illegible....)

   DMN: linked to print product

6.   **What is your branding strategy (e.g. will this be developed under and existing brand or are you planning to create a new brand)?**

   INI: we will maintain the Star/News branding strategy

   SAC: will be published under existing newspaper brand

   STPD: possibly linked to your core product.

   MST: Classifieds on ST Online are branded under that. Brand for Internet is unknown

   OCR: looking at both options - would like to partner with companies that have already created the products - we are developing a brand for our electronic products that maintains the Register look

   DMN: put under new product brand initially - other products put under existing brand

7. **What phase of development are you in (i.e. concept design, prototype development, testing, launched, etc.)?**

   INI: concept design; our intent is to move toward a launch this fall

   SAC: still in conceptual stage. business plan has been written and approved. waiting for funding

   STPD: concept design

   MST: Classifieds on ST Online are in production. The Internet application is in detailed planning and some implementation issues are being worked through. A formal project team is in progress. Lack of approval may cause this to slow down a little.

   OCR: concept design

   DMN: launched one product

8. **What outside resources (e.g. consultants, vendors, etc.) are you working with?**

   INI: conceptually we are working internally. Our audiotext provider will likely be Newspaper Voice Services

   SAC: have been working with an in-house advisory committee with representatives from virtually every division. Have received input from select brokers and real estate association

   STPD: TASC (real estate) and Pulitzer Technologies

   MST: 1) we are doing ST Online Classified with in-house resources. 2) For the internet application we have an external consultant to act as project manager. We are exploring using vendors for managing our Internet site and developing content (ad build).

   OCR: consultants and vendors

   DMN: doing in house with local Internet server provider (PicNet)

9. **What is the source of your primary content (e.g. listings)?**

      INI: we are talking with our Board of Realtors about a link to the MLS. If not, our source will be listings from agents

      SAC: listings will be the foundation

      STPD: listings from the newspaper; listings from the MLS system

      MST: Listings which can run in our print product(s) - ROP, PICTURE CLASSIFIEDS, Real Estate Extra

      OCR: listings

      DMN: Wednesday print real estate product

10. **What are your plans for augmenting the primary content with other information?**

      INI: undetermined at this point

      SAC: listings will be enhanced by additional information on each house, maps, neighborhood profiles, school information, nearby shopping, etc. Will also include profiles of brokers, agents and agencies. And will be linked to information on financing, tips on home buying, etc.

      STPD: home buyers: mortgage services, titles, other services

      MST: Unknown at this time

      OCR: we think this is critical to provide maximum value but it may not be done in phase 1

      DMN: hope to put most real estate listings on line in text form

11. **How much to you expect to spend/invest in this product?**

INI: we are strongly committed to retaining this important market segment, and we are prepared to invest substantial dollars to do so

SAC: not determinable because it is part of a larger product

STPD: N.A.

MST: Phase 1 Internet application ONLY $43.5K out of pocket expense. About 1200 person hours to support launch @ $40-$50 per hour = $50-60K. Preliminary on-going expenses estimated at about $3K per month.

OCR: we don't know but our expenditure will be based on our return

DMN: N.A.

12. **What are your revenue goals/expectations?**

INI: not specifically established yet

SAC: undetermined

STPD: maintain our present position; develop new revenue streams from non-traditional print advertisers and/or add-on sales

MST: unknown, price will be rolled into print costs, but we are viewing this as R&D and do not expect it to be profitable initially

OCR: none projected

DMN: revenue goals are minimal. looking

13.   What is your business model (i.e. realtor pays, buyer pays, seller pays, part of a bundled package of offerings, etc. -- NOT actual pricing)?

INI: we are looking at various packages. In most scenarios the realtor or broker pays

SAC: primarily supported through advertising by brokers and agents and tangential real estate services. Most content free to consumers although at a certain depth we might charge a premium

STPD: realtor and/or seller will probably pay

MST: Internet application - realtor and builder pays as part of bundled package

OCR: realtor pays for advertising - this will be a bundled product that encompasses web page advertising, aduiotext and automatic ad downloads

DMN: part of bundled - not priced currently

14. **What key questions/issues would you like Pafet to help you address?**

INI: possibility of marketing listings in the paper and through other venues for a percentage of the commission dollars earned by the realtor/broker?

SAC: is there are existing real estate product making money?

STPD: A) time line: how soon will the household penetration be sufficient enough to make these new products profitable

B) share success/failure stories from other markets

C) share business model from other Pafet members

MST: Our most urgent questions are which applications to focus on . Once we get beyond that, then specific real estate help may be good.

OCR: What successes have businesses had with electronic products. What are the top recommended strategies (this will be tough since every business is different)

DMN: will online exposure be added value or separately price? will we tie online listings only to what runs in print or truly become information providers outside of print? how can we position ourselves as better partner with local boards and home/apt builder associations so we're not seen as a threat to their own revenue producing opportunities?

Automotive/Transportation Survey

Responses were received from the following organizations:

- Dallas Morning News (DMN)
- St. Louis Post Dispatch (STPD)
- Fresno Bee (FRS)
- Sacramento Bee (SAC)
- Indianapolis Star/News (INI)
- Minneapolis Star Tribune (MST)

1) **Has your paper or company done research (consumer or advertiser/dealer) regarding auto classifieds?**

DMN: No

STPD: No

FRS: Yes

SAC: Yes

INI: Yes

MST: The Star Tribune has conducted qualitative and quantitative research with consumers and dealers

2) **If so, what was done and when?**

DMN: N/A

STPD: N/A

FRS: 1993 Beldon Continuing Market Survey, also use 1993 Fresno Scarborough Report

SAC: 412 telephone interviews in Fall 1993, to be updated in Fall 1995; study reported consumer buying habits -- type of vehicle purchased and what factors were important in the buying process. Also studied media use in the buying process

INI: A comprehensive automotive market survey, including consumer buying patterns, number of dealers shopped, driving distance, days of week shopped, most helpful advertising sources, importance of classifieds, etc. Survey was completed August 7, 199

MST: • Consumer focus groups (6/94)
       • Consumer survey (600 respondents) of buying process, media usage and assessment of dealer sales techniques (2/95) by Project Research.
       • Dealer focus groups (11/94)
       • Dealer satisfaction survey (3/95) by Gallop Organization using standard satisfaction questions.

3) What kind of research would be useful?:
    A) a study focusing on consumer buying patterns (how consumers shopped for cars, when they shopped, what research they needed, how they made decisions, etc.)
    B) a study on auto dealers' needs
    C) a study on technology applications in the automotive classified market
    D) other *(please explain)*

DMN: A, B

STPD: A, B, C, a study on auto deals average ad budgets and where they spend what percentage of advertising dollars

FRS: A, C

SAC: A, C

INI: all

MST: B, C

4) Does such research need to be market specific or can valid conclusions be drawn from a single market or a national study?

DMN: Market specific

STPD: market specific would be more helpful, but any research would be great

FRS: It must be market specific, this market often contradicts national trends

SAC: Any shopping pattern research should be market-specific due to the numerous variables that affect shopping/buying patterns that are unique to each market. Technology applications research does not need to be market-specific.

INI: A market specific study would be ideal. However, a single market or national study would also be helpful.

MST: Market specific would be best, followed by a national study. A national study, showing regional results, could show us in what ways our market is unique. It would also alert us to areas we should explore with our dealers. A single market study would be suspect because it could reflect local circumstances that don't exist in other areas.

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5) What would be the most helpful thing we could do for you in this area?

DMN: Impact of Auto Trader & Recycler on dealers/private party

STPD: Report on how auto classified electronic products launched by newspapers are doing - i.e., participation, do they build lineage, if not how do they generate revenue, pricing, administration, consumer use patterns, promotion needed, etc.

FRS: Monitor competitive activities, especially with emerging technology. Analyze profitable uses for technology

SAC: I'd be interested in successful new technology applications that make money.

INI: Technology applications in the automotive classified market

MST: Developing and fielding a survey of technology applications would be helpful. It would be very helpful it you studies what new automotive products have been introduced around the country and how they have succeeded.

6) What other issues/project(s) should we be exploring relating to auto classifieds?

DMN: No response

STPD: No response

FRS: Any information that could help shift regional and national dollars from other media to newspapers would be appreciated

SAC: Internet, cable companies offering Internet access at a low cost through cable TV developing automotive theme pages

INI: Online information, automated voice systems (are they working for auto dealers?)

MST: The retail automotive market is undergoing dramatic change (one example is Circuit City's entry into the used car market which may be followed by Walmart and Sears). We could benefit from an analysis of the trends in our customers' business, and the implications of these changes for our business. Car dealers can no longer conduct business the old way. A trend analysis could show us how we serve our customers' new needs.