The Digital Distribution Consortium (DDC) Overview

Edited by Jake Shapiro (PRX) on behalf of the DDC working group
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Background
During the summer and fall of 2006 NPR convened a working group of public radio digerati to explore the idea of creating a Digital Distribution Consortium (DDC) for public media. The idea for the initiative emerged from a confluence of discussions over the preceding year at NPR "New Realities" meetings, the Integrated Media conference, and consultations organized by Station Resource Group, the Public Radio Exchange (PRX) and the Public Service Publisher (PSP) group.

The core working group had six members:

- Mike Bettison (Director, New Media, Minnesota Public Radio/American Public Media); Jay Brodsky (Director, NPR Digital Media)
- Debra May Hughes (President, Public Interactive)
- Todd Mundt (Director of Content and Media, Iowa Public Radio)
- Tim Olson (Director, Interactive, KQED)
- Jake Shapiro (Executive Director, PRX)

Consultants Michael Kleeman and Julie Gupta coordinated the process and helped facilitate research, writing, and meetings with guest experts and system leaders during visits to Washington DC, Boston, San Francisco, Los Angeles, and St Paul. Ken Stern and Dana Rehm of NPR also participated in several of the working group's sessions.

The working group decided to organize its discussions and research by drafting a business plan for the DDC as a standalone entity. The business planning approach helped the group focus its attention on designing services and business models for the DDC without first attempting to parse the complex relationships of the organizations represented in the process and across the industry.

By bracketing some of the toughest issues such as governance, ownership, and the role of existing investments and infrastructure the working group was able to find common ground and articulate a detailed and compelling vision for the DDC. This approach, however, means that those critical issues remain to be addressed if the DDC is to move forward.

What follows is a summary of the key elements of the DDC business plan and the working group's discussions.

Introduction

Over the past 40 years public media has attained a critical and successful position in United States media. Currently public radio reaches nearly 30 million Americans each week and 80 million people tune into public television each month. Public broadcasting stations are active in every community across the country, and are often the last independent broadcast media left in local markets. Stations, national networks and popular programs are valued and supported by loyal audiences as well as corporate and philanthropic sources.

The transformative changes in media and technology of the past decade now present significant challenges and opportunities for public media. Stations' terrestrial signals are no longer the exclusive channels for public media content. Audiences are moving from scheduled to on-demand access to programs. The tools of media creation and dissemination are being democratized, enabling not only individual bloggers and podcasters but also corporations, cultural institutions, academics and nonprofits of all kinds to produce, promote and distribute their own content. At the same time powerful new intermediaries are evolving, from Google and Apple to YouTube and MySpace and thousands of new ventures aspiring to connect people with content, and each other, across multiple media platforms.

In the public media ecosystem the impact of these new realities depends on the position of the observer: for national content providers there are new and often more direct ways of reaching and interacting with audiences, along with uncertainty about rights and revenue; for stations there is pressure to differentiate and create a more significant local presence, along with the opportunity to engage audiences more fully online. And for audiences the abundance, diversity, and ubiquity of content is changing the relationship with media in general.

Public media has had mixed success in responding to these environmental changes and meeting audience expectations. By some measures the system as a whole reaches less than ten percent of its addressable market through the Internet. In the meantime, competitors are emerging to offer expanding choices of content while dramatically simplifying and improving the user experience. CNN.com has an Internet audience of more than 22 million, the BBC has a growing online viewership currently equal to 16% of their over–the-air viewers, and Apple's iTunes Music Store has a commanding presence as an audio portal for music and spoken-word content for digital download – recently surpassing 2 billion downloads.

Google's purchase of YouTube, a start-up barely 18 months in existence that serves over 100 million videos per day, underscores the rapid development and potential scale of Internet-based media services. These other media organizations are increasingly able to monetize their online offerings through advertising, which is migrating from traditional media vehicles to new digital platforms at a fast pace. U.S. Internet advertising revenues

are expected to hit $7.7 billion in 2007 – an increase of 32% over the previous year.

Collectively public media has significant assets – powerful national brands, large and loyal audiences, unique and high quality content, sophisticated production and broadcast operations, and a local presence in communities across the country. But the system as it evolved is not positioned to leverage these assets in the digital arena. There are disaggregated and duplicative services, a lack of standards, metrics, and research to support new offerings, and institutional inertia in the face of complex change.

Todd Mundt began the working group's Charter (the full DDC Charter and Principles are attached as Appendix A):

> *The Digital Distribution Consortium Working Group is charged with creating collaborative opportunities for increasing public radio's relevance in the digital environment, and enabling engagement with a wide range of audiences and partners within and beyond the system.*
>
> *The group recognizes that the formats, business models, and working relationships that have given public radio its broad reach and effectiveness on-air have not translated as effectively, or reach the same scale, in new media. Our goal is to look critically at all the system's assets, investments and practices and think expansively about how the individual system entities can, through a deeper and more formalized collaborative structure, materially improve our audience service while maintaining the core mission and values that define public radio in all of its forms.*

Tom Thomas and Terry Clifford, co-CEOs of the Station Resource Group, summarized the station perspective on this state of affairs in a June 2006 memo to SRG members, excerpted here (the full memo is in Appendix B):

> *Investments required to compete successfully in the digital distribution arena -- locally or nationally -- are substantial, akin to the levels now made in our most successful local and national broadcast efforts, if not more so. Most of us do not have the capacity to achieve these levels on our own any time soon, especially while working to maintain and grow our broadcast services for which significant growth opportunities still abound. Realizing public radio's public service mission through digital distribution will require new twists on the leverage, scale, and economies of networking and partnerships that we have cobbled together to sustain and grow our current broadcast services. Absent such measures of collaboration, we believe a handful of players will move forward and that many stations will be increasingly disadvantaged in competing for the attention and support of the audiences they seek to serve.*

And in a memo to A-Reps in June 2006 Ken Stern, CEO of NPR, said (full memo in Appendix C):

> *A collaborative effort such as this would create scale on the back end as well as marketing efficiencies vis-à-vis new intermediaries such as commercial Internet portals or cell phone carriers. Such a collaborative effort holds the prospect of creating a real, vibrant, inclusive public service in the digital age.*

The goal of the DDC is to provide public media with the capacity to compete successfully in the digital arena, harnessing assets of the system with a dedicated service that no single entity is capable of sustaining, and achieving an impact and significance worthy of the vital broadcast legacy it inherits and brings forward.

Summary

As envisioned by the working group, the Digital Distribution Consortium (DDC) provides services for aggregation, syndication, and monetization of public media's digital content. The DDC is primarily a business-to-business service, working with content providers, distributors and presenters to further the public service goal of delivering public media content to audiences within and beyond the current terrestrial reach of public broadcasting's core franchise.

The service creates economies of scale and efficiency to address the rapidly evolving digital distribution landscape. It is a coordinated effort across public media, recognizing that the resources required to achieve these opportunities are beyond the reach of any single organization in the field.

In a nutshell: the DDC ingests content from a variety of sources – such as public radio networks, stations, and independent producers – and delivers it to audiences through a variety of presenters and distributors – such as local station websites and third-party platforms like iTunes. Revenue is primarily derived from sponsorship and underwriting spots inserted in openly syndicated content. Additional revenue will come from content licensing and ancillary deals, and potentially through subscription, donation and other audience-facing services supported by the DDC. Most of the revenue flows back to the content providers, with the DDC taking a percentage to cover its operational costs.

The DDC addresses several opportunities: it helps meet growing audience expectations for on-demand access to digital content; it helps reach new audiences that primarily use digital devices and platforms; it leverages public media's content assets to achieve advantageous market positioning; it creates new revenue sources for content providers, presenters, and distributors; it aligns incentives for participation and innovation by public media organizations whose core business remains terrestrial broadcast; and it creates valuable infrastructure as a long-term strategic investment in digital media.

The DDC is not creating a new public-facing brand, and does not generally offer public-facing applications or services itself. The character of the services is enabling. To use an Internet metaphor, the DDC promotes "innovation at the edges" by providing a neutral platform on top of which others create applications and services that engage and directly serve the public.

As an example, a consortium of radio stations could launch a regional cultural portal that draws on the aggregated content catalog of the DDC to provide a wealth of relevant audio and video content online.

Audience
The DDC makes use of repurposed broadcast content as well as new content in order to address existing and new audiences.

Existing content for current audiences
This basic level of service helps meet the growing expectation of current "terrestrial" audiences that they can also access their favorite content on-demand and on digital devices. For the most part this entails repurposing existing broadcast content for redistribution over digital channels.

Existing content for new audiences
There are audiences who are not part of the broadcast audience for public media, but who are interested in the content when exposed to it through digital distribution. This opportunity is supported by an NPR survey of the podcast audience revealing that 15% of people subscribing to public radio podcasts were not public radio listeners. International audiences also represent a clear new audience opportunity.

New content for current audiences
As the DDC begins to acquire, aggregate and distribute content beyond the known sources of the current broadcast offerings, it is likely that a portion of public media's current audience will also find these offerings compelling. This supports the long tail strategy of aggregating content that might appeal to niche audiences, providing a new public service opportunity that also benefits providers and presenters in the sponsorship-supported model.

New content for new audiences
New audiences that do not gravitate to current broadcast programming are a prime target for new DDC-delivered content. Lectures, and youth targeted or non-English language content can reach a broader audience base that is not served by the current core broadcast formats.

Content Catalog
To achieve critical mass and a compelling offering, the DDC offers a large content catalog containing popular 'signature' programs as well as an expanding selection of niche content from diverse sources within and beyond the current public media producing community.

This 'long tail' strategy is a key element of the DDC and supports the public service goal of providing free access to a rich array of public media content – far more, eventually, than can be accommodated on linear broadcast channels.

As a result, the DDC anticipates participation from hundreds and potentially thousands of content providers, expanding beyond the well-known sources of today's broadcast offerings into new relationships with emerging creators of public service media content such as educational and cultural institutions, nonprofits, and individuals.

There are over 300,000 annual hours of programming available over the Public Radio Satellite System, thousands more on the Public Radio Exchange, and an expanding array of offerings from new sources beyond the current field.

There are important editorial issues involved in reaching beyond current programs and providers to embrace a broad new mix of talent and content. Carefully considered editorial guidelines, content reviews, and policies are required to ensure high-quality offerings while also broadening the pool of talent and content.

Video

Although public radio content and partners drive the initial formation and operation of the DDC, video is an essential content type that the platform and services must also support. The DDC business and draft technology architecture were modeled to support video content if and when that is desired. The DDC anticipates partnerships with PBS, joint-licensee stations, and other video providers, presenters, and distributors; the working group held several meetings with leaders and experts in television and video.

Content Providers

For content providers the DDC offers a comprehensive publishing platform tailored to the needs of public media and the opportunities in the marketplace.

By pooling the best-known brands and popular programs along with a broad mix of additional high quality content, the DDC leverages the collective assets of public broadcasting to gain advantageous positioning with sponsors, distributors, and the growing audiences for digital content. It is unlikely any single provider could command the market attention the consortium has.

Distribution via the DDC is offered at low or no cost to content providers (an annual account maintenance fee may be required), thereby removing the expensive and often complex needs for storage, bandwidth, encoding, and delivery to multiple distributors and presenters.

The ability to "create once, publish everywhere" (COPE) is a significant benefit for content providers facing an ever-expanding array of distribution opportunities with varying requirements.

Additional incentives for participation include a proportional share of revenue earned through national sponsorship and underwriting sales (based on download/access traffic) and also the ability for providers to sell their own sponsorship and underwriting spots in their content.

In addition to being included in the core sponsorship-supported open syndication service (e.g., podcasting), content providers will be invited to opt-in to a variety of licensing and directed distribution deals (e.g., mobile platform opportunities).

Exclusivity
For the most part content providers are invited to participate on a non-exclusive basis, with some exceptions where duplicative delivery to distributors is problematic (e.g., iTunes cannot accept two or more versions of the same work) or if key content is critical to the initial launch and growth of the DDC itself.

Sales and Business Development
Unlike the Public Radio Satellite System (PRSS), an analogous business-to-business distribution service for broadcast radio content, the DDC plays an active sales and business development role on behalf of content providers.

This is a critical function that maximizes the focus and agility the DDC requires in order to create value, revenue, and incentives for participation by key stakeholders.

The DDC sales service is the primary contact for major national sponsors and underwriters seeking placement in syndicated public media content. By centralizing this function the DDC can effectively represent and thereby leverage the key brands and offerings to achieve the most favorable terms, including Cost-per-Thousand (CPM) rates, choice of message, and placement beyond just signature content.

For most content providers the national sales service delivers a value far beyond what they could achieve with their own capacity and reach. However, there will be sponsorship "avails" in the content for providers (and potentially for presenters) to make use of their own sales capacity and relationships to sell directly into the content. This will require careful coordination and policies to manage inevitable conflicts that arise.

The DDC sales service will also need to coordinate with the existing national sales efforts of the networks and third parties that often bundle terrestrial radio and digital sponsorship opportunities.

Station Presenter Role
A unique aspect of DDC services is the opportunity for participation by "presenters" (the DDC-adopted term for entities providing user-facing services) – in particular the public radio stations that today are the primary point of contact with audiences for this content.

As presenters, stations can choose to offer all or some of the DDC catalog through their current or new websites and portals – in effect creating an expanded channel capacity and new selection of content streams.

In addition to meeting growing audience expectations for access to on-demand versions of the most popular programs on stations' broadcast schedules, stations can use the rich content catalog to differentiate their own offerings based on local or thematic expertise and demand.

Station presenters have additional incentives to promote these offerings by earning affiliate fees for directing access through their sites (similar to Amazon.com and other online affiliate programs).

There is also the potential for presenters to insert local underwriting and/or station branding into the content itself – a system that poses technical and business challenges but provides an opportunity for stations to leverage local underwriting relationships across the content, more directly support station memberships and audience loyalty, and create new revenue.

Revenue

Revenue is primarily derived from sponsorship and underwriting spots inserted in openly syndicated content. There are several advantages to sponsorship as a primary revenue source:

- creates incentives to distribute content as broadly, openly, and measurably as possible
- aligns public service goals of access and reach with revenue potential
- adds no additional technical or business layers required for digital rights management
- offers opportunities to leverage broadcast-based sponsorship relationships for digital content
- takes advantage of clear trends by advertisers and sponsors to shift dollars from broadcast and print into digital content
- retains a "back-end" role for the DDC, as opposed to a transactional subscription or a la carte payment model that requires large-scale customer service and data collection

By way of example, at a conservative cost-per-thousand (CPM) rate of $20 the podcast version of a program such as *Wait Wait Don't Tell Me* can generate $175,000 per year (based on two sold spots per episode and 364,000 "accesses" per month). Extrapolating to include more signature programs, steady growth in digital access, and higher CPMs the potential total revenue for the DDC-delivered podcasts amounts to the tens of millions of dollars (see Signature Series Revenue in Appendix E).

Additional revenue sources include content licensing and ancillary sales, such as placement of bundled content packages into paid digital subscription services, and mobile offerings.

The working group and consultants developed several models and formulas for estimating projected revenue based on audience penetration, content volume, sponsorship prices and sell-through rates, and licensing activity. The model demonstrated that a fully functioning DDC with a significant content catalog that includes signature programs can generate $80M per year in revenue.

There is also the potential for the DDC to develop subscription, membership, and other audience-facing services, most likely in partnership with station, national, and third-party presenters. The working group decided not to focus on such services for the DDC for several reasons:

- the growth of podcasting and advertising-supported open syndication is a strong indicator of a successful emerging Internet business model for digital content
- the cost and complexity of building and managing large scale b2c subscription and payment service was beyond the initial scope of the DDC planning
- the incumbent station-based systems for managing membership databases together with strong opinions about audience relationships mean any centralized approach will require a longer development timeline (and a philosophical shift for many system participants)
- there is a strong public service oriented preference for offering free and open access to content

Although there is significant revenue and also personalization potential in centrally managing end-user data through subscription and membership services, the working group decided not to incorporate those services and any potential revenue into the initial core DDC model.

In all revenue-generating services the majority of the revenue flows back to the content providers, with the DDC taking a minority percentage to cover its operational costs.

Innovation at the Edges: Web Services, APIs and Mashups
The DDC connects the public media field to several emergent web concepts that are important for both the positioning and the potential for the service.

Web services are software systems designed to support interoperable machine-to-machine interaction over a network. They provide data and content to web-based applications in a standardized form.

Examples of web services include PayPal's shopping cart system, Amazon.com's product information service (http://aws.amazon.com), EBay's auction search and bidding (http://developer.ebay.com), Google Maps (http://www.google.com/apis/maps) and Flickr photos (http://www.flickr.com/services/api). Each of these is available via web services for others to incorporate into their own user-facing web applications.

An Application Programming Interface (API) is the means by which these services are accessed – the interface at the boundary between two applications exchanging data.

The term mashup refers to the practice of combining two or more sources of content or data to create hybrid applications. For example, a new website that combines Craigslist apartment listings with Google Maps to provide a navigable overlay of available rentals in a given city.

With rise of web-based syndicated data and content and open APIs, there is a growing cottage industry of mashups beginning to take root with remarkable speed and innovation. For a comprehensive view of the API and mashup community visit http://www.programmableweb.com.

The DDC offers web services and APIs as a way to support and inspire mashups by stations and other presenters. This is a key strategic approach to generate multiple creative user-facing applications that would be impossible for any single entity to envision or develop, and that cater to local, regional, and interest-based communities.

Examples might include: a "Hidden Kitchens" regional food content site that mashes up DDC audio and video content with Google Maps and Flickr photos about local restaurants and food events; a "Science Talk" site that draws on DDC science content combined with selected blog posts on related topics.

DDC Precedents

There are several recent precedents for the DDC within the industry and several taking shape in the digital media field generally.

The Public Radio Exchange (PRX) was launched in 2003 as an open collaborative marketplace for stations and producers to aggregate digital audio content for both broadcast and online distribution. PRX offers an on-demand catalog of content from hundreds of sources, including independent producers, international sources, youth media, as well as NPR, PRI, APM, and many stations. PRX provides efficient tools for setting price and license terms, encoding and storage, and search, recommendation, and curating of content.

Beginning in 2004 the Public Service Publisher (PSP) group envisioned a system-wide service for digital distribution, ultimately leading to a partnership with the Open Media Network (OMN) – a start-up nonprofit that in 2005 launched a consumer application offering mainly video content from a variety of public media sources and beyond.

The NPR-station podcasting partnership also launched in 2005 as a system for distributing podcasts and selling sponsorship spots on behalf of an expanding list of NPR affiliate stations and several other partners, including PRI, APM and PRX. NPR provides the hosting, distribution, tracking, and sponsorship sales service.

In 2006 NBC launched NBBC – a video aggregation service that offers content to the company's 230 affiliates as well as other web-based presenters, with a business model that divides revenues between the producer, the affiliate, and NBBC.

There are also several vendors, service providers, and digital aggregators that offer many of the functionalities and services the DDC requires. Examples include The Platform, BrightCove, and the Internet Online Distribution Alliance.

Conclusion, Concerns and Status
The working group drafted a business plan for a stand-alone DDC entity that performed the services summarized above. In presenting the draft plan to colleagues at the working group members' respective organizations a number of questions and concerns were raised, some anticipated and some new:

Revenue and Expenses
There was concern about the estimated revenues and some question about the cost structure. Revenue numbers were based on estimates and projections of audience access, downloads, sell-through rates for underwriting, and potential licensing deals. While there was some disagreement about the conclusions and estimates, there was consensus about the general order of magnitude of the financial inputs and model.

Governance
This was a universally shared concern. How can we create an effective governance structure that accounts for the assets each partner brings to the table and ensures that no single entity has a controlling interest? How do we value assets other than content and financial investment? What are the governance options that appropriately reflect system investments while giving the DDC maximum opportunity to flourish?

Scope
The working group had limited the scope of the DDC to a back-end role that does not provide audience-facing services and does not operate a centralized subscription service gathering and exploiting audience data. There is a risk that the working group and any likely founding partners of the Consortium would consciously or unconsciously try to limit DDC activities in areas that might compete with or disrupt their current business. Operators of the DDC would likely seek to enter those areas if responsible business logic and compelling opportunities led in that direction, which most assume they would. So why attempt to limit the DDC scope now? How might that likely path inform governance decisions?

Exclusivity
For significant content providers exclusivity for distribution and sales is problematic if not impossible to accept up front. Non-exclusive arrangements will be more complicated but likely necessary until the DDC builds trust and a track record with content providers.

Operations
Everyone agrees that we should avoid duplication of effort or building new organizations and infrastructure when we already have much in place between PRX, Public Interactive, NPR, OMN, and other available assets within and nearby the field. Who will operate the technical, sales, and managerial parts of the DDC? What about an RFP process whereby the governing entity identifies the best candidates for providing the DDC services under contract? In any case the need for due diligence of existing assets is clear.

Realpolitik
The working group agreed to leave our institutional hats at the door in embarking on DDC planning. At various times throughout the process, however, we bracketed some time to talk about possible configurations and likely alliances that would be necessary to bring the DDC to fruition. Would NPR want to run it? Would APM and PRI agree to collaborate with each other and NPR? Would stations welcome or resist a centralized service operated by one or more of the networks? What is the role for Public Interactive. PRX, or ContentDepot? At what point do we include PBS and other video/television partners?

Could the collective vision and value of a collaborative service transcend the ingrained approaches and attitudes of the critical set of players necessary for its success?

In February 2007 The Station Resource Group is convening and facilitating a discussion about the DDC that includes key content creators and distributors. The discussions will explore whether, how and with whom next steps towards implementation of the DDC will happen.

Appendix A

Digital Distribution of Public Media
Purpose and Principles
June 2006

Public Media's Shared Mission
The shared mission of public media – to create a shared civic and cultural life, to connect us to each other, to create opportunities for lifelong learning – is increasingly realized through a rich mix of media that extends the heritage of public broadcasting to a growing array of distribution channels and technologies.

We are building an extensive, flexible, and interactive service that, through both large-scale collaborative initiatives and the work of many individual content creators and presenters, will:

- Offer an expanding and diverse portfolio of audio, video, and text of exceptional quality, interest, and importance.
- Deliver content through both formatted and scheduled presentation and user-managed systems for selection, collection, storage, and retrieval.
- Provide easy ways for people to engage with the content and with each other, both within and across communities, and to contribute to the content stream themselves.
- Reflect the multiple identities and interests of those we serve – cultural, geographic, social, and political – in ways that are both authentic and respectful.
- These efforts, together, will strengthen and extend public broadcasting's public service, improving and enriching service to the audiences public broadcasting now serves, reaching new audiences of people who are active on new media platforms, and introduce an array of new services, such as social networking and community convening.

To Create a Stronger Service

To realize these ambitions most fully, public media organizations will benefit from an innovative, fair, and flexible infrastructure that supports the varied digital distribution aspirations of content creators and presenters, including major networks, individual broadcast stations, individual producers and production groups, public service organizations now entering the public media arena, and various combinations, collaborations, and partnerships among these groups.

Different organizations are pursuing different approaches to digital distribution of public media. Some are focused on highly-integrated initiative to achieve significant presence, prominent positioning, and favorable business terms on existing and emerging platforms by leveraging scale, aggregation, brands and properties. Others believe their goals will be best achieved through multiple distribution interfaces, more decentralized activity, and an emphasis on community building and local engagement.

These visions, and others, are not necessarily exclusive of one another. Each of them can be supported, in some measure, by shared standards that promote interoperability across systems and by collaborative infrastructure that is scalable to different kinds of distribution solutions.

To enlist the participation of both the most important public media content creators and a wide range of other organizations in the public media arena, a shared digital distribution effort must:

- Provide a fair market for creative content that promotes a community of shared interest between creators and presenters and that provides appropriate gains to each in proportion to their contributions.
- Advance the significance of public media's anchoring community institutions –the local broadcast stations – and other community-based organizations now entering the public media arena.
- Achieve results – through multi-party standards, economic scale, technological advancement, and focused effort – that individual participants cannot realize alone.
- Promote a continuing prominence and significance in the expanding public media space for public broadcasting's national brands and signature content.
- Be accessible and relevant to smaller and emerging entities that can bring innovation and new perspectives to public media.
- Support the current core values of public broadcasting while carefully extending them to reach new audiences and find a place in new services.
- Foster a sense of partnership between public broadcasting's national organizations and local stations and facilitate national efforts to help individual stations and others in strengthening their local services.
- Incorporate existing assets in which public broadcasting has invested.
- Include a business model or revenue plan that will sustain shared services.
- Maintain a dynamic posture that recognizes the fast pace of change in digital distribution and provides ways for people with time and good ideas to make it better.

Appendix B

Our Charter
June 2006

The Digital Distribution Consortium Working Group is charged with creating collaborative opportunities for increasing public radio's relevance in the digital environment, and enabling engagement with a wide range of audiences and partners within and beyond the system.

The group recognizes that the formats, business models, and working relationships that have given public radio its broad reach and effectiveness on-air have not translated as effectively, or reach the same scale, in new media. Our goal is to look critically at all the system's assets, investments and practices and think expansively about how the individual system entities can, through a deeper and more formalized collaborative structure, materially improve our audience service while maintaining the core mission and values that define public radio in all of its forms.

Our charge:

1. To identify how public radio online is not meeting our shared goals, and address those issues by creating a new, scalable framework for public media
2. To develop an architecture and tools that enable any station or network the ability to offer a seamless integration of content from disparate public media sources
3. To create, or sanction the creation of, a range of technologies that will support a new infrastructure - from federated search and standards to metrics and interoperability
4. To develop the sustainable business models that reward content producers in a way that is proportionate to the value they create for the audience
5. To develop a unified marketing strategy to support the new infrastructure, building on a vision of public service that creates unique value
6. To create a consistent, flexible digital rights and licensing process, so we can offer our listeners new ways to enjoy our content while maintaining the rights of the creators of that content
7. To create trusted governance to manage the entities and processes we create, exercise leadership to recognize and invest in new technologies that extend our reach, and to ensure that all participants have a voice

Ultimately, we sense something bigger still - the opportunity to create new models for how networks, big stations, small stations and independent producers can relate to each other. That one piece alone could change everything.

Our Operating Principles

Our greatest concern is creating a compelling service for our audience. We won't ignore the assets we've already built, but we won't reverse engineer our new concepts to fit them,

either. It's one thing to have bold, revolutionary ideas; it's another thing to be comfortable with the potentially disturbing implications of those ideas. We understand this process will create "winners" and "losers." The litmus test of success won't be universal acceptance. We'll be comfortable in this uncomfortable situation.

Our operating base is Washington, DC, but we'll reach out to our system and beyond for expertise.

We'll leave our institutional allegiances at the door. This helps ensure we focus on conversation and not negotiation while we're working together.

Many roads lead to Rome: there are a number of projects underway in this space already; we'll support and connect them when we can.

We pledge to create a process that is as open and transparent as possible, and we'll use traditional and new methods of communication to speak to the stakeholders - from letters to A-REPS and meetings with key constituencies, to wikis and blogs. Openness is the web's great strength; it will be our ally, too.

Appendix C

From: areps-owner
Sent: Tuesday, June 06, 2006 11:35 AM
To: AREPS
Subject: [areps] News from Ken Stern - Digital Distribution Consortium Working Group

June 6, 2006

Dear Colleagues:

Last month, about 300 of our colleagues gathered at the New Realities National Forum in Washington. We discussed the future of public radio and our service, and envisioned the benefits of working together differently in the future. It was an exciting and motivating session and we'd like to extend our thanks to all who participated in the forum and the retreats leading up to it.

Many retreat discussions and more than a dozen forum breakouts explored the shared notion that we have yet to seize the opportunities of the digital age. By working separately, we have not fully leveraged the system strength and resources to create compelling value for the online audience that is equal to or exceeds the value we've created with our broadcast services.

These discussions reinforced a notion that has been emerging from a variety of settings - including recent conversations facilitated by IMA and SRG - all of which suggested that we might band together to create a new digital service that better meets the needs of audiences and the organizations of public broadcasting. A collaborative effort such as this would create scale on the back end as well as marketing efficiencies vis-à-vis new intermediaries such as commercial Internet portals or cell phone carriers. Such a collaborative effort holds the prospect of creating a real, vibrant, inclusive public service in the digital age. Admittedly, this concept is not entirely new: NPR, American Public Media, PRI, PRX and some leading stations have each pursued different opportunities and digital priorities. As significant as they are, none of those efforts appears to have within its grasp the larger opportunity to transcend the existing organizational model of public radio to create new services, generate new partnerships, raise the level of resources, and turn public radio into a fulcrum for noncommercial media in the digital world. That opportunity is still in front of us.

Many of us throughout the system have come to recognize that the principal barrier to this model has been that our competitive drive has been focused on the rivalries inside public radio. Our most significant challenges are not from inside the system, but from the encroachment of outside competitors who have sought to take audience and even co-opt the public radio brand. In the words of one New Realities' participant, it is time to stop pointing our guns inside our fort and starting pointing them outside.

For many of us who participated in New Realities, the goals are clear; but the paths to success are uncertain and rocky, pockmarked by organizational, resource and historical challenges. Even so, these challenges are not insurmountable if we take on these issues together.

To that end, I have invited six colleagues to join in a collaborative effort this summer to develop a new public service business plan for the digital age. The team includes Jake Shapiro of PRX, Tim Olson of KQED, Mike Bettison of MPR/APM, Debra May Hughes of PI, Jay Brodsky of NPR and Todd Mundt of Michigan Public Broadcasting. Each of them is an industry leader representing key constituencies and each of their institutions is contributing their time to make this collaborative venture possible. The group will be working in Washington D.C. and in various sites around the country, and will coordinate closely with a newly-formed Digital Distribution Task Force that includes public radio's national organizations and representatives from several stations with a leading role in digital media.

The charge that we have set for ourselves is no small one:
- To re-imagine how the institutions of public radio might come together to create new web and digital services in a multimedia world;
- To promote the discovery of public radio content and values;
- To create new, effective business models that prove as durable for the digital age as our current one has been for the broadcast era.

Finding the right public service solution poses some potential risks to our own organizations and challenges some of the assumptions within our community. We have already acknowledged that our answers may be unsettling, and this is to be expected in an age of rapidly changing technologies and audience expectations. To that end, we have created certain rules of the road to make sure that our ideas are as productive and useful as possible for our community and the future of our public service:

- We will check our institutional interests at the door;
- We will work off a clean piece of paper to create the best possible outcomes - not for us but for the next generation of public broadcasting leaders;
- We will work with openness and transparency, which in this digital age means a Wiki and a blog and receptivity to the notion that there is wisdom within the ideas of the entire community, not just those of us who have gathered for this endeavor.

We will formally start our work at the end of June, and will submit a report in the form of a public service business plan due in August. We all look forward to this adventure together and will keep you informed of opportunities to contribute your best thinking to the group.

~ Ken Stern, on behalf of the Digital Distribution Consortium Working Group

Appendix D

From: Tom Thomas
Subject: Digital Distribution Consortium
Date: June 2, 2006
To: SRG Members

At our brief SRG meeting during the New Realities Forum we reported a conversation with NPR's leaders about Jake Shapiro joining with a few other digital savants in an effort to design one or more public service business models for an integrated or consortium approach to public radio digital distribution. The goal would be a collaborative framework that better meets the needs of both our audiences and our organizations through greater scale, visibility, market leverage, and efficiencies than we realize under current arrangements.

There was a general sense was that this is an opportunity to pursue -- but cautiously. The feedback included observations that "it is better to be at the table than not" and a reminder that "the PRX perspective is not necessarily the same as SRG's."

We want to catch you up on how matters have progressed.

FIRST . . . WHY ARE WE DOING THIS?

A steadily increasing proportion of the public's use of public radio -- and other public media -- will be through non-broadcast digital distribution. Within five years we expect that at least a third of public radio's audience will be making some regular use of digitally distributed public radio content: streams, subscription services, various on-demand uses of current and archival material, etc. Collectively, such use will represent five to ten percent of all listener hours to public radio. That share will likely double within the decade.

Investments required to compete successfully in the digital distribution arena -- locally or nationally -- are substantial, akin to the levels now made in our most successful local and national broadcast efforts, if not more so. Most of us do not have the capacity to achieve these levels on our own any time soon, especially while working to maintain and grow our broadcast services for which significant growth opportunities still abound. Realizing public radio's public service mission through digital distribution will require new twists on the leverage, scale, and economies of networking and partnerships that we have cobbled together to sustain and grow our current broadcast services. Absent such measures of collaboration, we believe a handful of players will move forward and that many stations will be increasingly disadvantaged in competing for the attention and support of the audiences they seek to serve.

The natural drivers of public radio's online presence are our major content creators in general and NPR in particular. But it is worth thinking back to the initial design of the public radio satellite system. The first impulse was largely to recreate the NPR-centered

land-line network over a new. higher-quality technology. Fortunately, young Turks like Kling and Roth pushed for a much more decentralized system that would enable content to flow through the system from multiple sources over multiple channels, giving rise to the public radio program marketplace we know today. Of course the satellite system was a business-to-business proposition and the territory of digital distribution we are exploring is more omnidirectional in its potential, with content flowing every which way. But that only underscores the importance of continuing to open up the model, of recognizing that compelling content can come from many different places, and designing systems that enable more voices and perspectives, from more sources, to reach more audiences.

ORGANIZING THE EFFORT

In follow-up conversations with NPR and others we have fleshed out an approach that we think will be constructive and productive.

-- The working group will include, in addition to Jake, participants from American Public Media (Mike Bettison) and PRI/Public Interactive (Debra May Hughes), assuring that major players are in the loop. There will be two strong station people from SRG members KQED (Tim Olson) and Michigan Public Media (Todd Mundt). Jay Brodsky from NPR rounds out the group, which will also benefit from regular participation by NPR's Maria Thomas, Dana Rehm, and Ken Stern.

-- NPR will support the logistical costs of the project, enabling the team to assemble over the summer in Washington, D.C., San Francisco, Cambridge, and perhaps other sites.

-- NPR will also support one or more consultants for the project to bring in additional expertise.

-- There will be ongoing consultation with the emerging Digital Distribution Task Force that we have been nudging along over the past couple of months. The Task Force has a more representational character, includes more national organizations and stations, and contributes a level of accountability and transparency to the process.

-- The end result will be a report or proposal that will be shared with the full public radio system.

Tom Thomas
STATION RESOURCE GROUP
www.srg.org

Appendix E

Signature Series Worksheet

NOTE: All estimates of downloads, sales, and revenue on this sheet are for example only and do not represent actual data except where note

Sponsorships/Hour	5	
Sell-Through Rate	50%	plug in number
CPM	$20	plug in cpm; $20 is podcast industry avg; NPR reports much higher rates of 40-60 cpm
Digital Accesses/Cume	4.2%	based on current Wait Wait podcast downloads as percentage of the show's weekly broadcast cume

Signature Series	*Minutes/ Program*	*Programs/ Year*	*Weekly Cume*	*Estimated Accesses/Month*	*Sponsor Avails*	*Sold Avails*	*Monthly Revenue*	*Annual Revenue*
This American Life	59	52	1,750,000	318,500	4	2.00	$12,740	$152,880
Wait, Wait Don't Tell Me*	**59**	**52**	**2,000,000**	**364,000**	**4**	**2.00**	**$14,560**	**$174,720**
Whaddya Know	119	52	1,750,000	318,500	9	4.50	$28,665	$343,980
Diane Rehm Show	119	52	1,750,000	318,500	9	4.50	$28,665	$343,980
Car Talk	59	52	4,000,000	728,000	4	2.00	$29,120	$349,440
All Things Considered Weekend	59	104	2,100,000	764,400	4	2.00	$30,576	$366,912
Weekend Sunday	119	52	3,000,000	546,000	9	4.50	$49,140	$589,680
Prairie Home Companion	119	52	4,000,000	728,000	9	4.50	$65,520	$786,240
Weekend Saturday	119	52	4,000,000	728,000	9	4.50	$65,520	$786,240
Marketplace	29	260	4,000,000	3,640,000	2	1.00	$72,800	$873,600
Day to Day	59	260	2,000,000	1,820,000	4	2.00	$72,800	$873,600
The World	59	260	2,300,000	2,093,000	4	2.00	$83,720	$1,004,640
Fresh Air	59	260	4,500,000	4,095,000	4	2.00	$163,800	$1,965,600
Talk of the Nation	119	260	2,500,000	2,275,000	9	4.50	$204,750	$2,457,000
All Things Considered	119	260	11,000,000	10,010,000	9	4.50	$900,900	$10,810,800
Morning Edition	119	260	12,500,000	11,375,000	9	4.50	$1,023,750	$12,285,000
Total	1,394	2,340	63,150,000	40,121,900	102	51	2,847,026	$ 34,164,312

**Data for Wait Wait is actual as of September 2006*

Appendix F

People Who Participated in DDC discussions
June through October, 2006

DDC Working Group
Mike Bettison, Director, New Media, Minnesota Public Radio/American Public Media
Jay Brodsky, Director, NPR Digital Media
Debra May Hughes, President, Public Interactive
Todd Mundt, Director of Content and Media, Iowa Public Radio
Tim Olson, Director, Interactive, KQED
Jake Shapiro, Executive Director, PRX

DDC Consultants
Julie Gupta, consultant
Michael Kleeman, USC Annenberg Center
Lauren Movius, consultant

American Public Media/Minnesota Public Radio (APM/MPR)
Jon McTaggart, Senior Vice President & Chief Operating Officer

Berkman Center for Internet and Society, Harvard Law School
John Clippinger, Fellow
Terry Fisher, Faculty Co-Director
Colin Maclay, Managing Director
Charles Nesson, Co-Founder and Faculty Co-Director
John Palfrey, Executive Director

CAA Digital Media
Michael Yanover, Business Development Agent

Conversations Network/GigaVox Media
Doug Kaye, Founder and CEO

Corporation for Public Broadcasting (CPB)
Loren Mayor, Director Media Strategies
Andy Russell, Senior Vice President Media
Greg Schnirring, Senior Director Radio

Digitas
George Tannenbaum, Executive Creative Director

Gather.com
Tom Gerace, Founder and CEO

Integrated Media Association (IMA)
Mark Fuerst, IMA

Iventor
Paul Mercer, Founder

KUT
Rich Dean, Director of Channels

Lucas Film Ltd.
Christopher Carvalho, Director, Business Development

Mindshare Interaction
Dan Solomon, CEO

Nelly Moser
Jason DeGeorge: Mobile Application Development Manager
Daniel West, Vice President of Marketing

National Public Radio (NPR)
Carlos Barrionuevo, Director of Business Development
Kevin Close, President
Bob Holstein, Vice President for Information Technology and Chief Information Officer
Pete Loewenstein, Vice President for Distribution PRSS/ContentDepot
Robert Spier, NPR Digital Media
Ken Stern, CEO
Dana Rehm, Senior Vice President
Maria Thomas, Vice President and General Manager, NPR Digital Media

Open Media Network (OMN)
Mike Homer, Founder

PBS
John Boland, Chief Content Officer
Jerry Butler, Senior Director Next Generation Interconnect System (NGIS)

Public Radio Exchange (PRX)
John Barth, Managing Director
Steve Schultze, Technical Director

Public Radio International (PRI)
Alisa Miller, President and CEO
Cindy Shuman, Senior Vice Vice President, PRI Distribution and Business Development

Public Service Publisher group (PSP)
Dennis Haarsaeger, Washington State, Public Service Publisher
Stephen Hill, Hearts of Space

Station Resource Group (SRG)
Terry Clifford, Co-CEO
Tom Thomas, Co-CEO

Twentieth Century Fox
Mark Resnick, Executive Vice President, Business Affairs

Technorati
Tantek Celik, Chief Technologist
David L. Sifry, Founder and CEO

WGBH
Denise DiIanni, Executive-in-Charge, WGBH Lab
Sue Kantrowitz, Vice President and General Counsel
Evie Kintzer, Director of Business Affairs
Ron LaRussa, Director, WGBH Interactive
David Liroff, Vice President and Chief Technology Officer
Robert Lyons, Radio and New Media
Marita Rivero, Vice President and General Manager for Radio and Television
Annie Valva, Director of Technology, WGBH Interactive