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International Co-operation in the Media Industry

Situation and Guidelines in the Age of Electronic Publishing

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Introduction: Research in International Co-operation

Electronic publishing, digitisation and improved data transmission allow media companies other forms of co-operation. In addition, different models occur to integrate clients and users in the production process (Fraunhofer IAO 1999A). These trends also offer vast chances to start or extend international activities in the publishing industry.

Besides a few global players, most publisher and media service companies are still oriented towards their regional markets. Nowadays many clients act more internationally, information is globally offered via internet, and new telecommunication providers enlarge possibilities to develop and distribute media services. Altogether, this is a challenge to most media companies which have to define their international orientation (Fraunhofer IAO 1999B).

In classical media production, internationalisation primarily manifests itself as an increase in activities within Europe, especially in border regions. Such activities are facilitated by European harmonisation and by a better technical infrastructure, and some customers expect the media industry to internationalise. In electronic publishing, however, regions and closeness are becoming less important in some segments of clients and uses and co-operators, because more of all these activities happen via internet (European Commission 1998).

Nevertheless, the regional orientation is still one chance to serve their specific markets. This specialisation can be a fundament for internationalisation by co-operation, because the transfer of media products into another country does not only demand translation, but needs to be aware of culture, values and habits. Depending on the subject and media channel, users abroad have a different common history, prefer other topics, and are used to specific forms of distribution (Fraunhofer IAO 1999C).

In the German state of Baden-Württemberg, a two-years project focused on international co-operation in the media industry. On one hand, it looked at success factors and methods to establish such interactions, on the other hand, it analysed work flows and improved interfaces with internationally cooperating partners.

This paper presents the following results:

1. Empirical evidence of international co-operation in German media companies
2. Case studies of medium-sized German publishers which practise international co-operations, especially in Eastern Europe
3. Analysis and design of organisational interfaces between internationally co-operating partners in electronic publishing
4. Conclusions and recommendations towards companies and politics

Co-operation and internationalisation in Germany

In the media industry, fundamental changes happen due to digitisation and content management technologies, individualised demands by clients and other competitors. While specialisation is necessary to stay competitive, large clients demand full-service covering different media by one contact point. (Fraunhofer IAO 1999B). Co-operation offers the chance to small and medium sized publishers to react at this challenges, because they allow to enter new markets and focus on core competences at the same time (Staudt, Thielemann 1998).

A co-operation is a voluntary interaction of companies that is more intense and formalised than market relations. It is not necessarily planned for ever, but due to the effort to establish such a contact, it needs to last a while to pay off. Of 155 publishers that point out co-operation nationally or internationally, the following reasons of co-operation were mentioned (Fraunhofer ISI 1999, 24):

- Additional capacity or production functions (74%)
- Development of new markets (50%)
- Economic reasons (47%)
- Common use of resources (41%)
- Know-how advantages (34%)
- Demand by clients (28%)

- Elimination of competitors (22%)

General agreements were mentioned most often by publishers to describe the form of co-operation (61%), while 43% had formal contracts and 18% formal contracts including capital exchange. This is much more regulated than at printing companies and marketing agencies, where 81% / 71% have only general agreements (Fraunhofer ISI 1999, p. 23).

Of 134 publishers that differentiated their geographical level of co-operation, 60% pointed at the nearest surrounding, 55% mentioned national contacts, 29% had EU-wide partners, 11% in the USA and 9% were engaged in Eastern Europe (Fraunhofer ISI 1999, p. 26).

Due to Globalisation and new communication technologies, co-operation extends its regional origin. Less competition and additional contacts are advantages in international co-operations. Their specific problems are culturally, concerning the media product (e.g. reception of quality and colour) as well as the communication of partners (e.g. reliability, bargaining habits, likeliness of frank interaction). Technical standards, however, differ less due to international standardisation and common suppliers.

Large German publishers such as Bertelsmann or Springer are famous for their international activities. Also many others are active abroad, either creating global products, or adapting magazines to other countries, or exporting books and marketing online-services. Electronic publishing will speed up such a process, because the access to information is simplified, and problems of distribution differ in tomorrow's world (Kohlstedt et. al. 1996).

In Germany, 41% of all publishers (N=274) are internationally active, according to a Survey within our project InterMedia in Spring 1999. Besides some informal contact (48% of these), this is about as often export of products (64%) as more intense relations (61%), such as franchising, foreign offices, joint ventures, distribution service, production, and sub-companies (Fraunhofer ISI 1999, p. 15f).

In general by all media companies, more positive experiences exist concerning international co-operation than negative. 62% positive versus 3% negative hints were given on cultural aspects, 52% versus 5% personal aspects, and 50% versus 8% know-how-exchange. Only national laws had a negative score of 21% versus 18% positive, while

economic results had 15% negative and 23% positive feed-back (Fraunhofer ISI 1999, p. 27). Nevertheless, international co-operation does not help to master a crisis. Its financial success often takes some years, and its establishment needs organisational, personal and administrative effort (Fraunhofer IAO 1999C).

Case studies of international co-operations

In Spring 1999, 30 out of 640 Small and Medium Enterprises media companies in Baden-Württemberg were discovered that had interesting international activities. We analysed 7 such international co-operations by interviews with general managers and by studying publications.

In all case studies, personal factors were most important to select a partner. Trust and sympathy are stressed against technical details or process organisation. It is an advantage to have a long term business relationship in advance. Theoretical models on systematic design of a co-operation are very seldom used. But a driving advocate of the co-operation is needed, which is very often the owner or general manager of a publishing house himself. Nevertheless, all employees need to be involved in the process of co-operation, because it implies changes in their work routines, and they may be afraid to lose their own jobs.

In detail, the case studies are characterised as follows (Fraunhofer IAO 1999C, p. 58-95):

Example A: Equivalent development of global products

A publisher (350 employees) is engaged in business to business-magazines (b2b). A British publisher offered a new global product: CD-ROM and Internet-Database containing technical specification of machines. Several equal publishing partners have the same responsibilities in their home markets: data collection, marketing, distribution, acquisition of ads. The German publisher was immediately convinced by this new technology and the global product that none of the publishers could have done on its own. While economical success is less than expected, motivation of employees and cultural improvements are very positive.

Example B: Joint Venture of internationalised business magazines

A 40-employees publisher produces fashion and jewellery magazines in German, while the advertising market is already global. In Hungary, the first launch of a sister-product was possible due to personal connections. A Russian agency was met at a trade fair, and this contact was used to establish journalists, distribution and administration in Moscow that were trained and organised according to the German experience, but in the Russian spirit.

Example C: National licences for global media products

A producing agency concentrates on a database of botanical photographs and information for garden centres, seed production and topical publishers. This global asset is marketed by national printers. Electronic publishing is getting more and more important to establish business models that allow paid use of the pictures and content on the web or via internet. The global partners are very different according to size and technology and market demands. This needs a lot of informal and formal communication, but also offers fields of learning by best practices.

Example D: Offensive development of information infrastructures

A small publishing house offers practically oriented b2b-magazines in technical and economical areas. Until today about 60 independent magazines were founded e.g. in Poland, Ukraine, South-Africa and China – and almost always the majority of shares in joint ventures is in these countries to encourage responsibility there. In such “new” markets (from a German perspective), information infrastructures were not yet established that are necessary to a expanding economy. Associations, trade fairs and magazines together were needed and founded with support of a global network and high risk. This gives advantages in a global advertising market. Strategic meetings of magazines are rare, but journalists meet at fairs and press conferences around the globe.

Example E: Systematic preparation of international activities

A medium-sized printer and publisher concentrates on calendars, that are partly exported within Europe. Besides distribution partners in Austria and Switzerland, the French market is targeted now, because it is close by and high quality products are valued. Work

shops, checklists and French consultants are used to get knowledge concerning co-operation, and a specified market analysis is ordered at the chambers of commerce.

Example F: Comprehensive co-operation in media services

A screen printer of 170 employees is a full service provider in large-scale advertising. Integration in a large company simplified international activities, because infrastructure and translation were no problem. A French partner was selected due to a common marketing orientation. The relation covers distribution, capacity management, purchasing, qualification as well as research and development. Informal contacts of all employees allow to discover and solve problems very early.

Example G: Careful magazine transfer

Encouraged by advertising clients, a publisher launched his adapted German magazine in Poland by support of a dependence that intensified contacts and organised structures. Address-Management was expected to be a competitive advantage. But an economic crisis in Poland reduced advertising volume dramatically, and the intended level of quality was too high to be honoured. Despite of the size and stability of Poland, this publisher already stopped his involvement in the Eastern markets again.

Describing organisational interfaces in publishing co-operations

Personal trust and sympathy, common goals and cultural flexibility are important in the start-up period of partnership. A clear definition of processes in electronic publishing and interfaces between partner companies, however, is a prerequisite of long-term success in international co-operation.

Long-term relations are becoming more common in the media industry, which allows a basis for investments, a reduction of own capacities and the willingness to discuss such interfaces even more detailed. This effort at the beginning of joint work will pay off after a few common projects, especially if they are not always clearly defined at the beginning.

It is possible to elaborate and define such organisational workflow processes. Even more important in the context of international co-operation is a method to analyse and design

the interfaces. Based on research within our project InterMedia, publishers have the following main interfaces in international co-operation (Delp, Engelbach 2000):

1. Acquisition (contact to clients, proposals and orders)
2. Authoring (Generation and preparation of content)+
3. Translation (Language adaptation)
4. Production (besides Internet also CD or print)
5. Logistic (distribution and sales)

We developed a scheme to describe interfaces. This scheme is academic in a sense that it does not look at one specific co-operation but at co-operation in general. Each user needs to specify the conclusions for his own purpose. All judgements are given on a scale of large, medium and low importance. The scheme covers the following aspects:

- The head of each scheme contains a keyword, a short expression and an explanation of the described interface (part A).
- A hint is given if an interface has a special importance in media industries compared to other industries, and if internationally the interface is of more relevance than in national co-operation: both is of political relevance in the design of infrastructure and measures (part B left).
- Differentiation clues are also given regarding company size, kind of co-operation and media branch, which allows companies to select their interesting interfaces for more detailed analysis (part B right).
- The scheme provides at each interface general expectations, practical problems and solutions by each company and in co-operation. This is differentiated in three aspects “market”, “technology” and “culture” (part C).
- The source of information to describe the interface is documented, case studies are pointed out (part D).

Interface	2	Publisher – Author						Part A
Description		A publisher orders the creation of a media element in an other country.						
Statement		International co-operation demands specific hints regarding expected content and packaging, because national standards and habits often lead to problems in the follow up process.						
Interface specific at		Interface relevant at						Part B
Media industry	Internationalisation	Company size (employees)		Form of co-operation		Business Segment		
++	+	Large (>100)	+	Horizontal	-	Printing	O	
		Medium (>20)	+	Vertical	++	Publishing	++	
		Small (=<20)	+	Complementary	+	Multimedia	++	
Analysis of interaction between companies								Part C
	Requirements	Challenges		Joined Solution		Individual Solution		
Market	Time restrictions	Correction at the end of a project		Clear responsibilities and expectations, frank tackling of open questions		Defining clear expectations		
Technology	Integrated media management to speed up processes	Different data formats and user programmes		Agree on standards, use templates		Implement standards, develop templates, test new		
Culture	Adapt content according to the country	Different individual background at habits and opinions towards media content and production processes		Culture Workshop to exchange opinions and prejudices		Willingness for intercultural work		Part D
Information sources		Case studies						
Case studies	+	Editorial book / database concerning research results: one publisher, many global distributed authors.						
Literature	+	Common reports from fairs by single authors towards an international co-operation of publishers.						
Others	O							
Interpretation		++ large + medium O small Importance						

Figure 1: Classification scheme of the interface publisher – author

The interface of publisher and author

In figure 1, the scheme is presented, using the important example of contact between publisher and author. Here the interfaces is described in an abstract way. Formal agreements must be less strictly, if the author is already integrated in the definition of its job,

because a common background exists. The longer a co-operation is established the less need for explanation occurs, due to an informal understanding of the partner's views and experiences (part A).

This interface of publisher and author is central and specific for electronic publishing and the media industry. In other industries, this also happens, but it does not effect the core business. Due to less common principles and references in an international co-operation, more explicit design of this interface is required. Company size does not have much influence on this interface, but the number of newly integrated authors are crucial to this vertical co-operation (part B).

An analysis of the requirements and problems of this specific interface may be summarised as follows (part C):

- Market: Clients of the publisher expect information in time. Clear definitions of contents and data transmission reduce the probability of being late due to reclamation or misunderstanding.
- Technology: An efficient workflow demands standard and lasting data formats to avoid double work and unreadable data. These have to be defined for each co-operation, because general standards do not make sense for all kinds of media products.
- Culture: Content needs to be prepared different for each country. Most authors have their audience or readers at home in mind, when they do their job. Therefore requirements towards information presentation needs to be defined.

A valuable reference in any international co-operation is a glossary of important phrases regarding content and methodology of the media engineering process. Even more, each interface should be defined in protocols. This concerns the following issues:

- Which information is given from one department or person of a company to which counterpart in the other company?
- What is the appropriate data format and data transfer in communication and in media production?

- Is there an agreement on colour management, are identical profiles and calibrations used?
- Is there a joined quality control system? Who is allowed to accept results of work? Are performance indicators and payment regulations integrated?

Conclusions and recommendations

Electronic publishing easily has a global distribution of content and media products. Nevertheless, national adaptation is often necessary to reach recipients mentally. But many publishers do not have enough capital to enter new markets on their own. Networking gives such a chance. This should be tested in a pilot co-operation first.

In such company contacts, personal aspects are important and cultural knowledge should be consulted and established. Clear processes and interfaces need some time to be defined in a common procedure, but they allow fast reaction and reduced costs in everyday business.

International electronic publishing will only be successful if regularly new products and services are developed. Many knowledge-intensive businesses rely on relevant information in time. Such a systematic service engineering should be done at each publisher and, regarding its methodology, supported by government research.

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More detailed study results are presented and discussed in a media forum of Fraunhofer IAO in Stuttgart, Germany, at September 29, 2000. German information is also available at www.hdm-stuttgart.de/intermedia/ and www.is.iao.fhg.de/ .