

## **AP to form news group to make money from mobile**

The Associated Press

AUSTIN, Texas (AP) -- The Associated Press is overseeing the creation of an organization to help newspapers and broadcasters make more money as more people get their news from mobile phones and other wireless devices.

The ambitious project announced Monday signals that the AP, a 164-year-old news cooperative, hopes to play a leadership role as long-established media try to reverse several years of decline brought on by their inability to capitalize on the Internet.

AP CEO Tom Curley said the company is creating a digital-rights clearinghouse that should help the news media protect their content and generate more revenue as technology hatches new channels for distributing the news they produce.

"We've stood by while others invent creative, new uses for our news and reap most of the benefit," Curley said Monday in a speech before the Southern Newspaper Publishers Association in Austin.

But the recent shift to so-called smart phones and tablet-style computers is giving the media a chance for what Ken Doctor, a newspaper industry analyst, has described as a "digital do-over."

"The digital marketplace is on the cusp of an even bigger phase of growth on new platforms and devices," Curley said. "We have arrived at a moment of significant opportunity."

In creating the clearinghouse, the AP is drawing upon research that began in 2007 to establish an enforcement and payment system loosely modeled after the American Society of Composers, Authors and Publishers. ASCAP collects and distributes royalties for more than 390,000 songwriters and others involved in the creation of music.

The news clearinghouse would try to negotiate licensing deals for stories, photos and video produced by participating news organizations, including the AP. News organizations would still produce and own content made available to the clearinghouse. Any payments would go to them, after subtracting administrative fees expected to be 20 percent at first. Curley didn't provide many specifics in his speech, including who the target customers of such content are.

The clearinghouse also intends to fight piracy by relying on a tracking system, called a "news registry," that the AP began developing more than a year ago.

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Besides detecting unauthorized use of content, the registry's tagging system can provide insights about the people who are viewing content or the frequency with which a specific company or expert is mentioned in news coverage. That information conceivably could be used to show ads to people who are most likely to be interested in certain products and services or sold to companies trying to understand how they are perceived.

In hopes of avoiding antitrust issues, the AP is setting up the clearinghouse as an independent organization. An executive hasn't been appointed to run it yet. It could be in operation by the end of the year.

The AP believes that much of the media will be clamoring to join, based on the industry's response to its news registry. Since it moved out of its test phase in July, more than 1,000 newspapers have either joined or indicated they will. The registry will remain a part of the news cooperative.

Curley indicated that the clearinghouse's biggest moneymaking opportunity is likely to be the licensing of copyright-protected content to mobile phones and an array of computer tablets such as Apple Inc.'s iPad and emerging competitors.

By 2012, the AP expects more than 250 million wireless devices to either be running on Android, a mobile operating system made by Google Inc., or the Apple system that powers iPhones and iPads. Meanwhile, newspaper and magazine circulation is expected to keep falling. Curley said that will set the stage for the day when there will be "more touch screens than front pages."

"The move to mobile ... will usher in a new golden age for the development for products, if we're up to the challenge," Curley said.

Newspapers desperately need to find ways to bring in more money because their main revenue source - advertising - has plunged in the past four years. Total ad revenue at U.S. newspapers is on a pace to reach about \$25 billion this year, a nearly 50 percent drop from \$49 billion in 2006, according to the Newspaper Association of America.

Television and radio broadcasters also have been suffering financially in recent years, although not as severely as print media.

Because the not-for-profit AP relies on newspapers and broadcasters for a big chunk of revenue, the news cooperative also has felt the pinch as it lowered its fees to help the media weather the advertising downturn. Last year, the AP's revenue fell by nearly 10 percent to \$676 million, and another drop was budgeted for this year.

Most analysts, and even many industry executives, believe the news media miscalculated as the growth of the Web audience began to accelerate in the late 1990s. Among other things, newspapers decided to give free access to their websites, which diminished the value of the content that they sold in print. That decision also has made it easier for search engines and blogs to republish key parts of their stories - and keep revenue generated by ads on their sites.

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The growing use of mobile devices could allow traditional news organizations to take back control. Curley described "a multidimensional, multi-platform opportunity" that goes beyond existing delivery mechanisms such as websites and search results pages.

The AP and many of the newspaper publishers that own the cooperative already have seized on the opportunity by creating applications for the iPhone, the iPad and Android-powered phones.

More than 70 newspapers now pay for an AP service for creating smart phone apps in a partnership with Verve Wireless Inc. Plans to do something similar with the iPad are in the works. The AP charges a fee for creating these mobile applications.

Without providing specifics in his speech, Curley indicated the AP has something more elaborate in mind for the mobile app market next year. This next-generation app platform "will offer consumers fresh perspectives on the day's top stories and take them behind the scenes with our experts," Curley said.

As part of its effort to build more mobile apps, the AP will begin offering a new advertising tool, called "iCircular," that will attempt to sell the digital equivalent of coupons and other circulars that are inserted into newspapers' print editions.

Although the news industry still has to deal with matters such as making money from news links people share on Facebook, Twitter and other social channels, Curley said the news media have no choice but to figure that out with such initiatives as the clearinghouse.

"It's time to make it a real business and extract some additional value from the marketplace to support the good work we do," Curley said.

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AP Technology Writer Michael Liedtke reported from San Francisco.

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