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Enclosed is the first issue of a monthly report prepared especially for Pafet's Management Committee. This briefing was requested at the last Management/Operating meeting in St. Louis.

The purpose of the *Pafet Review* is to keep you abreast of the changing alliances and their potential impact on the media industry. The report is prepared by the Yankee Group under the direction of the Operating Committee.

In the future, the committee plans to add more analysis. This analysis will not only include broad implications, but also the impact of the changing landscape upon Pafet's mission.

Howard Finberg  
On behalf of the Operating Committee

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# Pafet Review

## Recent changes in the media landscape

An exclusive monthly service prepared  
for *Partners Affiliated for Exploring Technology*  
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### ONLINE

**Warner Bros. and Simutronics Inc.** are developing multiplayer games to link players across different online service platforms. The same technologies might be used to allow information providers to develop applications that can be used by multiple online services without major modifications.

**Sierra, Parents, Individual Investor and Arts & Antiques magazines select UNET 2 Corp.**, New York, to create online services for each publication. UNET 2 says it offers these publishers complete control over the graphics, typography, content, and marketing of their services. Additionally, they retain the rights to their subscribers.

**Minneapolis Star Tribune to appear on Ziff-Davis Interchange.** The second major newspaper to join Ziff (*The Washington Post* was first). It adds more credibility to Ziff's ability to bring publishing partners to their service. In a separate announcement, **Cowles Business Media** will launch an interactive news and information network on Interchange. The impact of the sale of Ziff Communications Inc. is still unclear.

**Business Week offers electronic subscriptions via Lotus Notes** groupware servers using SandPoint Co.'s Hoover software. While not a traditional online service, SandPoint is developing a "niche" to supply information to the corporate community by linking content to Notes as a delivery vehicle.

### Prodigy Deals

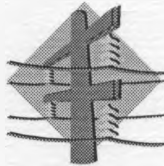
**Journal/Sentinel Inc. selects Prodigy/Cox Newspapers** venture to offer service tailored for Wisconsin and Upper Peninsula of Michigan. Other members of the consortium are newspapers owned by Media General Inc. and Times Mirror Co. Creating services with a local bent represents a new business model for Prodigy, and gives Prodigy a way to compete against Ziff-Davis Interchange, which will employ a similar model.

Canadian publisher Southam Newspapers is working with Prodigy to bring Prodigy to the Canadian market.

### **America Online Deals**

PBS' Nightly Business Report selects America Online for its online product. Other PBS programs represented on AOL are "Washington Week in Review," and those of National Public Radio.

Capital Cities/ABC launches service with America Online. ABC hopes to create a brand identity for its ABC News division with this service.



### **TELCO**

US West to purchase two cable systems (Wometco and Georgia Cable Television) in the Atlanta metro area. US West achieves instant access to 65 percent of cable subscribers in the Atlanta MSA, at about the same time that BellSouth requests permission from the FCC to conduct a competing cable TV trial. The purchase includes Access Telecommunications Interconnect, which will allow US West to compete with BellSouth for business telephone customers. RBOC forays into each others' territories are becoming commonplace.

NYNEX Information Technologies to offer NYNEX NortheastAccess online Yellow Pages directory over the Internet; will also offer it on Prodigy later in '94. The service will eventually offer display-based graphic advertising that can be easily updated. The service will likely be offered on NYNEX's full service networks in the future. These new distribution networks allow NYNEX to compete for advertising worldwide.



### **NEWS SERVICES**

NBC launches NBC Professional and NBC Desktop Video on Demand to work on LANs and PCs. NBC Professional will allow NBC to deliver coverage of financial events as they happen, without the delay associated with wire services. Desktop video gives NBC a worldwide news gathering and distribution system; NBC's Super Channel in Europe and CNBC in Asia, as well as an agreement with Independent Television News (London), allows NBC News to increase its international footprint. In an unrelated announcement, CNBC and Prodigy will offer hybrid online and on-air programming.