

WHEN INFORMATION IS ABUNDANT, A GOOD FILTER IS PRIZED



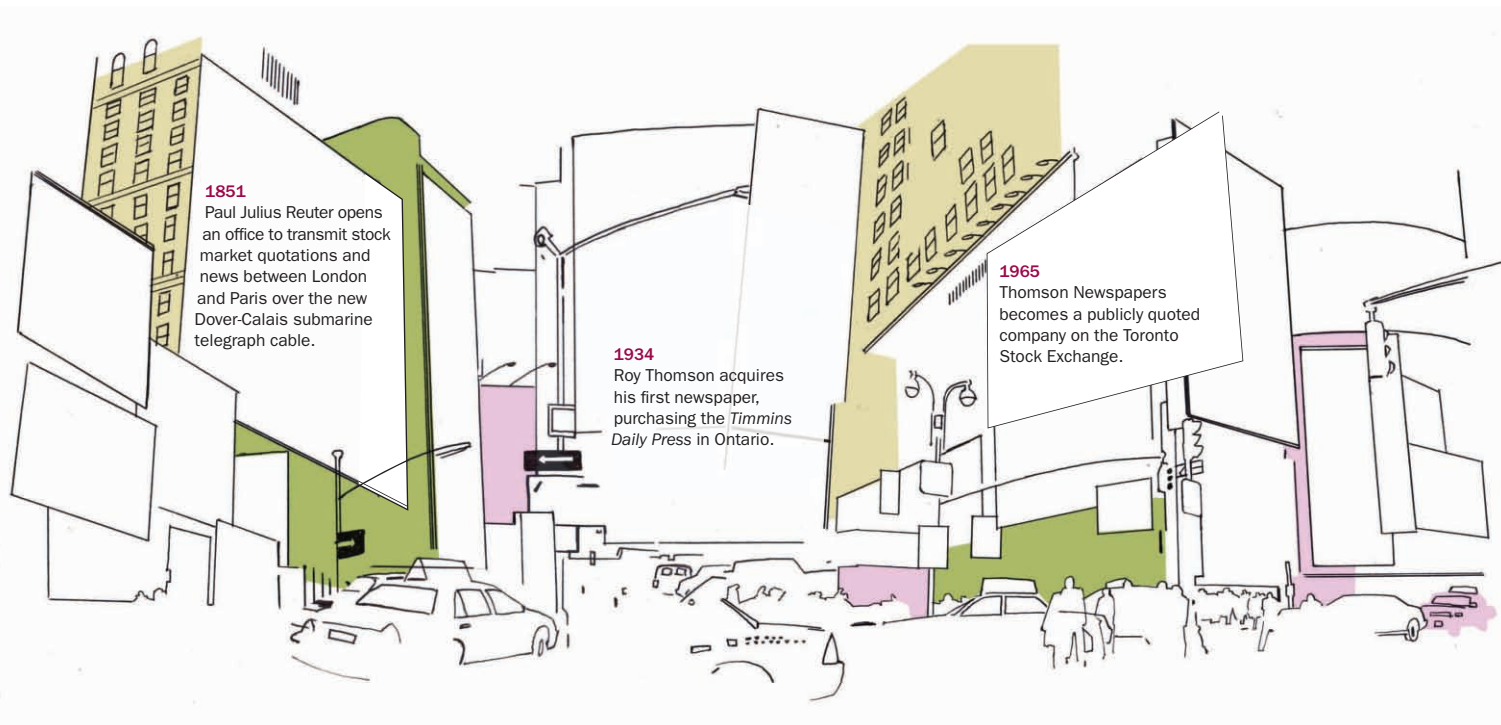
In the internet age, the abundance of free information creates its own problems. This is the opportunity for the big business information groups. **Tom Glocer**, CEO of Thomson Reuters, argues that a path to relevant information is what people need

As Stewart Brand, an early technology guru, wrote in *The Media Lab* nearly a quarter century ago, “Information wants to be free. Information also wants to be expensive. Information wants to be free because it has become so cheap to distribute, copy, and recombine – too cheap to meter. It wants to be expensive because it can be immeasurably valuable to the recipient. That tension will not go away.”

That statement is as true now as it was then, despite the information revolution that has occurred in the intervening years. So much information has become freely available as the internet has evolved. But businesses still need information that helps them do commerce and are willing to pay for it. The challenge now lies in providing the most useful and relevant information – and in creating an efficient path to it. 







Since the invention of Gutenberg's press in the 15th century, each successive generation has been exposed to exponentially more information than the previous one. In the 14th century, before the printing press, an individual would be lucky even to read a single book in a year. By the end of that century, an intellectual might have been able to access five or even 10 books.

Two centuries later, as James Gleick points out in *The Information*, the German philosopher Gottfried Leibniz was lamenting "the horrible mass of books which keeps on growing," which led him and others to lead the development of libraries to help manage the increase in information volume.

Today, the number of information providers has exploded and includes such organizations as Thomson Reuters, the search engines, social networks, and aggregators like Google News. The world is now awash with data – the number of "bits" in the digital universe is already greater than the number of stars in the known universe. This includes news, phone calls, text messages, security prices, company information, social website postings, electronic books and medical health records. Approximately 107 trillion e-mails

were sent via the internet in 2010 alone, and the volume of information continues to grow.

The Thomson Reuters financial data network, the largest financial real time data network in the world, routinely carries 750,000 updates of financial information per second. Over the past 20 years, our network traffic has increased by 60 per cent every year. A professional today could view more new information in a single day than a typical professional was likely to encounter in his lifetime 30 years ago.

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The speed at which information is delivered and shared is increasing exponentially as well. Our dedicated data feeds deliver information in milliseconds so that computers at the receiving end can make trading decisions before the competition. One of

our customers recently estimated that each millisecond in which they receive information faster than their rivals is worth \$100m per year in terms of competitive advantage.

Of course, a huge trove of this information is now free and this has disrupted the media landscape like nothing else in the industry's history. The primary competitive advantage media companies had long held was their iron-clad grip



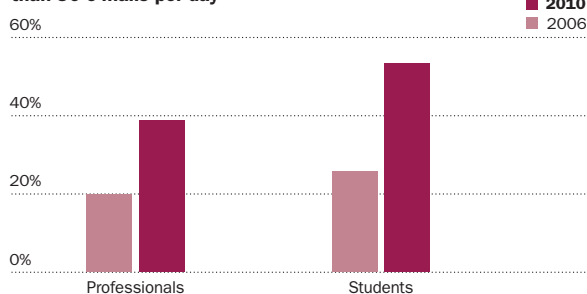
over both the content they created and its means of distribution. That, coupled with the huge cost of entry into the business for would-be competitors, ensured a very powerful business model for newspaper publishers, TV networks, record labels, and movie studios.

Thomson Reuters is home to one of the oldest media outlets in the world, the Reuters Newswire. I firmly believe that this flood of information plays to Thomson Reuters singular competitive advantage as an information provider. Our entire business model and strategy for growth rests on a basic assumption that relevant, actionable information and the tools to analyze and act upon it have value. We have found that professionals all over the world are willing to pay for information that they absolutely require to do their jobs and they want exactly that information, not more.

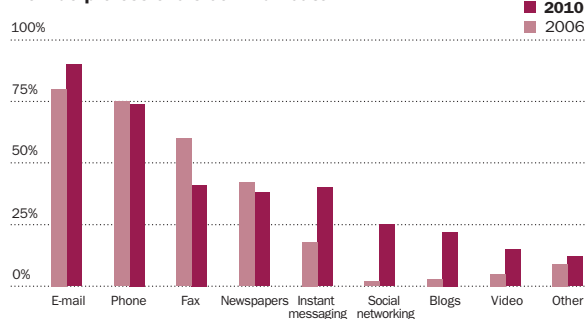
Today, we combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial, legal, tax and accounting, scientific, healthcare and media markets. Our professional products range from our financial information platform – *Thomson Reuters Eikon* – to our legal research system – *WestlawNext* – to our global tax software for multinational corporations and big accounting firms – *ONESOURCE*. Our products also include innovative data services that help law enforcement 🏃➡️

Information overload

Respondents who receive more than 50 e-mails per day



How do professionals communicate?



Source: Thomson Reuters White Paper, 2010



Thomson Reuters revenues 2010: total \$13.1bn

By media



By type



By geography



Source: Thomson Reuters

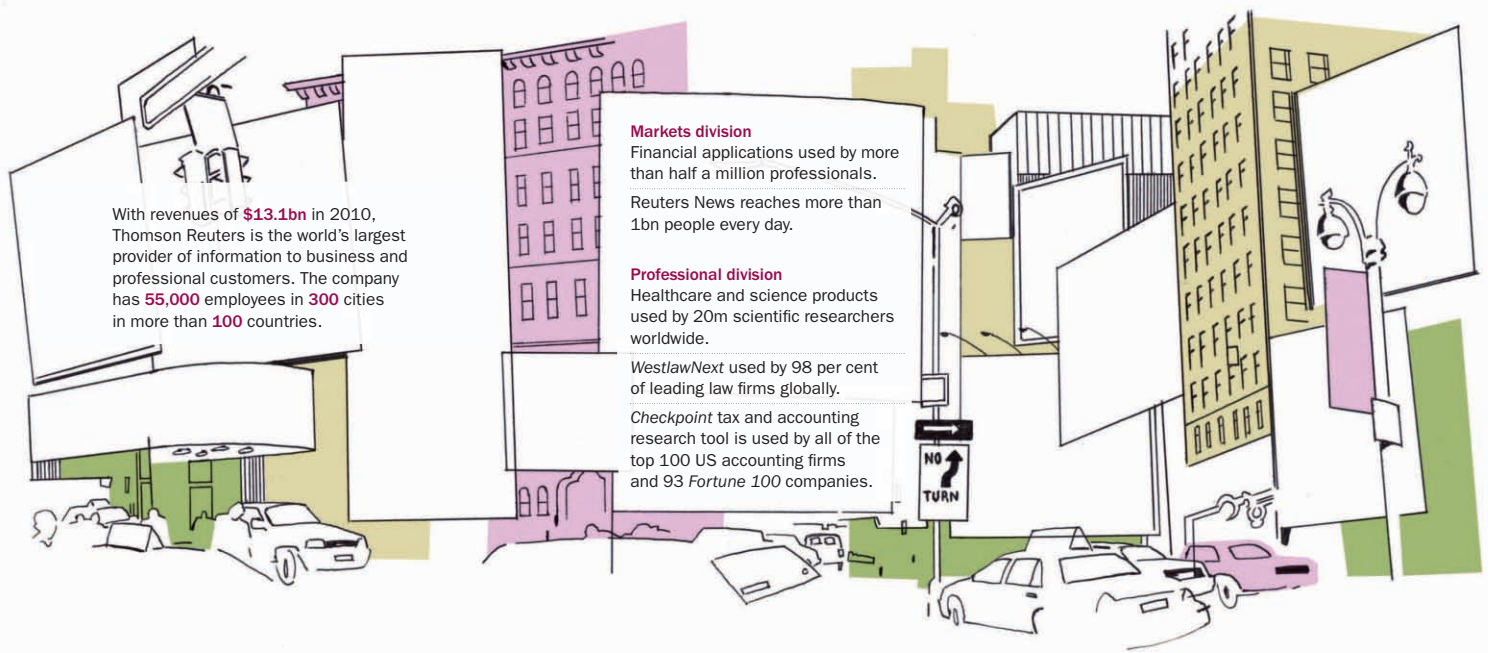
authorities track down missing children and health experts track the spread of epidemics. The type of data we sell is highly valuable content that people are willing to pay a premium for, usually by subscription.

But information alone isn't enough, especially given how much of it there is these days. Equally important is ensuring that the information we provide is valuable in terms of giving our customers the ability to find the information they require in a sea of data. New York University's Clay Shirky, who studies the social and economic effects of the internet, has a point

when he says that today's challenge is not so much information overload as it is *filter failure*. Providing people with efficient navigation takes an extra layer of analysis and systemization. To that end, we rebuilt our legal research system, *Westlaw*, from the ground up. The search functionality of *WestlawNext* makes legal professionals significantly more efficient and gives them the confidence that they've explored every relevant document.

In a world awash with data, the problem that professionals face is not, therefore, an overabundance of information, it is the lack of good filters. In an increasingly noisy world, Thomson Reuters improves the signal-to-noise ratio for professionals around the globe. We enable our customers to detect the often faint signals hidden in big noisy data sets that help them fulfill their goals. That is information worth paying for.

Tom Glocer is CEO of Thomson Reuters, the world's leading source of intelligent information for businesses and professionals. He joined Reuters Group in 1993 in the US legal department and held various senior positions until he was appointed CEO in 2001. He became CEO of Thomson Reuters when the two companies combined in 2008.



REUTERS DIGS DEEP

Thomson Reuters is not alone in offering increasingly specialist services in a bid to provide better information filters, says Brunswick's Justin Dini

Thomson Reuters is betting that combining quality journalism and commentary with the deeper coverage associated with trade publications will translate into products that subscribers will pay premium prices for.

Stephen Adler, who was promoted by CEO Tom Glocer in February to head the news division at Thomson Reuters, has begun rolling out a number of highly focused new products targeted at professional audiences, in particular those working in law, tax and accounting, healthcare and science. Adler, who previously had been *BusinessWeek* editor-in-chief for four years, joined Thomson Reuters in 2009 with a remit to develop coverage of those sectors. The company is now extending this strategy of news "verticals."

In healthcare, for example, Reuters launched an e-mail newsletter in March called *This Week in Healthcare*, a joint venture with CQ Roll Call, part of The Economist Group. It is focused on news and analysis of Washington's healthcare policy developments.

Adler also has beefed up the legal beat with new hires, including Amy Stevens, from *The Wall Street*

Journal, Eric Effron from *Legal Times* and Andrew Longstreth from *American Lawyer*.

The "verticals" strategy is one that has been around since the birth of the internet and is now being followed by most traditional media companies. Bloomberg, an early devotee of verticals, continues to expand its slate of focused products, launching *Bloomberg Government*, a policy wire, this year. *The New York Times* has also built out its *Dealbook* column into a full-fledged website covering the financial services industry.

"Before the web and these highly focused entities, journalists got to decide what was important," *Dealbook* editor Andrew Ross Sorkin recently told *The Daily Telegraph*. "Now journalists have to try and understand what their consumer actually wants to read and what angle they are looking for in order to keep audiences engaged in a highly competitive world."

This new emphasis on highly focused coverage is clearly an effort to tap into the lucrative markets that have traditionally been the strict province of industry trade publications. As Adler puts it, "The goal is to give our customers a much deeper understanding of their professions." ☺

Justin Dini is a Director in Brunswick's New York office. A former journalist, he advises on corporate reputation, litigation and crisis communications as well as M&A and restructuring, with a particular focus on the media sector.