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The Meaning Behind NCN, PAFET Cutbacks

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Events of the last couple weeks bring to mind the question, "Can newspapers really work together in cyberspace?"

Last week, as reported by Editor & Publisher's MediaInfo.com Web site, New Century Network laid off 10% of its staff and refocused itself so that projects it develops are not seen as potentially competitive to the Web sites of the newspapers that fund NCN. Rumors are circulating that more bad news could come out of NCN's office in the coming weeks, and that NCN's owners -- nine of the largest newspaper companies in the U.S. -- can't seem to agree on a strategy.

Once seen as the newspaper industry's collaborative attempt to do battle in cyberspace at the national (U.S.) level with America Online, Microsoft, CNN and other digital giants, NCN has announced that it will rather turn most of its attention to offering services and Internet publishing tools that its newspaper members (or "affiliates") can use on their own local sites.

In another development that on the surface appears to have similar implications, PAFET (Partners Affiliated For Exploring Technology), a six-newspaper-chain cooperative new media research and development venture, shut down its two-person central office in Dallas, Texas, at the end of 1997. PAFET remains a functioning entity, but the focus has shifted to "information sharing" among the owner companies -- A.H. Belo Corp., Central Newspapers, Cowles Media Co., Freedom Communications, McClatchy Newspapers, and Pulitzer Publishing Co.

Executive director Marla McDonald and her assistant were let go and the Dallas office shut down on December 31. However, everything else about PAFET remains the same, according to Chris Hendricks, CEO of Nando.net (McClatchy Newspapers' new media division) and a member of the PAFET operating committee. He says that the various governing committees of the group -- comprised of executives and managers from the six newspaper companies -- will continue to meet as before.

It wasn't the money

Howard Finberg, director of information technology for Central Newspapers Inc. and another operating committee member, downplays the significance of the elimination of the PAFET executive director position. He says that the organization looked at what it wanted to accomplish and decided it didn't need the Dallas operation. He claims the decision did not hinge on budgetary considerations.

Minus McDonald, PAFET doesn't really have a "point person." Finberg says that informal title probably falls on Joel Kramer, publisher of the Star Tribune in Minneapolis and chairman of the PAFET management committee.

Four-year-old PAFET has always been low-key about its work, and seldom seeks publicity about its activities. Its Web site requires a password to get past a public home page that offers only a sketchy description of its mission.

According to Finberg, many of the activities of PAFET are conducted in a manner that accentuates the independence of each of its six owners. For example, PAFET looks for strategic investment opportunities for

its owners, then makes recommendations. PAFET companies have invested in Zip2, PointCast, Firefly and Infoseek. In the case of Zip2, for example, not all six PAFET companies have invested. And investments are made individually by the companies, not as a single PAFET investment.

Likewise, PAFET's online ventures may be produced with the conceptual involvement of all six owners, yet implementation is up to each company. PAFET created the WorkAvenue Web site, an online jobs service featuring employment ads only from major newspapers in the Central, Cowles and Freedom chains, for example.

Finberg emphasizes that the Dallas office's closing does not shut down any PAFET project.

For the future, PAFET will primarily focus on information sharing about new media developments among the member companies. And it may do more work in seeking out strategic investments for its members. WorkAvenue will continue to be enhanced, but new joint projects aren't highly likely. PAFET's mission has never been to develop joint Internet projects for all the newspapers, Finberg says, except in cases where there is no other solution.

He thinks that PAFET has made great strides in teaching the member companies how to work together in cyberspace. "We have learned how to cooperate, and that's pretty exciting," Finberg says. "From my perspective, we have to learn how to cooperate with each other. The days of dealing with a newspaper 1,500 miles away as competition are over." We live in an era where "you cooperate with your friends, and compete with your friends. If you do that, you'll be successful."

Implications

The news coming out of PAFET and NCN in some respect is "apples and oranges." Randy Bennett, vice president of new media for the Newspaper Association of America, says the two organizations have different missions -- PAFET primarily focused on research to be shared among its members, and NCN looking to create Internet services itself. Given the diverging interests of PAFET's members, the research emphasis makes sense for them, Bennett says, and it has worked as well as any newspaper consortium.

NCN, on the other hand, seemed "not quite sure" what it wanted to do from the beginning, Bennett says. He thinks that focusing on the local level rather than the national makes sense, because "ultimately the (online) battlefield will be won at the local level." Nevertheless, Bennett wants to see some more efforts by newspapers to come together on a national level, particularly in the area of classified advertising, where cyberspace competition poses the most serious threats to newspapers' livelihoods.

Eric Meyer, a journalism professor at the University of Illinois at Urbana-Champaign and president of Newslink Associates, is disappointed to see the cutbacks at NCN and PAFET, but says it was predictable. Both organizations have been on the right track, but the nature of such organizations -- with multiple masters -- makes it difficult to make decisions quickly and keep pace with a fast-moving Internet business marketplace. In such an entrepreneurial environment, organizations need an individual at the helm who can make decisions fast. That's not the case with organizations like NCN and PAFET, where institutional bureaucracy can be crippling.

Meyer is concerned about newspaper publishers' attitudes, which seem to shy away from serious cooperation; they seem so focused on their own brand, to the exclusion of seriously participating in national online ventures that can take on the likes of Microsoft and America Online. "I don't think The Associated Press would have been developed with the attitudes of publishers today," he says.

As for NCN, Meyer sees some serious flaws in the national model exemplified by its Newsworks service, which aggregates content from NCN member newspapers onto a central national site. "It was obvious when they debuted their site that it wasn't going to become the central hub in any sort of empire," he says -- the major problem being that the site trades in "thumbsuckers" (in-depth articles that so many newspapers consider their best work) rather than instantly posted breaking news, which is what Web users really want. Since most affiliate newspaper sites don't post breaking news immediately, Newsworks can't effectively compete with news sites like CNN.com or MSNBC.com.

So, the question is still open: Can newspapers effectively work together in cyberspace in order to leverage their collective strength and fight off some increasingly serious cyber competition? The events of the last couple weeks, while hardly conclusive, do not seem to bode well.

Movin' On

Central Newspapers' new director of technology and information strategies as of January 1 is Howard Finberg (quoted in the article above). Finberg previously was director of information technology for The Arizona Republic, a Central property. He will remain in Phoenix despite the move to a corporate position. (Central's principal headquarters are in Indianapolis, Indiana.)

Replacing Finberg as director of information technology at The Republic is David Allen. Allen begins his Phoenix job on February 2. Previously, he was information technology director at Indianapolis Newspapers, Inc.

Central Newspapers, Inc. publishes The Republic, the Indianapolis Star and News, the Muncie Star Press, and smaller papers in Indiana and Louisiana. CNI also is a member of the PAFET consortium.

Steve

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