INTRODUCTION

There is dramatic growth in electronic information as a tradeable commodity. Recent figures suggest that the growth of electronic media markets is outstripping print-on-paper information. At this rate, global sales of electronic media will overtake the print media well before the end of the decade. To achieve this, the electronic publishers urgently need good, credible content and the traditional publishing industry as a potential supplier. The hardware companies are just as concerned because their future also depends crucially on the success of the new generation of electronic publishers who support their various platforms. After years of healthy scepticism, many traditional publishers are beginning to develop their own electronic publishing strategies. Major groups such as Bertelsmann, Hachette, Maxwell, International Thomson and Pearson are at last getting involved in what are often small, but serious ventures, particularly in the field of compact disc information media. A tide may be starting to turn in the history of publishing as even the traditionalists begin to redefine their mission. They are no longer confined to the book business: they are publishers of information, delivered in any form that makes good commercial sense.

CD EVOLUTION

Philips has spent over a decade cultivating the huge success of its compact disc (CD) technology. Since compact disc audio appeared in 1982, over 50 million players have been sold and today CD music sales not only exceed vinyl disc sales, but are fast overtaking the massive sale of audio cassettes, too.

Philips was quick to see other potential in the technology, especially in its capacity to deliver not just music but all kinds of information. The key to CD's potential is that it is a digital medium. In other words, it talks the language of computers. This means information stored on CDs can be manipulated, processed and displayed by computer systems. Computerphobes may see this as more of a hindrance than a help and to some extent they have been proved right. Philips's first step in CD development was to create a medium it dubbed CD-ROM for 'read-only memory'. Now, instead of storing music on the CD, it was possible to cram on the equivalent of about three hundred thousand A4 size pages of text. Because the information could be manipulated by a computer, CD-ROM users could search such huge databases in seconds and extract information as needed. But a CD-ROM very visibly needs a computer. A special CD drive must be plugged into a desktop computer and, to get at the information, users need to be able to manipulate complex software. This means that CD-ROM is not an immediately friendly medium and growth in the market has accordingly been slow. However as increasingly useful databases become available, prices for drives fall, software becomes easier to use and 'techno-fear' begins to fade, CD-ROM markets are showing distinct signs of taking off.

ONE PICTURE IS WORTH A THOUSAND WORDS

CD-ROM has traditionally been mainly a text-only medium. Not because it was unable to store images and sound: CD-ROM is a digital medium so it can store anything that can be digitized. It has
been best at handling text because it is only able to access and display one type of data at a time. If you wanted to combine text with sound and images and allow seamless access to them all, you would often find CD-ROM slow and cumbersome. It could first pull a picture off the disc, then add some accompanying sound and finally some text. But not simultaneously. Given this limitation, text databases turned out to be the most successful kind of application.

Philips's next step in developing CD's potential was dramatic, creating the concept of digital multimedia at a stroke. The company devised Compact Disc Interactive (CD-I), a highly evolved form of CD-ROM which could process and display different types of data simultaneously and display high-quality multilingual multimedia in a form designed to appeal the millions. From the outset, CD-I was conceived for the mass market. Its reliance on a computer was disguised by designing the CD-I player to look like a familiar CD audio player. Indeed, it not only looks like an audioplayer, it is one. In addition to CD-I discs, it can play music too, so tapping into the huge and mounting success of the CD music market.

By any standard, a CD-I player is an attractive-looking device that can be placed comfortably in a living room alongside the television, VCR and hi-fi. For play-back, all CD-I needs is a single connection to a domestic TV. The interactivity of the programmes is controlled by a simple infra-red handset which, when pointed at the TV screen, can be used to select different pathways through the multimedia information.

The only problem with CD-I has been its unavailability. Delay has followed delay as Philips and its Japanese CD-I partners, Sony and Matsushita, have struggled to perfect the technology. It was expected to see the US launch in October 1991 with European to follow in mid-1992. The price in the States is around $1000 and the European price is expected to be close to the dollar equivalent. This is an entry price, however, and is expected to fall rapidly.

MULTIMEDIA SPREADS ITS WINGS

Philips's CD-I is a brilliant first - a thoroughbred multimedia information platform that could transform the way we buy and use information in the home. There are also strong indications that the same low-cost, friendly system will find ready applications in professional and business markets.

Philips and its allies have not, however, managed to avoid competition. Commodore, the world's third-largest shipper of computers, has already launched its own 'black box' multimedia system which it calls CDTV. It sells for less than 600 in the UK and looks in physical terms much like a CD-I player. The difference - and it is a big one - is that inside Commodore's black box is nothing more revolutionary than a CD-ROM drive and an Amiga computer. In other words, Commodore's CDTV is no exercise in innovation, just shrewd opportunism. Although CD-I is clearly superior, CDTV has the big advantage of actually passing the credit card test: you can walk into a shop right now and buy it. It is not just ' vapourware', a remarkable new product waiting hopefully in the wings. It is here today.

More widely, however, and CDTV apart, CD-ROM is now being turned into a genuinely multimedia vehicle through the steady development both of computer hardware in general and CD-ROM technology in particular. Philips has established an enhanced version of CD-ROM that allows almost 'CD-I-like' access to multimedia. Meanwhile, a new world standard for multimedia computing has been announced by Microsoft. Supported by about a dozen of the world's top computer manufacturers (with the notable exceptions of Apple and IBM who have their own ideas about multimedia), the new standard will transform desktop computing by the late 1990s. Within five years, most personal computers will routinely have built-in CD-ROM drives plus the capacity for good quality video images and high-fidelity sound. Multimedia computing will become a global standard.

MULTIMEDIA AND THE PUBLISHER

What do these developments mean for traditional publishers? For some, they mean immediate new sources of income. Multimedia CD developers are hungry for two things: content and plausibility. Books with a proven track record of international sales not only offer an excellent source of content for multimedia productions but the respectability and recognition conferred by both a traditional, centuries-old medium and a product already well known in the market place. Major licensing deals now being struck are bringing some publishers rich new streams of subsidiary rights income. Among them, for example, Guinness Publishing has sold licenses to use its Guinness Book of Records and its unique trade mark in CD-ROM and CDTV productions; a CD-I licence is also under discussion. Random Century has made
similar deals to launch CD-ROM and CDTV versions of the Hutchinson Encyclopedia.

A more strategic approach is also emerging among some other major publishers, particularly those who can count pictures as well as text among their assets. Maxwell Communications, for example, is making a major commitment to CD-I publishing by re-purposing some language-learning material, much of which is already available as linear video. Maxwell has formed a joint venture company with Philips called Maxwell Multimedia. Its first products were expected to be released before the end of 1991. Dorling Kindersley, a leading publisher of popular illustrated reference books, is beginning to capitalize on its huge store of nearly 200,000 photographs and pieces of artwork built up over years of book development work. Peter Kindersley recently sold a stake in the company (for a substantial sum) to Microsoft, which wants to utilize both the strong branding of some of DK’s top-selling products together with their wealth of visual materials to create a range of multimedia CD-ROMs. DK, however, is keen to keep its options open and is said to be considering its own multimedia programme across a range of CD platforms.

Many other publishers are taking stock of events. There is clear and growing awareness among print-on-paper houses that multimedia information products could soon generate lucrative new markets. The first CDTV and CD-I disc titles are already demonstrating that education, reference and information are going to play a dominant role in the mix of CD products. This is a territory publishers understand and can exploit. The tough trading climate facing most publishers today may counsel caution to some but to others it may suggest the need for an aggressive policy of diversification or, at the very least, an urgent need to utilize their copyright assets to the fullest possible extent through licensing or in strategic alliances. The real money-making potential of multimedia is, of course, still largely untested. Only now are the first products coming to market. No one can be sure that anyone actually wants to buy multimedia until the first sales have been clocked up.

One thing, however, is sure. While the publishing industry has a lot to offer the fledgling multimedia industry, it may also have much to gain.


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