



Newsknife Virtual Host News Show

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Part of Newsknife's mission is to **explore news innovation**. We believe that the Virtual Host (VH) system from Oddcast Media Technologies (www.oddcast.com) offers great scope for creating a web news show that closely simulates popular television news shows.

A major reason we believe this is that the Oddcast VH system is easy for millions of web users to view. It doesn't require broadband. An ordinary dial up modem will do. And users don't need special plug-ins to view it, except Flash, which they probably already have.

The Oddcast hosts can be remarkably lifelike. Our demonstration news hosts, Jennifer Nash and Mike Saunders, have been customized from standard Oddcast characters. Much more sophistication is possible. We often say that the Newsknife virtual hosts are "more animated than the average news anchor"©. When you watch a real-life perfectly coiffed TV news anchor reading from the teleprompter you might sometimes be inclined to agree.

Another advantage of Oddcast VH shows is that they can be downloaded and viewed off-line. This raises the possibility of relaying the Newsknife VH web news show to malls, hotel rooms and for broadcast by television stations. There are technical considerations to work through, but suffice to say that at a time when website profitability is a challenge, the addition of these potentially huge profit channels is attractive.

So why are we discussing this in public? Why not develop the Virtual News show ourselves?

The reason is that Newsknife's parent company Industry Standard Computing Ltd is a small organization, (specializing in marketing, software development and publishing). We couldn't finance a significant Virtual News Show ourselves. We had intended to satisfy ourselves as to its likely technical feasibility and then seek private investment.

However, having now worked through the technical and marketing issues and created the initial simple demonstration, we have decided it is probably unrealistic to seek private investors for the standalone project. We cannot see a clear profit opportunity for them. Optimism about profit on the Internet has faded, and although the costs would be relatively low we think it is unlikely

that any standalone news site could return a profit within a couple of years. And the off-line use, while potentially lucrative appears not to be a low-cost clear-cut profit opportunity.

We have instead decided to discuss here the use of the Newsknife Virtual News show as an attractive and reasonably inexpensive way that an existing news website owner could differentiate their site – and therefore attract more viewers.

Consider the Newsknife Virtual News show for your site!

The rest of this discussion paper outlines the Newsknife VH news show concept, and discusses costs, profit opportunities, technical issues and what happens next.

The Virtual News concept

Our concept is that two VH puppet news show anchors, a man and a woman, would speak news headlines in a TV-style news show targeted primarily at the US audience.

The show would be served up continuously from a web site (and possibly shown to malls, hotel rooms and broadcast from television stations).

Long-term ‘news content’ strategy

The novelty of the VH characters should quickly attract a large number of viewers. However, this novelty may well fade and the long-term success of the show would depend on its qualities as a news show. Thus...

- The essence of the show is that it should in every way possible be like a live human TV news show, e.g. with relaxed interaction between the hosts.
- But most important, the show must offer a news advantage over other news purveyors (whatever their media type).

We have devised a method of news gathering that should guarantee that any news item would always appear on the VH web news site within 15 minutes of it having appeared among the top 6 stories in any one of the world’s top 6 news websites (as rated by www.newsknife.com). Given that such stories usually appear on one or two sites before the others, over time the VH news site would be able to fairly claim it is “the world’s most consistently up-to-date news”©. This has the potential to build considerable long-term viewership.

Costs

A full-featured demonstration needs to be produced, (and is detailed below). We are not in possession of enough information yet to produce an accurate estimate for doing this; \$US50, 000 is the working figure we have in mind.

The start up cost for full production is likely to be minimal; a few computers and Internet connections. Running costs include Oddcast charges and staff costs.

Oddcast charges vary depending on whether the show is served to the VH news site from Oddcast's servers or exported from Oddcast to be served up by the news site's own servers. We understand that an indicative license fee is \$US25, 000.

The staff requirements to create the show (principally the news selection, scripting, recording and uploading) 24 hours a day, seven days a week should be around 20 people in four 5-person shifts per day.

In other words the costs when compared with the budgets of major news sites is probably very small.

Profit strategy:

As we mentioned earlier, Newsknife has decided that the chances of any web site making a profit within two years of launch are slim. However, an existing news site that has long term funding may well find the relatively modest cost of adding the VH News show to their site and off-line publishing, entirely acceptable, especially considering these possible benefits...

- News sites inevitably appear somewhat similar. The VH news show would differentiate the site that had exclusive use of it – attracting more viewers.
- Our concept of serving up the top headlines within 15 minutes of them appearing in any of the world's top 6 news sites, is a unique selling point.
- The show may be able to be used off-line in places where unlike on the Internet, it is possible to make a profit from public news delivery.

Profit could be made from three sources:

- The site could be expected to be a good advertising vehicle given that 20,000,000 Americans go online for their news every day. We have devised a novel advertising format that could actually attract visitors.
- Website visitors that pay a small members' fee would view substantially enhanced and personalized news, e.g. "a list of news headlines since your last visit (within 24 hours)".
- We think that a substantial audience and profit could come from off-line broadcast of the show.

For example, here is an ambitious hypothetical TV broadcast scenario. The VH news show could be offered free to TV stations worldwide for immediate re-broadcast. The aim would be to establish widespread usage of the service, with profits coming from after-sales, as explained below. Major TV stations wouldn't even consider it, but small

independent stations might. It could be ideal for broadcasting a low-cost all-night news service where they would sell advertising. This could be a source of large profits for the VH news show originators from production and transmission charges for VH commercials prepared for the TV stations to run with their VH news.

This is an appropriate place to describe the difficulty to be faced when distributing the VH news show off-line. The VH files downloaded from Oddcast can be displayed easily on a computer, and Oddcast says it has converted VH shows to broadcast quality using the Sony Beta format.

However, for TV transmission the off-line VH show must first be fed into the TV broadcasting equipment. That may not be too difficult if the owner of the VH news website also owns the television broadcast facility and can do the computer-to-TV conversion "in house". However, widespread resale of the show to multiple broadcasters as in our scenario above must involve the TV stations in little or no cost and effort or it will fail. We envisage that the VH files would be received continuously by the TV stations and fed from their computer into their broadcasting equipment. Our experts say that to do that to reasonable quality would require the TV station to add an SDI card to their PC, probably at around \$US3000. It is this entry cost that Newsknife considers to be the barrier.

The next step

Newsknife worked closely with Oddcast to create the no-frills demonstration of the VH news show concept, shown on the Newsknife web site. The next step is to create a full-featured demonstration. By "full-featured" we mean...

- There would be an unpublicized mini-site where potential investors could visit to study VH news in action, in approximately the form that members of the public would finally see.

This mini-site would include the news home page, core members'-only functions, a novel "welcome" page that would display while the VH downloads, and other interesting features we have in mind.

The key issue is that the mini-site would deliver live up-to-date VH news, i.e. within 15 minutes of the news item having appeared on any top news site. This would require us to set up a temporary news writing\voicing\uploading situation. This would be a demanding task, and so would only be done a few times by prior arrangement, for say, a four-hour period.

- During the periods when the mini-site is live, the VH news appearing on the site would also be broadcast (or at least fed through a TV monitor) to a location where the potential investor could view it.

Technical participation by Oddcast would be needed to produce the full-featured demonstration and the final site. We have discussed the following with Oddcast ...

- Computer files containing the spoken news segments must be uploaded from where they are recorded to Oddcast for merging with their VH puppet figures. Oddcast's standard VH audio upload procedure would need to be customized to bypass manual use of their VH Slideshow Editor. Automated audio uploads and audio file assignment to a puppet would be required at least every 15 minutes. We have ideas of how this could be achieved.
- Software commands can probably automate eye movements left and right between hosts when they refer to each other.
- When a person visits the VH web site it can take a few seconds for the animation to download to their browser. It should be possible to do this in the background while the viewer watches a news summary.
- Ideally, the news puppet characters would have a unique look so that other Oddcast developers couldn't copy them.

Summary

The Newsknife VH news show is particularly attractive because it could be lucrative and yet the costs are relatively modest. Inevitably, during development there would be fine-tuning and improvement of the concepts described here. However, we believe this discussion paper outlines a good approach to using Oddcast virtual hosts for a news show because it is based on marketing principles that will outlast novelty value.

Contact

The Manager
Industry Standard Computing Ltd
newsknife@newsknife.com
www.newsknife.com

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