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in the news

# United we stand, in a web without borders

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The advance of giant American-based web companies is by now unrelenting. The global reach of Google, Inc., Amazon.com, Inc. and the likes allows these companies to operate worldwide with abundant resources to fund their projects and investments. This is jeopardising the business activities of both international and national traditional publishers.

Among the different business media, the Web undoubtedly demands the highest technological investment in terms of development and infrastructure. More and more often, the required scale of investment is so large that only companies with a planetary audience can afford it. What is changing the face of the Internet is indeed the expansion of competition to a global scale. Traditional media companies have long tried to compete single-handedly, focusing on their historical rivals. But after a few early years of timid reactions, they are now beginning to understand the importance of concerted efforts, joining forces with former competitors so as to achieve more significant results in the web market.

The online video provider Hulu is a paramount example of this new kind of partnerships. Set up by NewsCorp. and the NBC, more recently joined by the Walt Disney Company, this web property has become a contender over less than a year, relying on the wealth of premium contents that make up the libraries of those three leading US companies. Second only to YouTube, Hulu has however a much more solid business model, advertising/premium-based, and integrated with traditional TV.

Recently, more companies have begun to operate across different media industries. MGM, Paramount, and Lionsgate, for instance, have jointly launched the Epix website, which sells movies online; the BBC, ITV and British Telecom, on the other hand, are co-operating on Project Canvas, an open standard for hybrid set-top boxes, capable of integrating DTT and IPTV; even Microsoft has formed an alliance, which allows it to deliver contents owned by BSkyB, the BBC, and Netflix through two of its platforms – the XBox and Windows Media Center.

Lately, American newspaper publishers seem very active, since their business is particularly at risk. ViewPass, a common platform for the online delivery of news, is in the works while other projects have already been launched: quadrantONE, an online partnership between the *New York Times*, Hearst Corp., AP, the Gannet Company, and the *Herald Tribune* for the sale of web display advertising; and CareerBuilder.com, a job-listing website jointly owned by the *NYT*, Gannet, and the McClatchy Company.

What is increasingly clearer is that American companies are moving towards larger and all-encompassing partnerships. Once focused on specific aspects (selling site space to advertisers or providing services like job search), these alliances now aim at developing common platforms for content delivery (ViewPass) and combined business models (Hulu). These ventures follow an overt logic: publishers tend to share the most capital-intensive but scarcely characterising segments of the value chain while focusing on the core activity: the creation of branded contents, that can distinguish publishers from one another.

Italian companies are starting to move as well. ItaliaNews, the online syndication set a year ago by *Il Sole 24Ore* along with the publishers of nine local dailies, is probably the first significant example of an Italian web partnership of traditional media companies. A few months ago an agreement between RCS MediaGroup, Gruppo Editoriale L'Espresso, and

Editoriale La Stampa has been announced, with the goal of jointly selling site space to advertisers. A project to somehow integrate the online activities of Mediaset and Mondadori has been rumoured for a while now. The resulting entity would be a major player on the web display advertising market.

Obviously, it will take time, perseverance, and determination for these ventures to prove successful. First, bringing traditionally competing sales forces and editorial teams to work together involves a complexity that needs to be resolved. Secondly, returns might be very low, maybe even negative, until the minimum viable size is reached. However, no alternative seems to loom on the horizon. If they hope to compete with the Web's giants, traditional media players will have to combine their respective investment potential and skills in developing content and selling advertisement (maybe contents too), all the while establishing a strong synergy with the activities of the traditional core business.

Unfortunately, Italian companies do not seem particularly inclined to collaboration, due not only to the specific market structure but also to rudimentary, unrefined competitive behaviours that work against open, active partnerships with competitors and with businesses possessing the necessary technological know-how. This inertia threatens to break the weaker links in the chain sooner than later – the written press in particular – since they will be able neither to reach, for obvious reasons, an adequate size on the global market nor to keep a minimum viable size on the domestic one.