

CORPORATE LEGAL TIMES

Volumes of Change

Britannica Adapts to a Digital Future



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BEFORE YOU READ FURTHER, sign on to www.britannica.com, the extraordinary new web site at which you can freely access the entire 44 million words of the Encyclopaedia Britannica, as well as articles from leading periodicals and links to a universe of 1.2 million related web sites, many of them rated on a star system by Britannica editors. It's only after you experience this brave new world that you can appreciate the roller coaster ridden since 1986 by William J. Bowe, Britannica's executive vice president, general counsel and secretary.

Britannica was still a massive print set peddled door-to-door when Bill Bowe came to Chicago-based Encyclopaedia Britannica Inc. from United Press International. Direct selling was a fully mature, highly regulated industry. In addition to the legal issues involved with recruiting and maintaining the massive sales force, recalls Bowe, "Our balance sheet made it look like we were a finance company."

The company self-financed the consumer debt of those worthy parents who invested in the expensive print version. In those days, Britannica was faced with piracy of its intellectual property, but it was relatively easy to find. For example, knock-off editions of Britannica were published in Greece and Taiwan. Bowe's early enforcement role was focused on them.

But even when he came on board, print sales were declining, reflecting the growing availability of lower-cost CD-ROM encyclopedias. For many consumers, those encyclopedias were essentially free, as many comput-

er manufacturers bundled digital encyclopedias with desktop computers.

When the CD-ROM era arrived and the price point dropped dramatically, Britannica had to change. The legal department was heavily involved in the painful phasing out of Britannica's direct selling sales force, a familiar part of American culture for most of the 20th century. Britannica's business, however, didn't move sharply to the electronic realm until 1994, when the 24 volumes could be fit on one CD-ROM. In fall 1994, Britannica was made available online for the first time through site licenses over the Internet.

Crown Jewels for All

The move away from print publishing culminated in late 1999 when the "crown jewels," as Bowe calls Britannica's intellectual property, were made freely available to anyone in the world with a web browser. Now, the legal function is vastly different. "Internet publishing is a relatively lean and mean operation on the busi-

ness side, focused on getting the product out the door," says Bowe.

Even before Britannica went electronic, Bowe was helping to pave the way. In 1988 he began to get heavily involved in patenting the software necessary for Britannica's first multimedia CD-ROM. And Bowe's role in protecting the crown jewels against piracy has changed. No longer can he devote much of his own time and energy to enforcing Britannica's copyrights against obvious knockoffs such as those he found in Greece and Taiwan.

"Piracy is too wide-spread globally in the electronic era," Bowe says. So he has shifted his time and attention to working with trade associations with global reach including the International Anti-Counterfeiting Coalition and the Software and Information Publishers Association, both based in Washington, D.C., which have active enforcement efforts in the United States and abroad.

The need to enforce Britannica's copyrights and trademarks hasn't changed much

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Encyclopaedia Britannica Inc.



since it became free over the Internet. "If the Internet is all about eyeballs, we want to make sure that those eyeballs are looking at the right URLs," Bowe says.

In other words, Britannica's business plan, like that of most web publishers, is to make money through advertising and otherwise selling access to its readers. Bowe often meets with government officials, especially in Asia, trying to convince them that, in Bowe's words, "They must respect our intellectual property rights if they want to create an environment in which their own software developers can ultimately flourish."

But the enforcement part of his job is not where the main game is, Bowe says. He spends the largest chunk of his time on the business side, providing legal assistance in channeling the business into totally new channels of distribution. With the support of

Bowe's legal function, Britannica is entering into strategic alliances and partnerships that are critical to success on the Internet. Britannica has myriad agreements with other content providers and is developing content-sharing relationships with newspapers and other media, including radio.

Olympics Almanac

One of the most fascinating business arrangements that Bowe is working on involves the 2000 Sydney Olympics. He is negotiating with the Sydney organizing committee for Britannica to be the official provider of country information about Australia, sports graphics, sports rules and country-by-country Olympic histories. Britannica also is creating specialized content for Sydney's Olympic web site. Bowe is

using his inside legal staff, along with Australian counsel.

What strikes Bowe most profoundly about the changes he has helped to accomplish at Britannica is how the company has shed its image as being tired and backward.

"When CD-ROM came and the price point changed dramatically, our company had to change. But now we're through with the change. We are an Internet publisher," he says.

"I look at companies like Merrill Lynch & Co. Inc. that thought until recently that they had no reason to change. Now, they're playing catch-up, while we're ahead of the game. It's going to be interesting to see other industries go through what we did, and to see who can make the transition."