Beyond access

Raising the value of information in a cluttered environment

From carrier pigeons to the advent of mass communications, the business information industry has successfully adapted to many changes in its long and storied history. Today, however, the US$70 billion industry may face its toughest transition yet: competing in a digital world with a digitally savvy user.

New online information providers and free services – including online newspapers, expert blogs, targeted search engines, low-cost research sites and niche providers – have begun to pull audiences from incumbents. With knowledge seekers atomizing and loyalties shifting, new competitive and substitution risks may be driving the industry toward an inflection point. Industry players need to adapt swiftly or risk losing ground in key areas.

Near term, the industry’s two historical barriers to entry – proprietary content and proprietary analysis – are expected to hold (see Figure 1). But longer term, the “opening” of source information

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**Figure 1. Each content category currently derives competitive advantage from two barriers to entry. A company’s strength in the future is dependent on category and portfolio mix.**

- **Proprietary source content** refers to the foundational information used for professional service information; this includes court rulings, breaking news, equity quotes, company financial returns, technical specifications and scientific research results.
- **Proprietary analysis** refers to the level of with analysis/editorial/interpretation wrapped around the source content for the average customer.
- **General news and newswires** estimated at US$2.5M-3.5M including only the top subscriber services. All market size data is as of year end 2003.

Source: IBM Institute for Business Value analysis.
will likely drive heightened competition and erosion of barriers. If these trends continue, future competitive advantage will go to firms that provide value-added services and expert insights, not access.

Despite a risk-laden outlook, incumbent players may be well positioned to leverage user intimacy to deliver compelling next generation services and solutions. The following strategies can help them compete in this emerging environment:

1. Protect the core business by providing solutions. As access is commoditized, information providers can protect and grow margins by focusing on solutions that deliver greater relevancy and expertise, including workflow integration, ecosystem partnerships and ontology development.

2. Grow beyond the core business with value-added services. Analytical capabilities can be expanded into new service realms such as predictive analysis, consulting services, alerts and time-saving customized analysis.

3. Drive a customer-centric culture. Information providers can adapt to a demand-driven market by co-investing with clients, creating a compelling user experience, implementing usage and preference analytics engines and marrying market and customer insights.

4. Evolve business and pricing models. Each service within a company’s portfolio can audit its unique competitive advantages in terms of proprietary analysis and proprietary content and cross-leverage learning from other areas within the parent company. Pursuing partnerships and adopting dynamic segmentation and pricing strategies will likely be important aspects of success as the marketplace evolves.

5. Be digital with streamlined delivery. To deliver the right information to the right user on the right device at the right cost, information providers can focus on rolling out industry standards and driving device and platform agility.

6. Leverage your brand. In the effort to cut through content “overchoice,” a brand that stands for expertise, trust and experience is an invaluable asset. To be effective, the brand should position the provider as a stalwart in the overflowing information marketplace.

In a future marked by competition, success will require change. Access to information alone will not be enough to secure competitive advantage. Leading information providers will deliver and extend expertise and insights.

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