

A Path to Prosperity, Influence and Growth By Stephen Quinn

Innovation and Convergence in Asian Media

“Convergence” — the idea that print media, TV, video, photos, audio, phones and music are coming together to form a single user experience — is the buzzword of the media world these days.

Australian academic Stephen Quinn looks at how some Asian media companies are embracing the concept, and boosting their businesses.

MANY POCKETS OF MEDIA innovation have emerged in the last few years and are flourishing in Asia. From South Korea to Indonesia, vibrant examples of innovative or converged media companies are underscoring the relationship between technology and media.

But for innovation to happen, appropriate physical and human infrastructure must exist. The journalists who produce the content need high levels of education and professionalism. Both journalists and their employers need to embrace the idea that learning is a life-long process, rather than something that ends with graduation from

university. In the general population, literacy rates affect the market’s ability to absorb the content that media companies produce, while income levels determine the audience’s capacity to buy televisions, computers, mobile phones and Internet access. Generally, the better the broadband infrastructure the more sophisticated and innovative the multi-media journalism via the web.

Freedom of expression is another relevant factor in the innovation equation. Of the nations discussed in this article, it should be noted that Malaysia and Singapore have legal and informal restrictions on freedom of the press, while Thailand, the Philippines and South Korea enjoy relatively greater freedom of the press. So it can be argued that another key infrastructure component is the degree of freedom of expression available to journalists.

One of the policy implications of the research I have conducted in this area is the need for governments to focus on education and training as it relates to information and communication technologies (ICT). South Korea provides a classic example of this correlation between education and economic growth. It has almost no natural resources, but it has a high respect for education and a diligent populace: A greater percentage of Koreans go from high

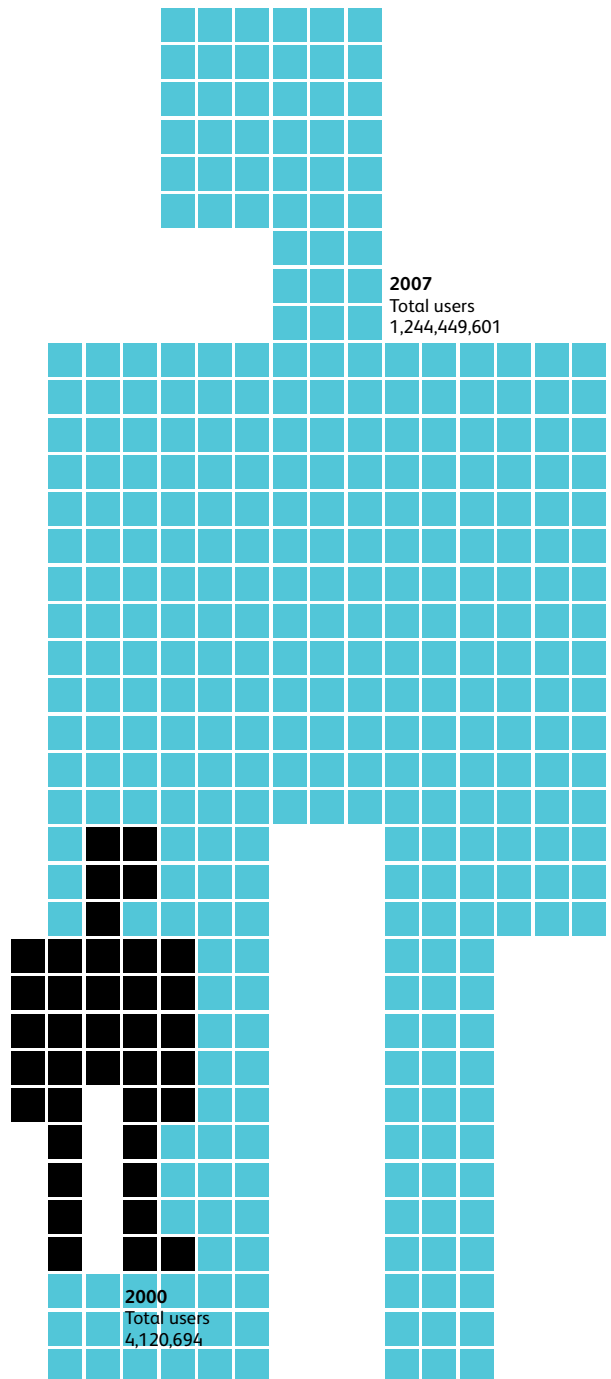
¹ *Asia Pacific Pay TV and Broadband Markets* (2006), 14.

school to university and from university to graduate school than anywhere in the world. Measured by gross domestic product (GDP), Korea was among the top 10 economies in the world in 2006. Yet when the Japanese occupation ended in 1945, Korea's economy was a basket case. Much of the country's infrastructure was destroyed during the Korean War from 1950-53. As late as 1960, South Korea's per capita GDP lagged behind countries like Nigeria and Bangladesh.

In a generation, by focusing, among other things, on ICT and education, the country has pulled itself up into the ranks of the world's leading economies. Hoick Suk, president of Korea's Information Society Development Institute, said ICT contributed 16.1 per cent of the country's GDP in 2006. Increased affluence boosted by a collective mindset that appreciates the benefits of technology has seen a leap in mobile phone and Internet adoption. On average, Korean households spend 7 per cent of their income on telecom services, 3.5 times more than the average for member nations of the Organization of Economic Cooperation and Development (OECD), the world's most prosperous economies.

Media also has the potential to become a big business in the region. Another policy implication of my research points to the advantages of liberalizing laws which limit the growth of media companies. The 2006 edition of *Asia Pacific Pay TV and Broadband Markets* notes that broadband and pay television are "entering a phase of convergence" in the region. The pay TV market, worth \$18 billion in 2005, is projected to grow to \$32 billion by 2010. The publication said its financial prediction was conservative because of regulatory constraints. "Policy makers in Asia's largest media economies remain uneasy about transitioning from utility-driven frameworks to structures that encourage growth and investment."¹ The number of households with broadband would also leap, the book said, from 84 million in 2005 to 221 million 2015.

The case of Indonesia shows what can happen when the media environment is liberalized. Until



The rise of internet usage in Asia
Source: www.internetworldstats.com

2 Interview in Hong Kong, June 18, 2007.

the fall of Suharto in 1998 the country's media were heavily regulated, with a handful of owners linked to powerful families controlling the scene. Under Suharto, newspapers needed a licence and only those that toed the official line were given one. In 1998 the country had fewer than 300 newspapers and radio was also tightly circumscribed. Soon after Suharto's fall, Indonesia had more than 2,000 newspapers and had experienced massive growth in radio broadcasting. By 2007 the country had 10 commercial television networks. During most of Suharto's rule there was one government channel and just three private networks controlled by his children.

Companies run by leaders who embrace innovation have tended to increase in value. Businessman Hary Tanoesoedibjo gathered all his media assets under the umbrella of Global Mediacom, and in a handful of years turned it into Indonesia's largest and richest integrated media company. In the 2007 financial year, Mediacom had revenues of \$550 million and earnings before interest, tax, depreciation and amortization of \$170 million. The previous year Mediacom's market value jumped almost 10 times to 1,200 rupiah a share.

Hong Kong also illustrates the benefits of a liberal market environment. There, a combination of high population density and innovation has produced the world's biggest concentration of Internet protocol television (IPTV). In many countries, including the United States and Australia, digital subscriber line (DSL) broadband customers get download speeds of under a megabit per second, but most of Hong Kong's DSL customers connect at 6 megabits a second. PCCW, the region's biggest telecoms company, through its now TV subsidiary allocates 4.5 megabits to a TV service, which leaves ample bandwidth for surfing the web. A traditional cable subscriber pays a flat fee for a range of channels, many of which are never watched. By contrast, now TV customers select favored channels, paying a monthly fee for each. Prices per channel range from about \$1.30 to \$5 a month.

PCCW also offered television over eight mobile phone channels as of mid 2007, reformatted from

3 Interview in Hong Kong, June 18, 2007.

the original television broadcast. They include ESPN, a 24-hour "now" business news channel and CNN. PCCW's chief technology officer, Paul Berriman, said the company has merged all its media assets under one platform:

"On the Internet we have our own streaming music services. We have TV content. We have mobile phone content. We put all this together into one management group."² The company, which had struggled as a fixed-line telephone provider, has found greater success with an integrated strategy. In 2006 PCCW had an annual turnover of almost \$3.3 billion. For the year to the end of 2006 PCCW had earnings before interest, tax, depreciation and amortization of about \$876.96 million.

CK Cheung, the controller of the 24-hour-a-day "now" business news channel, said main news bulletins in money-focused Hong Kong are broadcast at strategic times in the afternoon and evening. The channel focuses on analysis of the stock market and foreign exchange movements, to cater to its audience. "When we designed the channel we knew that Hong Kong had more than a million small investors. They are actively involved in the stock market or foreign currency trading. Even housewives on their way to the market stop at the bank to trade. The trade volume increases every day."³

AUDIENCE-GENERATED CONTENT

One of the major developments in the region's media is the growth of audience-generated content, which the mainstream media then publishes and broadcasts. Contributors usually do not get paid. Probably the most developed example is "Stomp" in Singapore. "Stomp" stands for "*Straits Times* online mobile and print." About 85 percent of the site's content comes from its audience. The online home of the city's major broadsheet newspaper, *The Straits Times*, ST Interactive caters to a different market from Stomp. ST Interactive is a mirror of the print edition and consists of "serious" journalism, while Stomp is an alternative voice, said Felix Soh, who is responsible for online media with the parent company, Singapore Press Holdings (SPH).

4 Interview in Singapore, January 29, 2007.

5 Interview in Singapore, January 30, 2007.

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“Stomp is not serious journalism in the form that *The Straits Times* offers,” Soh said, “though it does deal with journalism that affects people’s lives.”⁴

Stomp launched in June 2006 and averaged more than 7 million page impressions a month a year later. Former editor Jennifer Lewis said Stomp had about 300,000 unique visitors a month. “From what we can see we have a fair number of young people and students. But at the same time we also see an older demographic aged in their 40s who are very active in what we call Singapore Scene, which is our citizen journalism section.”⁵ Lewis said that when Stomp began most of the user-generated content centered around people complaining about things that upset them. But it has evolved to the point where people were contributing a range of images and stories. “We are seeing a change in the tone of the contributions.”

Contributors phone, email or send SMS to Stomp, then site producers interview them and re-write the story. Lewis said Singapore academics believed this behavior was unique to Singapore where citizens would rather talk to reporters than write the material themselves.

“When we post the story we tell the citizen journalist to read it and check it for accuracy. If it doesn’t reflect what you meant to say, call us back and we’ll adjust it.” Lewis said this ap-

proach was different from how citizen journalism worked elsewhere, like on the pioneering OhmyNews citizen journalism site in South Korea. “Much of what we are doing is new to everybody, and given some of the cultural preferences here, our audiences would rather relate their story (to a reporter).”

SPH’s Soh said technology allowed Stomp to cover stories that would not see the light of day in the national newspaper. He cited the example of a lover’s quarrel on a train on the city’s underground rail system, the MRT. “A guy pushed his girlfriend onto the track. He was arrested for attempted murder. The only photo of the girl stuck on the MRT track with a train approaching was sent to the Stomp portal.” That image came from a mobile phone camera and was transmitted via a short code number (75557) the site promotes for receiving content by mobile phone. By the end of 2006, Stomp was receiving about 100 photographs a day, Soh said, and almost all were published on the website at www.stomp.com.sg. Only low-quality photographs and offensive images are rejected. Newsworthy images are shared with SPH newspapers. In November 2006, 15 photographs made it into the pages of *The Straits Times*, including several on page 1.

One key policy implication of citizen-generated content is an appreciation of the ability of the mobile phone to deliver still and moving images, and the power of images that can be damaging to individuals whose indiscretions are caught on camera. The power of sites like YouTube has become increasingly obvious in the lead-up to the 2008 US presidential election. In Australia’s federal election in late 2007, the ruling coalition government tried to use YouTube both to reach young audiences and to release policy initiatives away from the scrutiny of political journalists. This backfired and damaged the reputation of some politicians. For example, on 23 July, Prime Minister John Howard released part of his party’s health policy via YouTube at 5 a.m., a most unusual time. Within hours, scores of parodies of Howard’s video appeared on YouTube. Two weeks later, the number had soared to more than 200.

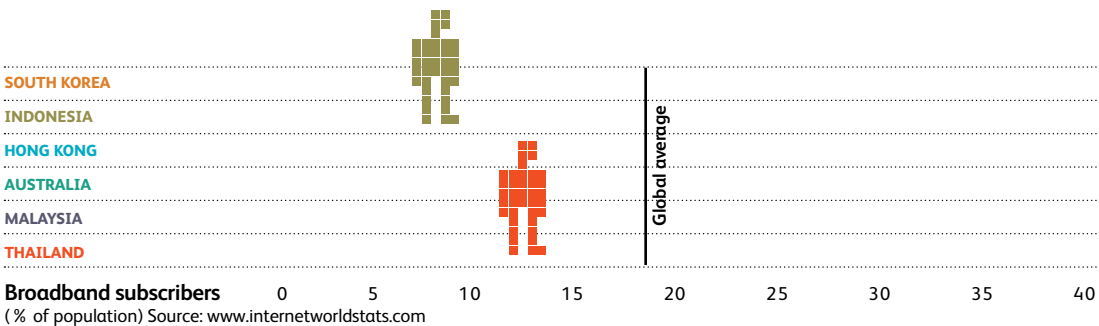
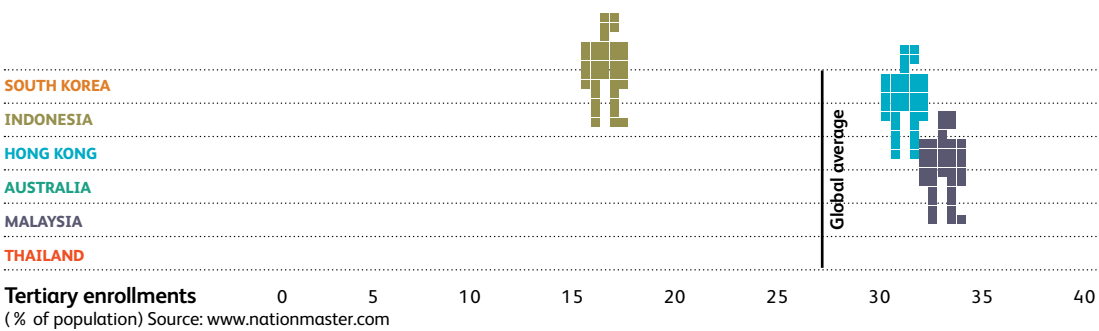
More than one billion mobile phones were sold worldwide in 2006 and almost half of those had a built-in camera. Soon virtually all mobile phones will contain a camera. Asia is expected to be the biggest growth market for mobile phones in the next few years, effectively turning society into a huge potential newsgathering force capable of photographing anyone. Politicians and policy makers need to be aware of these developments as they prepare relevant laws. The Internet and the mobile phone loom as major influences on the distribution of information and the dissemination of political campaigns.

TECHNOLOGY AND BREAKING NEWS

Many media groups in the region also have developed innovative in-house technologies for delivering breaking news. In Malaysia, when a reporter at *The Star* newspaper phones in with a story or taps it out as an SMS text message, a senior editor gets it into the editorial system and then turns around an SMS news alert that goes to the country's main telecommunications companies for national distribution. News ra-

diates to all the platforms through which the company provides news. In 2007, as well as mobile phones, these consisted of display screens at shopping centers, electronic billboards and the company's radio stations. At the time subscribers paid RM 5 a week for general news alerts, and RM 8 for general and business news.

In the Philippines, Inquirer.net has one of the most innovative web sites in the region through its use of multimedia. Reporters file breaking news as text messages with their Blackberry mobile phones into Inquirer.net's own content management system (CMS) used to organize breaking news for the web site, and distribute news alerts for mobile phones. More than 70,000 subscribers pay 2.5 pesos per alert. All reporters receive a standard set of technologies: A Blackberry for sending text and making voice calls, and a separate phone, a Nokia N80, for taking videos and still photographs. The Nokia also serves as a back-up in case anything happens to the Blackberry. Editor-in-chief JV Rufino said he wanted a unified phone, but at that time RIM, the maker of the Blackberry, was



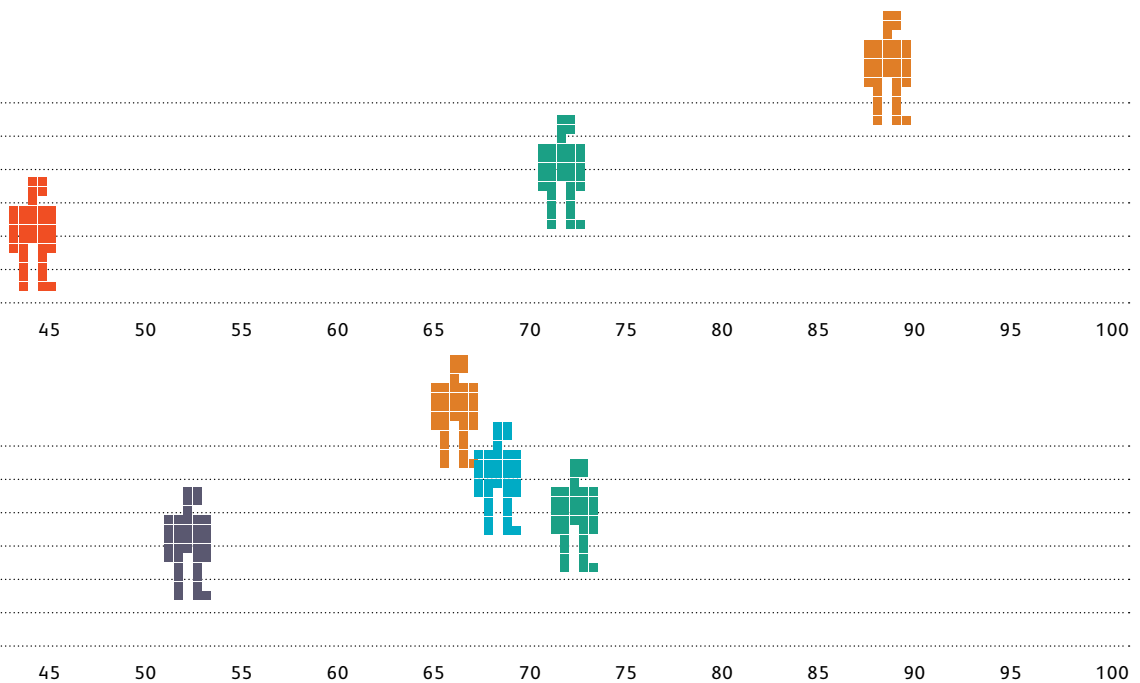
The number of Korean citizen reporters on OhmyNews had reached almost 60,000 by mid 2007.

not offering a phone with a camera. “Reporters like the Blackberry because they can actually file a story while running after the interview subject, so basically they have a whole tool kit for getting the story.”⁶

With breaking news, reporters are trained to write one or two paragraphs and submit the story as soon as possible. Reporters shoot video with their Nokia phones but only send it wirelessly if the story is urgent, because of high data transfer costs. If the story is not urgent, they upload it from the office via an SD card. Inquirer.net operates more like a wire service than a newspaper, gathering news on a 24-hour cycle. Rufino described breaking news as a different

discipline compared with the sister newspaper’s coverage. “A print reporter would wait until the end of the day to begin writing it. But my staff are multimedia reporters. They are taking photographs, and while they’re taking photos they’re taking videos during the press conference and all the while they’re still writing the story.” Breaking news on the web is very “blow by blow,” Rufino said, while the newspaper provides a wrap-up at the end of the day. Inquirer.net posts about 300 stories each day — about 120 as breaking news.

The site has several special sites for elections, typhoons and issues of immediate concern, like a recent rape case involving American servicemen in Subic Bay. All are updated using the latest technology. Inquirer.net editors tag all stories by key word. If an editor inserts a specific key word, that story is automatically added to the site. Inquirer.net has more than 1,000 key words, based on the news industry text format list of key word tags regulated by the International Press Telecommunications Council. That list appears on the Inquirer.net site as a “tag cloud.” Rufino’s technology staff designed the software so that



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tags that have more articles associated with them appear in a larger type size so a glance at the “tag cloud” provides an editor with a quick content analysis. “I can tell at a glance if we’re doing too many stories on crime, or not doing enough on another topic.”

In Singapore, breaking news also appears on mobile phone screens. Felix Soh of SPH said the mobile phone was ideal for breaking news, describing it as “now media” rather than “new media,” which will continue to develop rapidly. “Video is going to be big. It is more engaging than, say, a Podcast. Multimedia storytelling means using video to tell the story. But it is not as slick as what is being done on mainstream television.” Soh said he wanted multimedia storytelling on the Internet to be raw. “If it is too slick it looks too contrived.”

In South Korea, the citizen journalism site OhmyNews.com provides wireless live webcasts for its version of now media. OhmyNews sends reporters with compact video cameras to all major news events. Most of the editing happens at the event, using laptops and a stripped-down version of Avid editing software. Reporters can access high-speed Internet from anywhere in Seoul and most parts of the country because a new wireless form of broadband known as WiBro has blanketed South Korea since April

2007. WiBro allows people to get multimedia content like movies wirelessly even while travelling at speeds of 120 kph. Some parts of the capital provide free Internet, and commercial operators provide wifi for \$10 a month, at upload speeds of at least 1 megabit per second. South Korea has the world’s second-lowest broadband costs.

Jean Min, director of the English-language site OhmyNews International, said audiences appreciate live coverage of news events, and that some OhmyNews TV events are more popular than terrestrial TV because they screen uninterrupted by advertising breaks. “Live web cam TV is one of the killer applications for getting people glued to our screen. From our server we can broadcast live to everyone in the country.”⁷

The number of Korean citizen reporters on OhmyNews had reached almost 60,000 by mid 2007. When the site launched in February 2000 it had a mere 700. By mid 2007 OhmyNews International had 4,000 citizen reporters in more than 100 countries. The number of in-house editorial staff in the Seoul headquarters had risen to 65 editors and reporters, plus another 30 software developers and engineers.

The gender balance in the newsroom is split almost evenly between men and women, unusual in South Korea where the bulk of older jour-

8 Interview in Bangkok, March 12, 2007.

nalists are men. Most of the staff are between 20 and 30 years old, but the role of the office-based journalists is more like that of an editor than a reporter. “We are trying to combine traditional journalism with citizen journalism,” Min said. “This requires good communication skills to maintain this community of citizen reporters. Our model of community journalism and web sites is a unique model that no-one has done before, so everyone needs to be multi-skilled.”

In Thailand, the Nation Multimedia Group also saw that the future was in new media. When news breaks a reporter telephones the desk and the news is distributed via SMS so that audiences get news headlines first on their mobile phones, and then on the web, paying 49 baht a month for the service. The software for this was built in-house. A central desk in the company’s headquarters looks after breaking news for all the company’s media. Pana Janviroj, president of the Nation’s English-language division, said the company was diverting more print reporters to the Internet because they see this as the way of the future.⁸

BLOGGING, PODCASTS AND VODCASTS

At the end of 2006, the Nation Multimedia Group launched an innovative site called OKNation.net to stimulate audience-generated content. It was the brainchild of Adisak Limprungpatanakij, president of the Nation Broadcasting Corporation. Senior executives went to Seoul to study OhmyNews as a possible model. Charlee Waradee, the editor of OKNation, said, “We wanted everyone to be a reporter. It is a new model for Thailand.” The most active contributors, though, are the company’s photojournalists, who all have the latest equipment. “We encourage them to have blogs, with their own pictures,” Pana said. The company seeded the OKNation.net site with good content by requiring about 300 of its newspaper reporters to write blogs, and it became the first newspaper-produced blog site in Thailand. “It took off because we had so many reporters writing for it. We used the reporters to jump start it, and our reporters gave the blog diversity of substance,” Pana said. “We used newspaper reporters because they

knew their area of expertise. Initially they wrote about the things they wrote for the newspaper, but then it evolved. Blogs gave them something to try beyond what they did for the newspaper.”

Charlee Waradee said using *Nation* writers at the start was a magnet for readers. “Now more and more citizens are getting involved. In the cyber world people are more free to speak their mind.” By March 2007, the site had about 2,000 blogs. It also offers a photo gallery and video clips, but ultimately the company did not follow the OhmyNews route. “We concentrate on opinion pieces and blogs rather than citizen journalism,” Pana said. “A lot of Thais do not know how to write well enough for citizen journalism. So we started with blogs and will develop from there.”

Pana noted that it is not possible to take a model from one culture and impose it on another culture. “You have to understand different cultures, and appreciate different ways of doing things.” The photographs on the OKNation site, for example, are small because mobile phone cameras and cell phone infrastructure is not as sophisticated in Thailand as in Korea or Hong Kong. “We do not have 3G. The mobile phone network in Thailand is not even 2.5, more like 2.25,” joked Pana.

Inquirer.net in the Philippines launched its blog network early in 2007, and also started podcasts for senatorial elections. Editor-in-chief JV Rufino said the podcasts were a “runaway success.” “We sit the candidate down in our office for a panel session with reporters and we record the interview for more than an hour. I was not satisfied with the one-minute sound-bite mentality on television where candidates did not have time to discuss an issue fully. Our podcasts are in-depth. For our audiences it’s like sitting in on a panel interview.”

Rufino said he believes audiences learn a lot from an in-depth interview. “It’s the things that candidates say when they relax, what they say unconsciously, that reveals an insight into their character, which is something you lose in a sound bite. Any idiot can sound intelligent via a sound bite. It depends on the art of selection. We give the whole interview, so it’s in context.”

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The transcript is published on Inquirer.net so people who don't have iPods can read it online. Sections on specific policies, such as a candidate's views on same-sex marriages, are published in the newspaper with a link to the full transcript on the web site.

Inquirer.net set up a video channel on YouTube and also has a radio page, RadioInquirer.net, where it streams more than 40 radio stations. “Lots of Filipinos are on Friendster and YouTube. You can either play in the space where your audiences are, or you can ignore the whole phenomenon and wake up one day to discover that the average age of your newspaper audience is 65,” Rufino said. The average reader of *The Inquirer* is in the mid-50s, he added, which was not a good sign for the future. “My site's audience is aged 20 to 40. These are the peak working years with lots of spending power. Nowadays kids in their 20s do not read newspapers. They read but they do not read newspapers. They read online, they read blogs, but not print.”

In Malaysia, only a handful of reporters at the Star Group produced blogs or podcasts as of mid 2007, but a trio of *Star* reporters assemble a weekly video-based “vodcast” about football during the English Premier League and the European Champions League season. A new episode is recorded each Monday after the weekend's action and uploaded in the evening.

The Star Group's vice president for IT, Davin Arul, said the program was so popular the company had decided to make it a regular feature when the English season resumed in September 2007. “English Premier League is the big thing in Malaysia when it comes to soccer sponsorship and advertising,” Arul said.

THE FUTURE IS HERE

The companies highlighted in this essay all represent examples of how innovation and an embrace of technology advances can be good for business. Researchers at Carnegie Mellon University and the Massachusetts Institute of Technology (MIT) in the United States have provided strong empirical evidence for the claim that broadband Internet access drives economic growth. They looked at data from 1998 to the end of 2002 and found a strong correlation between business broadband access and job and IT growth plus a rise in property values, *Broadband Properties* magazine reported in December 2005 (www.broadbandproperties.com). The Australian government came to the same conclusion. Senator Helen Coonan, the federal minister for communications and information technology, said in 2007 that broadband access created knowledge that drove productivity and economic growth. “Broadband is critical for both the private and public sectors to compete in a modern global economy. It will underpin Australia's productivity gains and lock-in Australia's continuing economic prosperity and social well-being.”

The future is bright for Asian media companies that embrace technology and innovation.

Dr Stephen Quinn is Associate Professor of Journalism at Deakin University in Australia. He is the author of 10 books, including *Convergent Journalism: An Introduction* (2005), *Conversations on Convergence* (2006), and *Online Newsgathering: Research and Reporting for Journalism* (2007) with Stephen Lamble.