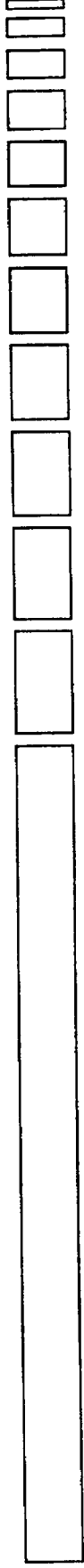


OSS: Intelligence Support to Economic Competitiveness



Tailored News Alerts

for a competitive edge

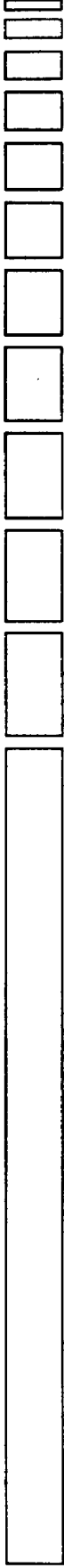
Don McLagan

President, Desktop Data, Inc.



Info technology driving competition

-- Change in competitive dynamics



1970-80s

- Size, economies of scale
- Inflation, experience curve, Bruce Henderson
- Theory Z, William Ouchi
- Japanese mfg. model
- General Dynamics worth \$2.5B after 30 years

Info technology driving competition

-- Change in competitive dynamics



1970-80s

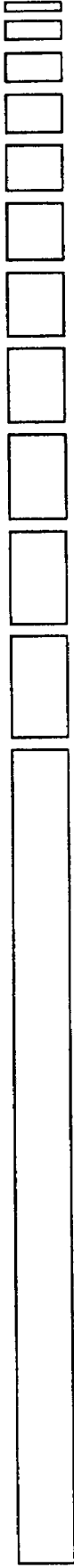
- Size, economies of scale
- Inflation, experience curve, Bruce Henderson
- Theory Z, William Ouchi
- Japanese mfg. model
- General Dynamics worth \$2.5B after 30 years

1990s

- Speed, time to market
- Downsizing, re-engineering, accountability, Mike Hammer
- Hypercompetition, Richard D'Aveni
- U.S. high tech info model
- Netscape Communications worth \$2.5B after 20 minutes

Info technology driving competition

-- Leaders recognize change



■ “Everywhere we look, technology is changing the way we work and live.”

-- President Clinton, PR Newswire via NewsEDGE, 10/10/95

■ “The (MITI) panel says if each industrial sector adopted high-end information technology, Japanese industry would regain competitiveness.”

-- Nikkei News Wire via NewsEDGE, 10/19/95

■ “... the degree you can make information fairly real-time and ubiquitous, you create an opportunity for the maximum level of competition and the maximum level of innovation.”

-- Speaker Gingrich,
Federal News Service via NewsEDGE, 10/25/95



Info technology driving competition

-- Desktop Data: a product of the change



- Leading independent provider of customized, real-time news and information services for knowledge workers on organizations' LANs
- 500+ sources, dozen+ desktop systems, dozen+ network configurations
- 69,000 users, 97% growth, 300+ custs., 200+ users/customer, 9/10 are new users of electronic news
- Recent IPO, \$15 ↑ \$35+ since 8/11/95, \$300 market capitalization
- Something big is going on - "enterprise information"



Enterprise information

-- Big LAN investments



- 90 million LAN enabled PCs, up 36% in last year
 - International Data Corporation
- \$42,000 5-year life cycle cost for a PC
 - Gartner Group
- Billions spent on information sharing infrastructure in large organizations
- Not connected to external data

Enterprise information

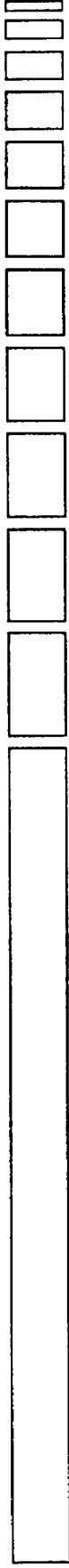
-- Vast external information sources



- \$29 billion spent on business information in 1994
 - Veronis & Suhler Associates
- 3.1 million business, financial and professional users of on-line systems
 - SIMBA Information, Inc.
- 300 magazines and newspapers have WWW sites
 - yahoo.com
- Not on LANs

Enterprise information

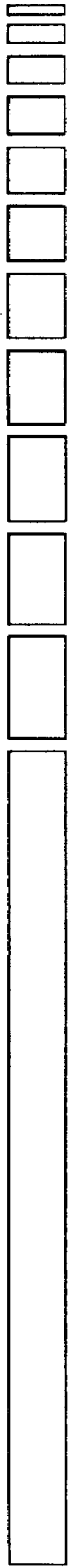
-- The 90-million user opportunity



- Rich external information in real time right on the LAN
- Easy to tailor for each person's unique info needs
- Cheap enough to buy for everyone on the LAN

NewsEDGE as an example

-- 500+ news sources in real time on the LAN



- Domestic national news sources
- Regional newspaper coverage
- International news sources
- Industry detail
- Linkage to TV, other multimedia sources
- Internal content

NewsEDGE as an example

-- Some representative news sources



■ International news sources, real time

- 70+ sources AFX, AP Worldstream, Canadian Press, DJ International, EIU, Financial Times, Globe and Mail, Kyoto, Nikkei, Oxford Analytica, Reuters, etc.
- 8 foreign language sources coming

■ Industry detail, real time

- 15 industry sectors including: Computers, Media, Telecommunications, 12 others
- Computers, Media, Telecommunications 80 sources include: Communications Daily, Computer Reseller News, Dataquest, InfoWorld, MacWeek, Newsbyte, PC Week, etc.

NewsEDGE as an example

-- Each-person tailoring



- **Designed for busy end users**
 - Personal profiles, immediately responsive to changes
 - Alerts push to user, monitor windows scroll headlines
 - Source configuration by user
- **Integrate with other applications**
 - Pop-up alerts, cut and paste tables
 - Full API
- **Road warrior version coming**
 - Client-server enables dial-in access today
 - Coming road warrior capabilities enable paint-and-paste and off-line search-and-view



NewsEDGE as an example

-- Cheap enough to buy for everyone on the LAN



- Large enterprises have invested substantially to LAN-enable knowledge workers
 - \$42,000 per PC for 5 years, \$23.00/day
 - Share printers, Email, some client-server
 - Opportunity of information economies of scale for customer
- How cheap is “cheap enough” for tailored, breaking news in real time?
 - Cheaper than a bagel
 - Average user spends \$0.93/user/day for NewsEDGE
 - Less than 5% of the \$23.00/day cost of the LAN-enabled PC



NewsEDGE as an example

-- Economies of scale price schedule



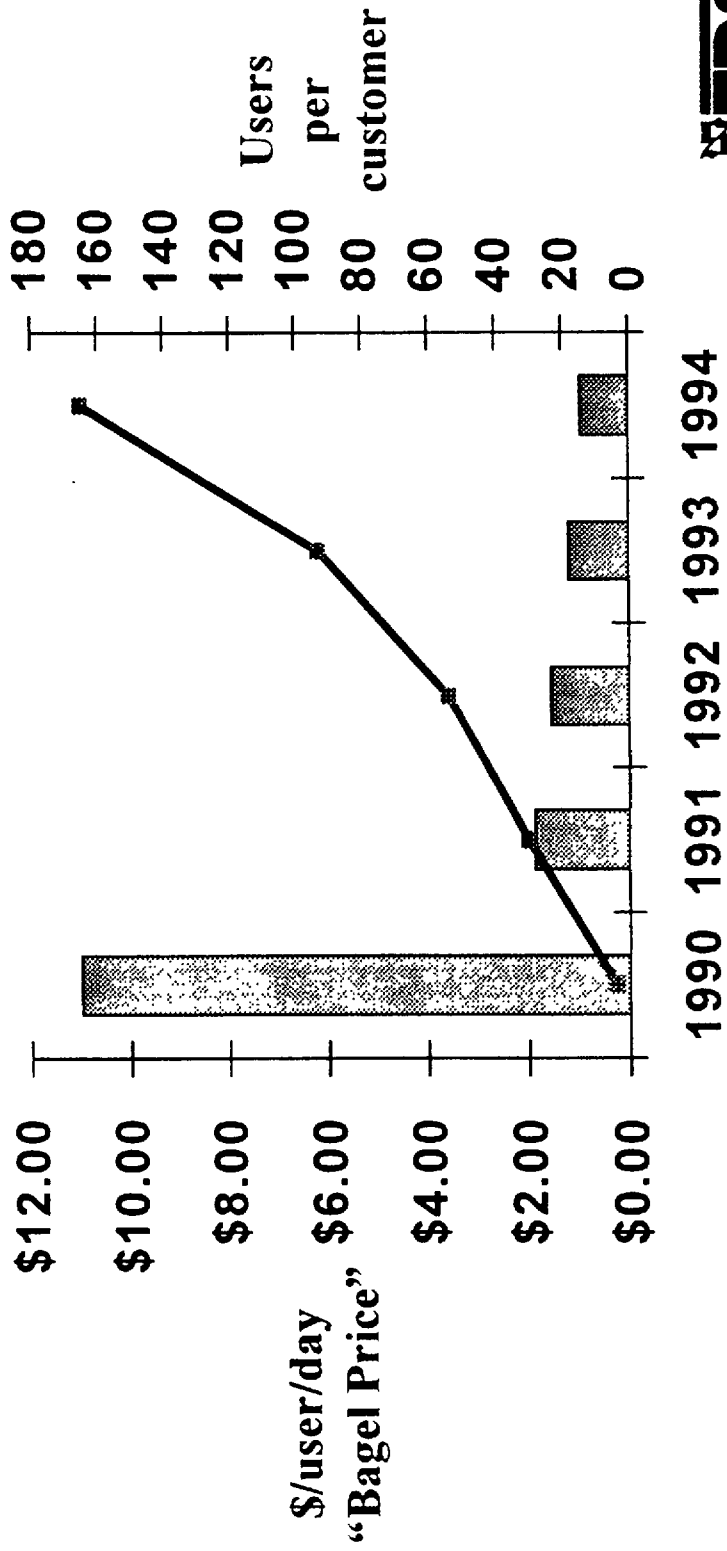
<u>Users</u>	<u>\$/user/day</u>	<u>Annual Cost</u>
10	\$6.85	\$25,000
50	\$2.42	\$44,200
100	\$1.51	\$55,000
500	\$0.52	\$95,000
1,000	\$0.37	\$135,000
5,000	\$0.15	\$275,000
10,000	\$0.11	\$395,000

Bagel price



NewsEDGE as an example

-- NewsEDGE customers gain economies, roll out news

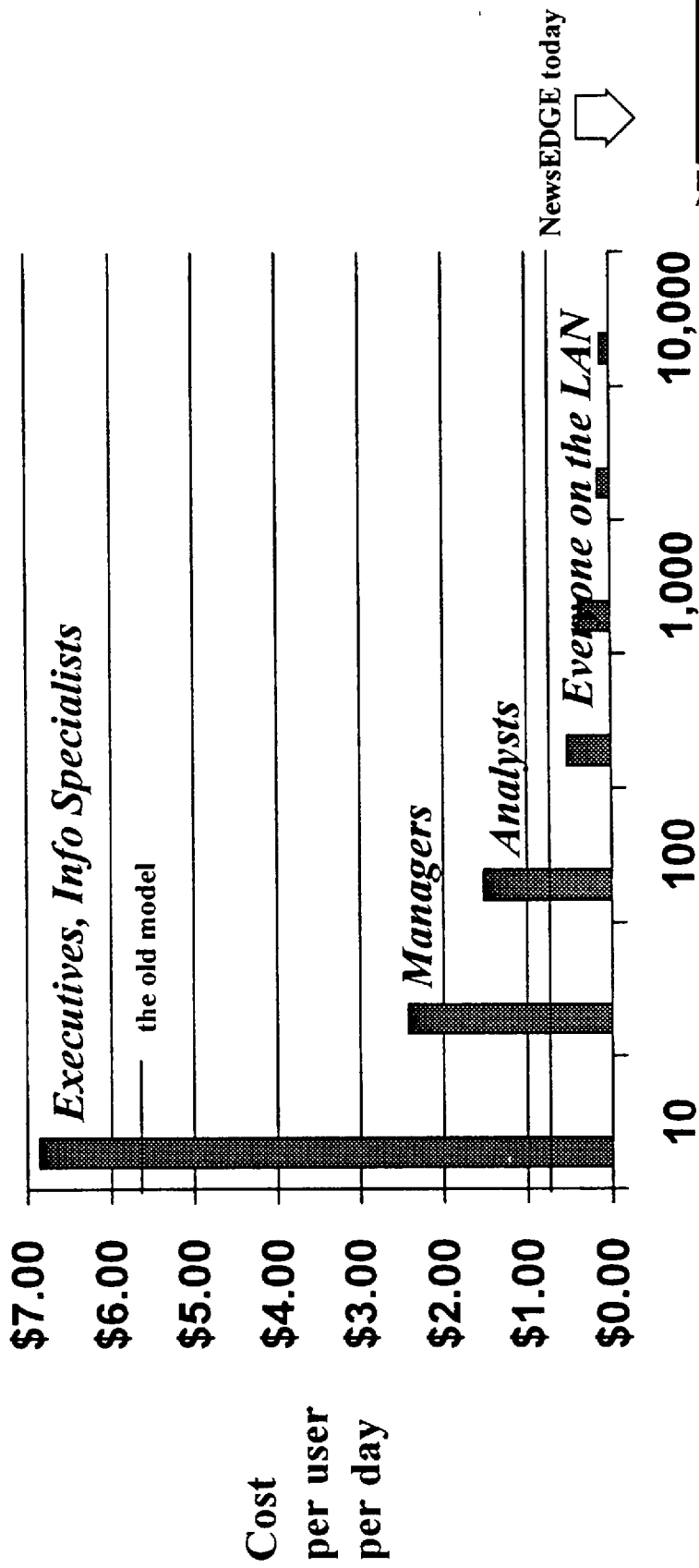
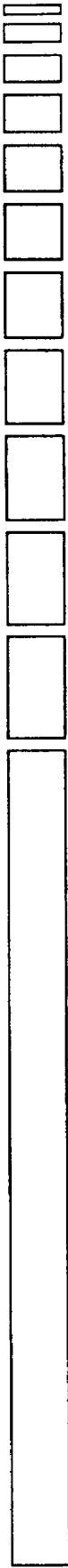


Desktop Data experience



NewsEDGE as an example

-- Lever LAN investments, make "cheap enough" for everyone



Number of users



NewsEDGE as an example

-- Desktop Data results from enterprise information



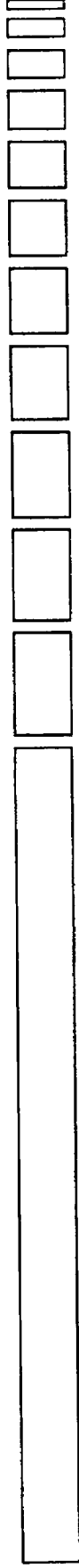
	1994	1995	Change
	9 mo.	9 mo.	
Users	34,900	68,900	97%
Customers	250	313	+25%
Users/customer	130	212	+63%
Bagel price (\$/user/day)	\$1.14	\$0.93	-18%
Revenue/customer	\$40,474	\$54,330	+34%
Revenue	\$10.2M	\$16.4M	+62%
Net income	(\$0.4M)	\$1.2M	+\$1.6M

9 of 10 NewsEDGE users are new users of electronically delivered news



Summary

-- Tailored news alerts for a competitive edge



- Information technology is a competitive weapon
- Everyone with a LAN-enabled PC is a knowledge worker
- Huge LAN investments, lots of rich external information, usually not connected to each other
- If rich enough content in real time on LAN, easy enough to use and cheap enough to buy ...
 - ... enterprise information for everyone on the LAN

OSS '95: THE CONFERENCE Proceedings, 1995 Volume II Fourth International Symposium on Global Security & Global Competitiveness: O - Link Page

Previous [OSS '95 Executive Summary Including: -Congressman Larry Combest, Chairman. HPSCI, -Dr. Jeffrey Eisenach, President, Progress & Freedom Foundation, -The Honorable William Colby, Former Director of Central Intelligence](#)

Next [Mr. Jan Herring,. The Futures Group](#)

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