

UPDATE TO FINANCIAL MEDIA LANDSCAPE**Overview**

Thomson-Reuters, the global purveyor of financial news and data, recently announced a little-noticed yet thought-provoking addition to their suite of services: a new online video-on-demand service, which will include thousands of videos and transcripts on a range of topics. As characterized by *The New York Times*, the service will allow a user to “search the entire database of videos for any that mention a particular topic, person, industry or company [while compiling] a montage that pulls out the quick bits of relevant video on a subject and strings them together.”

In our view, this innovation provides the latest evidence that corporate newsgathering is joining the stampede away from “old” media towards user-generated content that is online, impromptu, and immediately accessible. Shoichi Nakagawa, the former Finance Minister of Japan, learned firsthand the power of this evolution during the G-7 conference in February. To put it generously, Mr. Nakagawa looked like someone who hadn’t eaten his Wheaties: slightly incoherent and clearly very drowsy, he quickly became a YouTube sensation and proved a national embarrassment at a time when the global citizenry is expecting (at a minimum) alertness from their financial leaders. Five years ago, his gaffe might have been ‘contained’, buried in a *Wall Street Journal* article or referenced during a nightly news program. In this era, however, he stood no chance his appearance was viewed hundreds of thousands of times on YouTube, and the narrative spun far beyond his control. He resigned three days later.

Reputation signed, sealed, and delivered.

Discussion

Mr. Nakagawa for better or worse was caught in a paradigm shift. In the era of traditional broadcast dominance, every moment was scripted, anticipated in advance, edited, and distributed through established channels. Even ‘live’ broadcasts were highly choreographed; after all, if one knows they are going to be on live television, one comports themselves accordingly. What Mr. Nakagawa’s YouTube moment crystallized is the near-total collapse of this model: in an instant, one person with a camera and upload capabilities to the internet wields the power to erode scripted artifice and expose candid moments for all to see and hear.

This brings us back to the latest offering from Thomson-Reuters which, while not yet a full-on YouTube revolution, nonetheless points to profound change in how corporate news is gathered and distributed. An off-the-cuff comment at an Investor Conference, industry roundtable, research seminar or any other forum which shares a content agreement with Thomson may now, conceivably, be accessed as readily as a Company’s current stock price.

Adept politicians have responded effectively to this new media environment, in part, by embracing message discipline as never before and adopting co-option strategies. Taking a page from their playbook, we believe corporate executives should consider the following in this new environment:

- **Renewed Focus on Message Discipline:** For years, corporate executives have endured the painful rite of media / message training without, in many cases, truly understanding the rationale behind it. The advent of ubiquitous, on demand video from corporate conferences and related 3 events greatly increases the need for this skill, as the potential audience for such appearances now includes any investor or stakeholder with the right data subscription. Conveying a consistent, memorable, and compelling message - and adeptly returning to the message when answering questions - therefore takes on added importance.
- **Enhanced Monitoring:** With the potential for greatly-enhanced distribution of video content comes a corresponding need to vigilantly monitor management's public appearances. As any effective political researcher will attest to, the first step in any opposition research campaign is to first understand your own client better than anyone else. The same now holds true for executives, for whom an off-handed comment at a mid-quarter investment conference may be unearthed with a key-stroke and cited during a subsequent earnings call with investors (to cite just one example). This creates a new responsibility for corporate teams to thoroughly monitor and capture all corporate conferences and appearances while committing additional resources and time to prep sessions.
- **Co-Opting New Media Environment:** In an era in which managing and controlling your message to investors and other stakeholders is more difficult than ever, the advent of the Thomson-Reuters video service exacerbates the challenges. Even in a "controlled" setting such as an investor conference, one gaffe can be captured, annotated, and distributed beyond companies' control. While this potential cannot be eliminated, we believe it is prudent - at a minimum - to consider means by which companies can leverage new media dynamics for their own, directly beneficial use. Increasingly, for example, companies now supplement traditional earnings releases with a video message from the CEO for direct distribution to key stakeholders. Healthcare leader Sanofi-aventis recently leveraged this tactic in conjunction with their Full Year 2008 earnings. Dell has also embraced social media in innovative ways, as highlighted by its "Dell Shares Blog" that addresses earnings-related issues.

Going Forward

While the Thomson-Reuters service is being launched initially as "walled garden" (i.e. exclusive information provided to paid users only), that will change. The march of technology, coupled with vigilant investors demanding enhanced transparency and accountability, signals that the same dynamics that have fundamentally transformed traditional broadcast media are at work in the world of corporate and financial communications.

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