

ISO/IEC JTC 1
Information Technology

ISO/IEC JTC 1 N 6149

DATE: 2000-05-09

REPLACES JTC 1 N 6117

DOC TYPE:
Business Plan

TITLE:
Revised JTC 1 Business Plan for Standards Availability

SOURCE:
JTC 1 Secretariat

PROJECT:

STATUS:
This document is forwarded to ISO Council for consideration.
This document is based on the National Body comments received on JTC 1 N 6117 and on the results of the ballot resolution meeting held via conference call 2000-05-09. The Disposition of Comments Report will be available shortly.

ACTION ID: ACT

DUE DATE:

DISTRIBUTION: P and L Members

MEDIUM:

DISKETTE NO.:

NO. OF PAGES: 14

Secretariat, ISO/IEC JTC 1, American National Standards Institute, 11
West 42nd Street, New York, NY 10036; Telephone: 1 212 642 4932;
Facsimile: 1 212 840 2298; Email: lrajchel@ansi.org

**JTC 1 BUSINESS PLAN
on
STANDARDS AVAILABILITY**

EXECUTIVE SUMMARY

In response to JTC 1 Seoul Resolution 26, the JTC 1 Special Group on the Development of a Business Plan for Standards Availability met in New York City, 20 - 22 March 2000.

JTC 1 has lost considerable numbers of experts to participate in its work and is now at risk of failing in its mission to develop standards in the Information Technology sector.

- The rate at which New Work Items are being brought forward in JTC 1 is declining.
- JTC 1 is losing business to competitive standards developers in its sector, in part because of its pricing policy.
- The present approach is inhibiting the widespread application of JTC 1 standards.

JTC 1 believes that a new commercial approach is needed.

JTC 1 recommends the adoption of a new pricing model to replace the present model, which assumes that standards are only distributed on paper.

Elements of the proposed model are:

- Continuation of the terms of ISO Council resolution 50/1998 (“Signpost standards” and those already available free of charge elsewhere) allowing some categories of JTC 1 standards to be distributed free of charge.
- To help protect the existing revenue stream, the present pricing model for paper versions of standards should be maintained. Transition to a new financing model should be evolutionary.
- A two-year trial project to be initiated, covering all JTC 1 standards not already covered by resolution 50/1998 (see Annex A for details). After one year, JTC 1 will assess the results of the trial. Further actions will be determined by these results. Elements of the proposed project are:
 - All JTC 1 standards to be made available by ISO online with a fixed charge of 25 US \$. Where there are contractual arrangements with Standards Developing Organizations, a suspension of such arrangements for JTC 1 standards for purposes of the trial will be sought.
 - Royalty arrangements related to the sale of standards between the Member Bodies and ISO and IEC will not change.
 - JTC 1 should be empowered to make recommendations for special pricing arrangements (e.g. bundling of standards and academic pricing) for its standards.
 - The trial should investigate the use of other means of recouping a portion of the revenue by Member Bodies, ISO and IEC. This can be done via the strong promotion of JTC 1 standards; the use of sales banners, value added sales offerings, hosting or sponsorship of web sites, etc (Annex C).

This trial does not exclude other means (such as CD-ROM distribution, hyperlinked standards) of electronic standards distribution though for the purposes of the study, these efforts should be well documented and monitored (Annex B).

- The timing of such a trial is dependent on ISO’s ability and other participants to provide an online distribution mechanism

TABLE OF CONTENTS

1. MANDATE	5
2. OBJECTIVES	5
3. FINDINGS.....	5
JTC 1 Status.....	5
Status at other IT standards organizations	6
Possible pricing and distribution models	7
4. CONCLUSIONS.....	7
5. RECOMMENDATIONS.....	9
6. ANNEX A: TRIAL PLAN	10
Success Criteria:	10
Assumptions:	10
Summary	11
7. ANNEX B: DISTRIBUTION, PRICING AND PACKAGING RECOMMENDATIONS	12
8. ANNEX C: ISO and Member Bodies new revenues sources.....	14

1. MANDATE

At its Seoul Plenary of 1999-11, JTC 1, in response to ISO Council Resolution 34/1999, established a Special Group to develop a Business Plan to demonstrate how to generate an agreeable amount of revenue in light of JTC 1's desire for free or inexpensive standards availability.

The Terms of Reference of this SPECIAL GROUP (resolution 26 of the JTC 1 Seoul Plenary) are as follows:

The Business Plan (Business Model) will address both free availability of standards and new pricing models for standards, such as significantly reduced prices for electronic copies of the standards and reduced priced for certain classes of purchasers, such as academia.

The Special Group shall complete the Business Plan by 1 March 2000, to allow time for a 60 day JTC 1 letter ballot to approve the submittal of the Business Plan to ISO Council for consideration at its June 2000 meeting. The Business Plan should also be provided to the IEC.

The Special Group will use electronic means of operation as much as possible, but is authorized to hold one meeting, if necessary.

2. OBJECTIVES

While working to fulfill its mandate, the Special Group identified the following objectives to be addressed by the business model:

- Increased usage of JTC1 standards
- Increased competitiveness of JTC 1 for standards development and delivery
- More active and effective participation in new areas of work within the scope of JTC 1
- Continued support of National Bodies in the JTC 1 standards development process
- Utilization of the JTC 1 business model as a new model for electronic standards distribution throughout ISO and IEC

3. FINDINGS

JTC 1 Status

- As previously agreed with ISO Council (resolution 50/1998), JTC 1 TRs, Technical Corrigenda, Reference Models, standards that serve as pointers to other standards, and standards for which authorized identical documents are freely available in electronic format elsewhere, are available free of charge.

- JTC 1 scope is broad, especially with the explosion in the development and the use of IT in the last 10 years. This means that there can be considerable variations in market requirements for its products.
- Sales are known to be decreasing for one National Body (Sweden). There was a perception among other National Bodies that sales were decreasing, but no data was available
- At the same time, it is known that two National Bodies (Sweden and the US) are adopting policies which decrease their dependency on revenue derived from the sale of JTC 1 standards.
- Revenues from value added services are increasing for many National Bodies, however there are still many National Bodies that are heavily dependent on the sale of standards.
- Existing pricing structures are:
 - At the ISO and IEC level – either price-per-page for paper copy or free (ISO Council resolution 50/1998) for online copies for certain documents.
 - At the National Body level - more sophisticated distribution, pricing and packaging models are used after national adoption of the International Standard.
- JTC 1 is losing work in some areas to other standard setting communities because of the non-competitive JTC1 distribution model. Examples of this are:
 - SC 34 to the World Wide Web Consortium (W3C)
 - SC2 to Unicode Consortium
 - SC6 to Internet Engineering Task Force (IETF)

Status at other IT standards organizations

- Other organizations that develop standards for information technology are increasingly using different business models.
 - ECMA has for many years provided its standards for free on the premise that its members' interests are best served by the widest possible distribution and consequent implementation of its standards.
 - More recently, other organizations such as the World Wide Web Consortium (W3C) and the Internet Engineering Task Force (IETF) have chosen to make their standards available in electronic form at no charge.
 - The Unicode Consortium has made its standard (equivalent to ISO 10646) available through a commercial publisher at a nominal \$49.95 – substantially less than the price of the ISO version.

These and other organizations have chosen to fund their infrastructures through alternative means such as membership dues and meeting fees.

- In the formal standards community, telecommunications standards developers in both Europe (ETSI) and the United States (Accredited Standards Committee T1)

have chosen to make single copies of their standards available in electronic form at no charge while continuing to charge for paper copies or compilations on CD-ROM. As with the other organizations, this industry has decided that wide availability is something that its members are willing to pay for.

- Finally, trials in the US (e.g. at Accredited Standards Committee NCITS) have indicated that substantially reducing the cost of obtaining standards electronically may lead to significantly wider distribution, making significantly lower prices a practical financial alternative.

The emergence of organizations that compete with JTC 1 for both technical resources and global recognition in standards development, but whose “product” is available at low or no cost, has the potential to significantly disadvantage JTC 1 as a provider of international information technology standards.

Possible pricing and distribution models

In view of the above, some of the possible approaches that could be taken are:

- JTC 1 should be able to recommend pricing and distribution structures for individual standards or sets of standards.
- Special pricing could be available for academic or non-profit organizations when such markets exist.
- Business models could have the flexibility to dynamically adjust themselves to the life-cycle of the standards e.g. many standards (such as media and credit cards standards) see the majority of their sales in the first six months after publication while others (e.g. process standards) maintain a constant volume over a number of years.
- Another approach suitable for certain standards may be to have the standard free or readily available for a short period after publication, followed by the more conventional pricing mechanism.
- A flat pricing structure for online distribution is appropriate in this marketplace, is easier to implement, and is more convenient for customers. This is the model the Special Group ultimately felt was the best for the trial.

4. CONCLUSIONS

- JTC1 may be unable to compete in new business areas because of the non-competitive JTC1 pricing and distribution model. A recent example of this is the loss of the XML (a key electronic commerce standard) work to the World Wide Web Consortium (W3C).
- Any transition to a new financing model should take into account National Body needs and be evolutionary. However, change is inevitable:
 - National Bodies’ financing models need to evolve.
 - Dependencies on the sales of JTC1 paper standards is not, long term, a viable business model for National Bodies.
 - Price per page is not a suitable business model for electronic distribution or all type of standards.

- Pricing of JTC 1 standards should reflect market expectations regarding the sale of standards.
- Revenues from the distribution of JTC1 electronic standards and value added products will increase and suitable business models are needed for National Bodies.
- To be able to maximize value-added products revenues, JTC 1 standards circulation must be optimized.

5. RECOMMENDATIONS

That ISO and IEC:

- Maintain ISO Council resolution 50/1998.
- Protect the existing revenue stream by maintaining the present pricing model for paper versions of standards. Transition to a new financing model should be evolutionary.
- Agree to implement a trial on standards availability. The key objective of this one year trial is to move from the current state where standards are either free (online) or priced by the number of pages (paper) to a new model driven by market expectations. The key element of this trial is that all standards sold online will have a fixed price (Annex A).

If ISO and IEC approve the above, JTC 1 will:

- Implement a procedure by which SCs will be able to recommend, with a proper business case, pricing and packaging for the standards they are developing and maintaining.
- Invite its SCs to comment on the pricing proposal and come with pricing and packaging recommendations, with a proper business case, for all the standards they are currently developing and maintaining by the end of the trial. These recommendations will complement the results of trial.

6. ANNEX A: TRIAL PLAN

Success Criteria:

Make JTC 1 standards *freely available* without negatively impacting the current revenue stream to ISO (and the equivalent revenue stream to its Members Bodies).

Assumptions:

1. In order for a trial to go forward, JTC 1 requires greater detail from the National Bodies (Member Bodies) about their current sales situation. An “agreeable revenue for the work done” can only be determined by a clear inventory of such work. Goals, objectives, and deltas for the trial must be based on current sales figures.
2. The trial applies to all of JTC 1’s standards.
3. The trial should take place for a two-year period. After one year, JTC 1 will assess the results of the trial.
 - Without sales information from the Member Bodies, a price point for all standards can only be set from a “marketing perspective”. Therefore, for the ISO online, electronic sales of standards, a processing fee of 25 US \$ per standard will be set (where there are contractual arrangements with SDOs, a suspension of such arrangements for purposes of the trial will be sought).

The 25 US \$ price is seen as the highest threshold, beyond which the price of the standard adversely affects distribution and is a disincentive to the creation new standards. The primary reasons for making this non-zero are:

- To reduce the likelihood of frivolous downloads and the consequent bandwidth consumption
 - To provide at least some of the lost revenue during the trial period
 - To recover some of the cost of development and distribution from non-participants
 - To gather minimal marketing information from the purchasing community.
4. Royalty arrangements related to the sale of standards between the Member Bodies and ISO and IEC will not change.
 5. The web-based availability of JTC 1 standards at nominal prices will greatly increase the public awareness of JTC 1 standards. Significant public relation activities must promote the sale of standards during the trial. Any “ripple effect” on the sale of other ISO/IEC standards or national standards should also be monitored.
 6. Based on the limited data available (which included standards sold in multiple parts) the *average* current price of all JTC 1 “paper copy” standards sold through ISO is 100 US \$. Approximately 30,000 standards must be sold (four times the current sales) to maintain the current revenue stream strictly through the means of increased volume.
 7. The trial should investigate the use of other means of recouping a portion of the revenue by ISO, IEC, and Member Bodies. This can be done via the strong promotion of JTC 1 standards, the use of sales banners, value-added sales offerings, hosting or sponsorship of web sites, etc. (Annex C). This trial does not exclude other means (such as CD-ROM distribution, hyperlinked standards) of electronic standards distribution though, for the purposes of the trial, these efforts should be well documented and monitored (Annex B).

8. The timing of such a trial is dependent on ISO's ability (as well as those Member Bodies wishing to participate) to provide an online distribution mechanism.
9. The trial will start once ISO approve this business plan.

Summary

- The scope of this trial is the online electronic distribution of JTC1 standards. Participation is by ISO and by Member Bodies who wish to participate.
- This trial does not directly modify the present pricing nor marketing model for the distribution of paper copies of standards.
- The trial will open another revenue stream from the online distribution of standards.
- Financial risks may come from the potential cannibalization of current online revenue for paper documents if the new revenue stream does not compensate such loss.

Based on the substantial benefits to be incurred for increasing document availability; improving ISO's reputation, increasing the participants in JTC 1's program of work, and achieving greater utilization of ISO standards by the information technology community, the budgetary risks inherent in this test are judged to be minimal and within the capabilities of ISO and each of its participating Member Bodies.

7. ANNEX B: DISTRIBUTION, PRICING AND PACKAGING RECOMMENDATIONS

It is necessary to make a distinction between document content, document formats, document packaging and document distribution mechanisms.

Document Content is created by the technical group.

Document Formats include:

- Microsoft Word and ASCII Text (for documents intended to be included in other documents)
- Acrobat PDF (for documents intended to be published or printed, retaining pagination and original formatting.)
- HTML (for documents intended to be a non-linear set of internally hyperlinked web pages viewed with a browser)

Document Packaging refers to how documents are bundled for delivery. Examples of packaging models include:

- Sets of related documents delivered in HTML which are all hyperlinked together under a master "Table of contents" or equivalent
- Sets of related documents delivered in PDF intended to be printed

Document Distribution can be generally broken down into paper distribution vs electronic distribution. Paper distribution models and mechanisms are fairly well understood although their usefulness and desirability is declining rapidly.

Electronic Document Distribution provides an opportunity to minimize cost-to-deliver while enlarging the total market available for the product and providing the opportunity for value added products and services. Electronic document distribution mechanisms include, but are not limited to:

- CD ROM – most likely part of a subscription service and mailed to subscribers. Alternatively an "off-line" mechanism for delivering "on-line" products. The CD-ROM may have all contents available or segments available only by subscription type, which may vary substantially in price depending on the extent of the content delivered.
- E-Commerce (download) - the default mechanism for acquiring individual standards via web access. This is the now conventional shopping-cart approach to on-line shopping.
- E-Commerce (online) - a yet-unexplored mechanism whereby online HTML documents contain HTML "targets" for each numbered paragraph, figure and table. This enables specific components of a standard to be directly referenced by non-ISO purchase specifications, web sites and documents.
- E-Mail notifications - a simple form of update in which subscribers are notified that a new version, addendum or errata is available and may be downloaded from a specific site.
- E-Mail update - this is most likely part of a subscription service to deliver new version, addendum or errata directly to subscribers.

It should be noted that in some instances, the document format and distribution mechanisms are tied together – examples being HTML, a document format intended to distribute content as a human readable electronic browser page or PDF, a document format intended to present content as a printed page.

All of the formats can be distributed via all of the mechanisms, but some combinations are more suitable than others and some combinations have a higher cost to implement (and result in a higher price to recover that cost). Any pricing formula must understand those differences. Any customer must have the right to choose any of the distribution mechanisms, understanding that there may be a premium cost involved, especially where paper is involved.

Pricing Models to support the above can be broken into two segments - cost-recovery based and revenue based. Cost-recovery based models can be developed only if ISO and NBs are willing to participate in sharing information. The cost model must be known before any cost-recovery model can be developed.

With respect to revenue based models, sales can be broken down into Publication-based vs. Subscription-based

- Publication based
 - Per Standard
 - Per use
 - Per collection
 - Technical direction related
 - Complete collections
- Subscription based
 - By corporate entity (library, government, private corporation, etc)
 - By geographic entity (encompassing multiple national bodies)
 - By National Body
 - By individual

8. ANNEX C: ISO and Member Bodies new revenues sources

New Revenue Sources:

Value Added Services

- Subscriptions
 - Associated discounts
 - Updates designed by Sector
 - Participation in Consultative Groups
 - Paid access to restricted servers at National/ISO level

- Packaging of Standards
 - Families
 - Informative/Guidance documents

- Training & Education Services
- Accreditation of Certification/Auditing agencies for a fee
- Web based advertising banners
- Commercial Call Center (ISO or National level)
- Charge membership fees to support the distribution of freely available standards
- Virtual meetings
- Web based discussion groups
- Electronic Distribution of documents/standards