

### **The Associated Press:**

The AP describes itself as the world's largest news agency. It is a non-profit cooperative with 3,700 employees and annual gross revenues of more than \$650 million (USD). Its client base includes 1,700 newspapers and 5,000 radio and TV stations. For the AP, the growth of the portals and online represents a threat to its future as well as a business opportunity.

Historically, newspapers have been the AP's backbone. According to a story in the Feb. 14, 2008, issue of Forbes Magazine, the average U.S. newspaper pays the AP an annual assessment of \$143,000. Some big newspapers pay much more. In addition, the newspapers contribute many of the stories carried on the AP wire.

So the financial troubles of U.S. newspapers have significant implications for the news agency. However, the growing online audience is generating significant new revenue. According to Forbes, AP revenue in 2007 broke down as follows:

**Newspapers 30%**

**Global broadcast 37%**

**Online 15%**

**Other (International clients; photography) 18%**

"AP's ability to limit its exposure to the woes of the newspaper industry and to seek out higher-growth opportunities elsewhere has enabled it to keep its worldwide head count... at roughly the same level since at least 2000," Forbes wrote.

The philosophy behind the AP's approach was clear in an interview with AP CEO Tom Curley, which was posted in December, 2007, on PaidContent.org: "Where I'm coming from is that we must go forward with Web 2.0—all aspects of it—which is that our content should float. It should go to where people want it and we should get compensated for it and the way to (get) compensation is different from the way it's been for 162 years."

Jane Seagrave is AP's vice president of new media. She was responsible for negotiating the deal in which Google agreed to pay for AP content. Seagrave describes her relationship with the portals as "good" as well as "profitable." But she admits that the relationship is "odd" and sometimes "uncomfortable."

AP had to threaten to sue Google in order to convince the portal to pay for content. In the end, Google agreed to a licensing deal for national and international news. Seagrave predicts that online's share of AP revenue will continue to grow and grow quickly.

Seagrave says that Google and other portals pay about 50 percent more than traditional news organizations. "AP members pay less, have greater rights and get more," she explained.

Revenue from the portals is helping the AP keep fees stable for traditional members. In deference to those members, the Google agreement does not include local or city news. For that, the portals must link back to the individual newspaper or broadcast websites. Seagrave says the portals just "mainline" AP content. They typically do not edit or rewrite. Everything is automated. Portals "don't know anything about journalism," she said.

While Google now pays, other portals and niche portals do not. For example, AP currently is negotiating with Digg, a site popular with the tech elite that aggregates content and whose visitors determine its placement by either Digging or Burying a story. Overall, things are “kind of a mess right now,” Seagrave said, adding the rules are “not clear.”

Among the issues:

- Individual AP members are not capable of creating their own search engines.
- Definitions of fair use vary and the legality of linking to content are not entirely clear.
- But the portals are distributing news content to people “the way they want to get it.”
- The portals are generating revenue for traditional media, either directly as with the AP, or indirectly by increasing page views on their websites.

Seagrave is concerned because the portals are taking the “lion’s share” of online advertising. Plus she fears that the portals do not have enough respect for journalism. They are more interested in traffic than the credibility of the source, she said, adding that the search engines assume news will always be out there. But if traditional news organizations no longer are economically viable, who will report the news?

An example of what Seagrave describes as messiness is a suit the AP filed in October, 2007, against an online aggregator called Moreover. The company says it mines information from more than 25,000 sources, including the AP.

Moreover offers a number of news aggregation services aimed at enterprises, individuals and application developers. Companies can use Moreover to collect stories about competitors as well as trends relevant to their businesses. Like other aggregators, Moreover provides a short snippet and then links to the original story.

The AP contends Moreover is “trespassing” by sending search robots to retrieve information from AP servers and then distributing it. The AP sent a “cease and desist” order to Moreover. Now the press agency has asked a U.S. District Court in New York to stop the aggregator.

The suit has prompted a great deal of online discussion. On the website OregonMediaInsiders.com, one comment said the suit illustrates the “cluenessless” of old media.

Another comment reflected a different point of view: “As a former newspaper reporter and now a web developer, I am always amazed that people expect to get everything else for free, but expect to be paid handsomely for the work that they do.”

Richard Ord, writing for WebProNews.com, said the suit reflects “a complete lack of understanding of the Internet in general and online news aggregation in particular.” Ord said he founded the first news aggregation site on the Internet. It was called NewsLinx and launched in 1996.

Ord worries that if the AP is successful, “the entire concept of linking on the Internet” could be subjected to a new legal standard that goes far beyond what is now generally considered fair use in the U.S.

One court ruling could change everything, which is why the AP’s legal actions are being watched closely. From Seagrave’s point of view, the media have to educate the portals, who “don’t understand what goes into what we create.”

Over lunch in New York in mid-February, Seagrave explained the AP position in this murky legal area. In cases like *Moreover*, she said, the AP takes action because the aggregator is “taking the fruits of our efforts and monetizing it without adding value”

In her view, new uses of content need to be paid for. “We have had people killed and jailed in Iraq,” she said. “We support their widows and children.” Those who are deriving revenue from the AP content without licensing it obviously do not.

To stay in business, she said, the AP must take a “black and white position” on what does not seem to be a black and white issue. In her view, the line can be drawn between those who link simply to give a story a wider audience and those who link to derive revenue. When somebody is making money from AP content, that is where the news agency draws the line.

AP boss Tom Curley takes more of an absolutist position: “If you want our content, we expect to be paid for it... this nonsense that you can just take the first paragraph or use the picture small doesn’t really fly with us. People die trying to take those pictures.”