

FEE-BASED NEWS AGGREGATOR 2008 BENCHMARKING REPORT

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Every day, competitive intelligence (CI) and information professionals rely on a wide range of digital content publishers and technology providers to monitor and extract information in their respective industry sectors. For many people, though, the electronic news publishing industry remains a difficult and often confusing environment. Which vendors provide the greatest value, and by what standard?

This column reports on the key findings of a comprehensive market assessment and user survey of the leading fee-based news aggregators. Cipher leveraged its knowledge of the electronic publishing market (developed through our CI software integration work) to create the first of four quarterly reports that examine the wider information products that we use in CI every day.

The main objective of the quarterly reports is to help business research professionals answer the five questions listed in sidebar 1. We surveyed the end users of fee-based news aggregator services, and developed detailed profiles of each of the leading providers.

Sidebar 1: Key Report Questions

1. Who are the leading electronic news aggregators and what are their respective corporate affiliations?
2. What specific content is offered by each of the leading news aggregators and what degree of content overlap currently exists among the leading providers' portfolios?
3. What do other subscribers currently think of the performance of their respective news providers?
4. What is their level of satisfaction?

5. What are the most common sources of complaints identified by current users, and how can other users benefit from their feedback?
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THE COST OF INFORMATION

Every manager at every level in every industry is responsible for making good business decisions. But to make those decisions, they must have reliable and readily available information. A 2000-2001 study conducted by Outsell, Inc. found that American companies were spending \$107 billion a year paying their employees to search for external information.

Commissioned by Factiva, Dialog, and KPMG, the study determined that knowledge workers spent about four hours per week looking for and gathering information, and an additional four hours per week reviewing and applying external information. At an average salary of \$30 per hour, searching for and reviewing external information came to \$240 per person per week, a significant investment of employee time and corporate resources. Undoubtedly, those costs are much higher today.

The real cost of information to companies is a key reason that fee-based services (also known as “value-added” services) offered by news and database aggregators such as Thomson Dialog, Factiva and LexisNexis continue to be highly important in the overall information industry. Still, they face ongoing challenges from many new information products and search tools.

ADVANTAGES

Traditional fee-based business information services offer high-quality information from a wide variety of world-wide sources, including newswires, newspapers, trade magazines, newsletters, investment house reports, scientific and medical journals, patents, etc. Most information required for a particular project may be available from any of these services that encompass huge collections of full-text databases, many with

extensive historical archives back to the 1970s. (In comparison, general web searching archives often do not extend beyond the mid-1990s.)

The traditional fee-based services offer search powerful tools, which allow simultaneous searching of several hundred sources covering current and archival information. Electronic clipping features keep business researchers informed about topics they select.

DISADVANTAGES

The environment for the traditional aggregators has been somewhat difficult. Content creators and publishers want as much revenue from their work as possible; many people believe that all answers are free on the Web simply by using Google and other search engines.

Traditional business models for commercial electronic content aggregation are now challenged by individual and institutional information searchers. These individuals, equipped with powerful electronic-content technologies, see commercial content as only one component of a wide array of valuable resources at their disposal. Some customers view the traditional aggregators' business models and operating methods as out of touch with their needs for sophisticated content integration. Additionally, they require far more efficient management of commercial terms and payments.

Some aggregators have developed their own increasingly sophisticated interfaces and tools to integrate content from their databases into institutional workflows more effectively. Newer fee-based news and database aggregator services include ones like Ovid and ProQuest, which evolved from earlier services. Others have been launched more recently, including HighBeam and Alacra. The newer aggregators operate under business models quite different from the traditional services, largely due to the influence of the Web.

SURVEY HIGHLIGHTS

Cipher polled over 100 end users of fee-based news services over a two-month period. Multiple respondents came from the pharmaceutical, telecommunications, insurance, healthcare, manufacturing, financial and competitive intelligence industries. Respondents also ranged from corporate librarians to CI analysts to directors of competitive, strategic and business intelligence. (Note: Where shown, percentages are of those who responded to a question.)

The most used provider was Factiva. When asked which services were “most important to your everyday job,” the category “Others” ranked higher than Factiva and the other players. These others included specialist medical journals, internal newsletter distributions, and other smaller specialist news vendors. It appears that other data sources are more important to end users than general news. This fact was also reinforced later in the survey, where most respondents cited the need for additional sources of information, and decry the lack of a one-stop shop.

Many people noted that their company has used a specific information provider for over 5 years (32.3%). Once a provider is accepted by the organization, they stay a customer. Responses to question “How often do you or your company switch or re-evaluate providers” indicate that most companies change or re-evaluate providers only when they identify a new need. Most aggregators’ business appears quite stable, even in light of any dissatisfaction.

On the whole, most people are satisfied with their information provider. When asked what value the provider gives to their specific job role, 75.0% of respondents said that they either “completely meets my needs” or “meets the majority of my needs.” However, 19.6% rated themselves as “completely dissatisfied” or “somewhat dissatisfied”. This amount was borne out by the number of verbal complaints reported elsewhere in the survey.

The majority of respondents indicated their affinity with some statements concerning news aggregators:

- *“My provider has content from reliable sources.”*

- *“I wish information services were less expensive.”*
- *“My provider has search capability and other features that I like.”*
- *“My provider updates their content in a timely manner.”*
- *“I feel there are gaps in the information available for my industry.”*

Respondents had mixed reasons for changing their provider within the last 2 years. The biggest reasons were “I felt another service better fit our needs” and “Unhappy with customer service.” Cost issues, denoted by “Too expensive/increased cost” and “Budget change”, accounted for 20% of switches. The most compelling reason for most changes was “I felt another service better fit our needs” (27.7%), followed closely by cost issues (20%).

For 60% of the respondents, their company had a user-specific contract relationship with their most important provider. Nearly half (45.5%) of those respondents said that the subscription was for 5 users or less. News is still considered the right of the few in these companies. Most companies pay less than \$1,000 a month for their subscription (47.1%). A notable few, however (5.9%), pay over \$15,000 per month.

COMMON COMPLAINTS

Although the majority indicated they were satisfied with their providers, the statements in Sidebar 2 document representative complaints. They indicate two overarching issues within this industry:

- The need for better search capability to focus on in-depth or more relevant information.
- The need for a one-stop shop. Most organizations must use multiple providers to get the breadth or depth of information they require. On average, respondents indicated using at least 2 different news services.

Sidebar 2: Common Complaints About Aggregators

"I think Factiva has done the job pretty well, but I need to supplement this with other types of searches and make it more timely."

"Good for the advanced searcher, probably not as good for the end-user."

"The searching technology has not lived up to my expectations in terms of removing duplicate and irrelevant stories."

"I wish it was a one stop shop (i.e. no need for additional providers)."

"I would like stronger tools for finding exactly the content of interest."

"We only use one provider that I am aware of and I'd like more understanding of the others available-- how do they differentiate service?"

"Good information feeds but not comprehensive enough."

"Content is not narrow enough - noise to signal ratio is high."

"Great for basic searching, but leaves something to be desired when I'm looking for more in-depth data."

"There is no source that is comprehensive."

"I would like more publications included, and better quality control."

Generally, the scope provided by the aggregator is universally appreciated:

- "I like the worldwide coverage and extensive list of sources and access to many languages."
- "Broad scope of content."
- "Satisfied, because it gives me all information that I want."
- "Our company is unusual, it comprises two disparate verticals and this provider covers them both thoroughly. It also allows very specific searching for the advanced searcher."
- "It offers the most flexible delivery options, with the ability to add unlimited content sources."

However, a broader array of items caused dissatisfaction, including timeliness of data, cost and targeting ability (see sidebar 3).

Sidebar 3: Causes of Dissatisfaction

“I don't find it (the news) particularly timely.”

“I'm...not thrilled with the cost. For me to roll this out enterprise-wide would be enormous.”

“...there are still a lot of duplicates and irrelevant stories caught by the search strategy. I find that they are overall too expensive.”

“Useful but still a lot of material to wade through each day/week.”

“Content is not narrow enough - noise to signal ratio is high.”

“Not targeted enough to our specific businesses, which then requires that we purchase more content to handle our current awareness needs.”

“...timeliness is lacking...typically receive morning recaps of following day.”

“The company has little automation skills, e.g., little efficacy in search robots.”

“Their search function is too basic. I get too many irrelevant hits.”

“I still get a considerable amount of “out of the targeted range” information.”

“Our global contact is responsive, but our US contact as changed several times and we've had poor response from all. Communications in general are poor...”

OVERALL RESULTS

In general, end-users are satisfied with their news aggregator, and most do not consider changing often, even when dissatisfied. However, they have some common issues that could be better addressed by the news aggregators.

Breadth of content. Although cited as a major strength, it is also a negative for many. Respondents would like increased functionality to more accurately pinpoint news of interest to them and their industry, both with automatic filtering and ad hoc search.

Service issues. Respondents mentioned everything from timeliness of data receipt to customer service. But most firms do not replace vendors very often. For most respondents changing needs, not service issues, was the trigger for changing aggregators.

Information gaps. Many respondents did not see enough information specific to their industry available through the news aggregators, so they required multiple sources of information. This drives internal expenditures higher to create the right mix of information, and increases user frustration.

Cost. Cost was mentioned throughout the survey, both concerning decreased budgets and increased service prices. Most people seemed willing to pay however, with one respondent summing it up:

“Information is NOT free...and you get what you pay for. It appears the costs are high...but factored over the value of that information to your company...it actually may not be as expensive as you think it is. If it helps you win a multi-million dollar contact...is it really THAT expensive?”

Competitive intelligence practitioners and their organizations are still hungry for general news, but information gaps drive a constant hunt for more and better sources. Cost and service issues are a concern, and this can allow smaller and more specialist non-traditional aggregators to enter the market. It will be interesting to see how perceptions and the players shift when Cipher reexamines this marketplace in the spring of 2009.

(Author note: to download the complete report, including market trends, company profiles and complete survey results, please visit Cipher’s website www.cipher-sys.com.)

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