



INTEROFFICE MEMO

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TO: John Oppedahl
FROM: Howard I. Finberg
SUBJECT: Executive Summary/Online Plan

This is an executive summary of Phoenix Newspapers' Online Plan:

As outlined in the "Online Opportunities" report, PNI will take a multi-platform (or multi-newsstand approach). This will allow PNI to control where content is placed and will provide opportunities to reach readers through different services (America Online, the Internet/World Wide Web server and PNI's existing bulletin board service). PNI will not sign an "exclusive agreement" with any online service, and hence will be free to take advantage of upcoming opportunities in 1996 and 1997 (e.g. Microsoft Network and New Century Network).

WHAT'S ONLINE

The following are some of the content areas in PNI's AOL service. (At a later date some of this content will be placed on PNI's Web/Internet service and the upgraded bulletin board service.)

- Latest news, photos and graphics from *Republic* and *Gazette*
- In-depth Community coverage, organized by city and town
- Arizona business information, including "How to Do Business in Arizona," business leads, Az Inc. and other information from the *Arizona Business Gazette*
- Travel and Recreation information, for example: weekend getaways, golf course guide and information, restaurant guide and information, hiking trails, what to see in Arizona
- Sports news and information that while focusing on Suns, Cardinals, ASU programs would also include local sporting information (little league, soccer, etc.)
- Arts and Entertainment, with concert and special events calendars, interactive television listings, movie guide for show times and a movie reviews, music reviews and listings
- Computing news and information for local users (personal and business)
- ALT's online area for teens and young adults
- PNI's own "store" that would offer information about subscriptions, Total Card, and merchandise

- Community information about how to contact and work with government offices and officials
- Archives of previous stories
- Classified listings that have run in the R&G

COSTS

Attached is a summary of the pro forma developed with Dave Gianelli and Jon Held. In brief, hard costs are \$233,000 for year one and \$575,000 for year two. Revenue for year one is being estimated conservatively at \$57,000 and \$473,000 for year two.

Year one estimate is a loss of \$235,000

Year two estimate is a loss of \$100,000

Capital equipment for 1995 has already been budgeted and approved.

WHAT HAPPENS IN 1995

A “soft launch” of both AOL and Web services. The AOL service would be the major “newspaper online” effort at the start. The Web service would be developed first as a Super Bowl and tourism site and then expanded to include other features.

WHAT HAPPENS IN 1996

After the holiday buying session, a more aggressive push at computer owners to turn on those modems and sign-up to PNI’s services.

The content on the Web server would be increased along with additional services (access to library services and other transactional features). PNI’s AOL service would also increase its content offerings and would open “storefronts” for advertising or transactional services.

MARKETING PLAN

AOL has a significant marketing presence in the online arena. We’ll be able to take advantage of their marketing knowledge and experience and make use of their materials (which are extensive). It is no small consideration that AOL will want to herald its unique content partners because of the increasing competition among online services, including Microsoft. PNI will be able to customize AOL marketing materials within the 11 Arizona counties that PNI controls.

While there will be some use of in-paper promotional space, the current plan is to make some use existing (PressLine/PressFax, for example) space after the initial launch. In addition, much of the online customer efforts will be to work with groups (computer users and community organizations) to show potential customers the nature of the service. Use of television, radio and billboards are not practical for either the medium nor the audience. In addition, we’ll consult with the K Group to help structure an effective plan.

STAFFING

All full-time staffing, with the exception of contract employees on commission and some part-time clerks, would be from existing newsroom resources. Finance and Marketing (Lynn Town) have agreed that they can provide support services within their existing resources. Some outside services would be required and have been budgeted in 1995 operating budget and will be part of 1996 budgeting process.