

A Modest Proposal

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The digitization of human content is creating very different expectations by those who own and control commercial content and the consumers who acquire this content for their own use. Because those who control digital content for the most part have not embraced the new Internet-based distribution systems they still sell their products at a considerable mark-up over what most people would consider a reasonable price. Since content downloading eliminates physical products, shelf space, in-store marketing and retailer margins it should be considerably less expensive to sell products over the Internet than selling physical products such as pre-recorded CDs and DVDs. Legal measures to control content distribution and use such as The Millennium Copyright act and its enforcement are alienating potential customers of the traditional content companies. The threatened elimination of "fair use" (for instance backup copies of CDs and DVDs and ripping CDs to listen to on a home computer or other consumer electronics media player) further angers many of the consumers of digital data.

There are many sides to the debate on the actual losses to the digital music and movie industry due to piracy. According to Piracy and the Legitimate Demand for Recorded Music, a very technical paper using sophisticated mathematical modeling, last revised in July 2002 by K. Hui and I. P. L. Png from the National University of Singapore. "Empirically, we find that the demand for music CDs decreased with piracy, suggesting that "theft" outweighed the "positive" effects of piracy. However, the impact of piracy on CD sales was considerably smaller than industry estimates. Further, we estimated that, accounting for both demand losses and price adjustments, the industry lost no more than 6.6% of revenue to piracy." Could a change in the approach of content owners to on-line distribution and a more positive public perception of the role of content companies help to recover these losses or even create a larger and more profitable digital distribution market?

Peer to peer networking is almost impossible to stop, particularly as content distribution by this means becomes (in the minds of many consumers) a battle against unfair business practices by the content companies as well as a way to get content for nothing. Thus digital piracy acquires somewhat more positive moral connotations in the minds of many users. If draconian enforcement of the new copyright laws is enforced the popular uprising by content consumers will spread and multiply. Making potential customers into criminals seems a curious approach to public relations and market penetration. Furthermore, spending money on lawyers and lawsuits against those who operate networks over which digital piracy may be occurring and content restriction technology

that is not perceived as adding value to consumers could probably be spent on more positive attempts to create a valid and acceptable digital distribution market.

As the current large content owners become unable to control the distribution of content they will further alienate the artists that make the content. These artists are already dealing with alleged less than honest practices by content companies forcing them to do their own audits of the content companies books to make sure they get paid their royalties. Artists are beginning to realize that the traditional content companies may not be their best means to achieve fame and fortune.

If the content companies aren't careful they could alienate their clients (artists and content creators) as well as their potential customers. Ever-lower costs for digital technologies have made content creation and distribution much more democratic. The costs and barriers to entry are much lower and coming down further. This will increase the channels open to content creators and artists to distribute products to sizable markets while getting a larger and more reliable share of the proceeds than with the more traditional content companies. With reduced costs and hence prices artists and content creators should realize overall a better profit from their creative efforts since customers would be more likely to buy reasonably priced content.

As a consequence, the large content owners and managers face loss of customers and clients if they do not soon change their ways, embrace new ways to reduce costs and hence prices and treat their customers and clients with greater respect than has been common in recent years.

The real long-term assets of the large content owners are their vast libraries of cultural archives. But these archives are perishing! It is estimated by the Library of Congress that 80% of the films from the beginning of the 20th century are now lost forever because they weren't preserved or converted to forms that would keep better than the original acetate films. Many of the large content owners seem content to let these cultural treasures of which they are the custodians gradually slip into oblivion.

I wish to make *a modest proposal*. By changing their relationship to customers and clients the large content companies may be able to maintain and grow their consumer base. Furthermore these companies should use digital preservation of the rich media archives that they oversee as a way to attract continuing business. This would cast content companies as wise stewards and preservers of our rich cultural archives. An example of how this could be done follows. For instance, if in addition to lowering their prices content distribution companies were to say that e.g. 50 cents from the sale of each CD or DVD that they make would go into the preservation and digital conversion of their cultural archives. This would be a great PR move, would be seen as a great boon to mankind and demonstrates enlightened content stewardship. The individual companies could use this fund for digital preservation or perhaps they could pool the resulting funds to create an industry wide archiving activity.

For the data storage vendors preservation means digitization and this effort would result in a great boost of the sales of static-content data storage and archiving devices as well as storage media such as tape, optical disks, and ATA-based drive arrays. Digital preservation of the current store of rich media archives would amount to several Exabytes of data storage. This approach has many winners and could make a true digital content commercial system a reality. The winners will be the consumers who will have access to the best and legitimate fairly priced content, the content owners who will be perceived as wise stewards of important human cultural artifacts and would be able to make these digital archives available for a reasonable price to scholars and consumers, and the data storage providers who will increase their sales to support digital preservation and content distribution.