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Digital content industry needs collaboration

The fledgling digital content industry in Australia faces significant problems finding its niche in the global marketplace, and content providers will need to collaborate to create successful business models and share development of infrastructure, according to a recent paper released by the Federal Government.

The small size of the Australian digital content and applications development industry was a “major limitation” for local content developers, hindering their ability to compete in world markets, according to the

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Repeal online censorship laws: report

Amendments to NSW censorship laws criminalising the placing of X and R rated material on the internet should be repealed because they could restrict freedom of expression, treat the internet differently to other sources and are unenforceable, according to a NSW parliamentary committee.

In December last year the NSW Parliament passed the Classifications (Publications and Computer Games) Enforcement Amendment Bill 2001 (the Bill), which was immediately referred to the Standing Committee on Social Issues by Attorney-General Bob Debus. Its recommendations on Sch 2 of the Bill, dealing with online material, were released last week (see *ECT issue 169, Dec 20 2002*).

The committee agreed “extremely offensive material” should not be available on the internet, children should be protected from “unsuitable internet content”, and those that make it available should be punished. However, it felt children would be better protected by public education, parental supervision and the use of filtering software.

It said the posting of “dangerous or offensive” material, such as child pornography, should be criminalised, but the committee pointed out the existing *Crimes Act 1900* (NSW) already dealt with pornography online, including much higher penalties than the Bill, and that Act should be reviewed to ensure it allowed the effective investigation and prosecution of people who provided this sort of information on the internet.

The committee found the Bill would not meet the policy objectives of deterring provision of “objectionable matter” or protect minors from unsuitable material in “any practicable sense”. It could also restrict the legitimate use of the internet by adults, possibly criminalising online “academic or other material” that is legitimate offline. It also stated it would be difficult to enforce “without an unrealistically high level of resources”. See: www.parliament.nsw.gov.au

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Australian software piracy reduced

Despite a global rise in software piracy, Australia is resisting the trend, according to a study released this week — but representatives of software makers warned against complacency, calling for tougher enforcement as broadband internet usage grows.

According to the 7th annual Business Software Association of Australia (BSAA) piracy study, pirated software accounted for 27 per cent of all software installed in Australia in 2001, down from 33 percent in 2000, against a world rise from 37 percent to 40 percent.

This result was “positive”, but was a “long overdue correction” bringing Australia’s rate close to the UK, US and New Zealand, according to Jim Macnamara, Chairman of the BSAA.

He said the reduced rate reflected “recognition of the value that IT and software play in our economy”, but there were still significant monetary losses due to piracy in Australia and greater protection for intellectual property was needed.

“The BSAA is also concerned that the increased use of the internet and broadband technologies could send piracy rates up. Internet piracy has the potential to make all other forms of piracy seem obsolete, yet Australia lacks any substantive criminal and enforcement framework,” he said.

Senator Richard Alston, Federal Minister for Information Technology, said the study was evidence that amendments to the *Copyright Act 1968* (Cth), covering digital content which commenced last year, were working.

Eastern Europe had the highest rate of piracy at 67 per cent.



Digital content industry needs collaboration

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Creative Industries Cluster Study by the Department of Communications, Information Technology and the Arts.

"It is interesting to observe that while digitisation has led to significant changes within some industries, there has so far been little apparent impact on the linkages and extent of collaboration between industry sectors," the report noted.

"Australia's relatively small and fragmented industry" was in contrast to direct government support and increasing levels of "vertical and horizontal integration" observed overseas. Local companies were threatened by "marginalisation in the global value chain", the report warned.

The primary "market failure" was fragmentation, with little effort expended by companies to help each other. This led to a lack of information being passed on about good business models and infrastructure that would help the growth of the industry, including the development of digital rights licensing and management systems.

The study advocated government intervention to increase co-operation, as well as "creating and diffusing knowledge about prospective business models" through educational institutions and industry associations; helping to commercialise new opportunities; and funding commercial pilots of digital services.

See Focus page 3.

Banks lead customers online

Australian banks are well on their way to providing all transactions over the internet, but most Australians still prefer to conduct their banking in person, according to recent analysis.

Nearly 42 per cent of the major banks services offered "semi-virtual" access over the internet, including acceptance of deposits, online personal loan approval, "real time" processing of credit card applications and insurance, stated a working paper by the Market Intelligence Strategy Centre (MISC).

This contrasted with the last survey in September 2000, which found some "virtual application and purchase services" across only 25 per cent of products.

The MISC has identified three stages of a "virtual banking application life cycle", with most Australian banks at about the second stage, reached when "more than 11 services can be automatically accessed with just a computer and a phone".

While the public is not persuaded by the banks' enthusiasm, with almost two-thirds (65 per cent) preferring to conduct their banking in person, the study said the popularity of internet banking had grown, with 32.7 percent in December preferring it to face to face contact, up from 26.9 per cent in September 2000.

The third stage of internet banking — the "ultimate virtual world" with all services online — remains "elusive", according to the working paper, with many settlements still requiring a physical presence at some point in the process. The most automated processes included personal loans and credit card approval, with turnarounds in less than 24 hours, and some deposit accounts can be fully activated with just an online application (see *ECT issue 180, Apr 12, 2002.*)

Start-up for broadband content

Productions aimed at young people and for educational purposes will be made specifically for release over broadband internet through the ABC website, following the allocation of Federal Government funding announced last year.

Under the Government's \$2.1 million Broadband Content Fund, announced in August, \$1.8 million will be given by the Australian Film Commission (AFC) to assist the production of youth oriented programs and to help "encourage cooperation and crossover between interactive digital media and film and television communities," said Senator Rod Kemp, Minister for Arts and Sport, last week. (see *ECT issue 154, Sept 7 2002.*)

A spokesperson for the AFC said the remaining funds hadn't been completely allocated yet, but some was being used for seminars being held around the country until early July. She said these were aimed at attracting people from the film and television industry to help "brainstorm" ideas for the project funding and share views from overseas.

The first online documentary produced for broadband by a collaboration of the AFC and the ABC was also launched last week. *A Year on the Wing*, which follows the 12 month migration of an Eastern Curlew, provides television images through the ABC website and allows anyone watching it to add their own views, photographs and stories.

The new funding is aimed at "ambitious projects" run by experienced production teams, with money given for all work or in partnership with private organisations. Kim Dalton, Chief Executive of the AFC, said there was increasing convergence of new and traditional media and they were "committed to ensuring that Australian audiences ... have access to a range of Australian content in these areas."

The money from the Broadband Production Initiative will be allocated in lots of between \$250,000 and \$500,000 for at least six projects, which are expected to be online by July 2004.

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FOCUS: DIGITAL RIGHTS MANAGEMENT

Open source fight patentees over standard

Various organisations have developed proprietary software language standards to allow publishers in digital formats to restrict access to intellectual property but, as with many areas of the internet, a tussle is now emerging between large companies that want their software accepted as a global standard for all digital media and others that want royalty-free standards.

Renato Iannella, a board member of the World Wide Web Consortium (W3C) and director of a digital rights software company in Australia, IPR Systems, is in the midst of trying to get standards setting bodies for all digital mediums to accept his company's royalty-free Open Digital Rights Language (ODRL).

"Royalty-free standards are threatened ... there have been lots of threats over royalty free standards. Some companies are trying to force the patents over these standards too, so if you use that and you go toward that right ... we have to pay just to use that standard," he warned.

He believes ODRL will be widely accepted, and plans to announce the first body to take it on in the near future. MPEG, which sets the standard for the digital provision of audio and visual content, have already accepted XrML, developed by Microsoft and Xerox, for its new MPEG-21 standard, which describes relationships between various multimedia elements.

"The fact is ... you would have to pay royalties to Microsoft and Xerox" when using this standard, he said. He claimed the process for the development of the standard was controlled by large content providers. "MPEG is very much [done by] the big end of town and they can make deals with companies like Microsoft."

Enforcement of rights in digital medium failed

Companies that focused on developing security systems to ensure only authenticated persons can get access to intellectual property in digital formats have largely failed, and there was a need to provide clear indications of rights, according to some legal and technical experts.

There was often "very little documentation about how [digital] documents were acquired and created," said Mia Garlick, a lawyer in the Digital Rights Management (DRM) Group of Gilbert + Tobin at a recent conference. "[It is] then very difficult to ascertain what the particular rights are for any one person."

Renato Iannella, Chief Scientist at Australian software company IPR Systems, said improving that situation should now be the goal for DRM software and standards development, but companies had focused on "digital rights enforcement" and were losing money because the software slowed down access too much.

"Their approach is to use the strongest encryption techniques, which sacrifices the usability from the end-user's perspective. That is, they make it really hard for legitimate owners to use the content," he said. He pointed to the recent multi-million dollar losses made by US firm, Intertrust, as one example.

He said management of rights digitally should not be focused on "locking up rights", but software should be developed to deal with the whole process.

"Companies have really taken [to] a more end-to-end solution, it is [the] whole process that should be involved." Once such systems are in place, he believes they will allow the re-use of perfect copies of music, films and information quickly and efficiently while addressing all the different levels of intellectual property rights that might exist.

"The fact that it is a digital file makes it easier [to re-use]. Re-use comes in various forms and most of it is not legal. Technically it is illegal to re-use anything from the Web and so the re-use has to be managed more effectively and more upfront," Iannella explained.

IP rights standards required for e-learning

The ability to exchange and re-use courses provided online should provide great economic advantages for universities, but building a system to more easily identify and respect intellectual property rights must be implemented before that can be realised, according to a recent Federal Government commissioned paper.

Many different "layers" of rights need to be incorporated if an adequate digital rights management system is to be developed for the higher education sector, according to *Digital Rights Management (DRM) in the Higher Education Sector*, a paper released by the Department of Education, Science and Training.

It stated the needs of the higher education sector for DRM "go well beyond the issue of rights enforcement as promulgated by the software industry", often involving the re-use of information over long periods of time.

"In a thriving online learning environment, there will be extensive movement of learning and information resources and re-use, or re-purposing, is integral to the way online learning takes place," it stated — but this had been limited by the expense and difficulty of "retrospective discovery of ownership of intellectual property".

The paper recommended that Instructional Management Systems (IMS) Australia, a body tasked by the Federal Government with developing standards for online exchange educational resources, take a lead in developing DRM standards for use worldwide.

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CASE STUDY: REAL ESTATE PORTAL

The founders of a real estate portal in Western Australia have managed to survive the dot com crash and a difficult market by maintaining a close relationship with their customers, keeping costs down and diversifying their business.

Aussiehome.com started life in December 1999, just before investors in dot coms took fright, yet it has managed to pay its way with a sophisticated website and a small staff, and by actively seeking customers. The profits have come by adding extra services.

"Really we are more about delivering multimedia services to [real estate agents]," said co-founder and director Charlie Gunningham.

These services include developing websites for their agents. They have done this for about 50 clients so far. They also haven't been shy about turning to traditional print methods, and they now publish a real estate magazine called *The Life* targeted at the western suburbs, inner city and Fremantle, something their clients advised was sorely lacking.

The website also contains marketing for property developers, including artists' impressions, photographs and floor plans of new properties as they are built.

At present their clients include about 80 "boutique" real estate agents, listing about 3000 high value properties in the western suburbs of Perth, as well as a small number in other parts of the state. They plan to create a stronger presence in the south west of WA and then in Melbourne in the next year.

They have also sought to widen their appeal in other ways. Instead of competing with other portals, they are forming alliances. Realestate.com.au is now conducting a two month trial with listings from aussiehome on its site.

Gunningham said many estate agents were sceptical when he told them of the deal but were obviously pleased. "People don't want to sit there updating three or four websites." The arrangement provided realestate with access to a market where they don't have a strong presence and allows both to take on the real target.

"Really we are trying to take on print media," he said. He admits they are a "peanut" in terms of market coverage and revenue compared to the classifieds, with only a fraction of about 700 agents in Perth, but believes many people are warming to web-based services.

"We can see it every month. We are stealing more revenue." Although he doesn't think people are going to abandon newspapers to find real estate for some time to come, he is confident a significant number will turn to the convenience of online searches over the next decade.

Aussiehome also has the only interactive map on a real estate website in Australia. Developed by a Perth company, it allows users to search by zooming into maps of suburbs and clicking on individual houses to see details. See: www.aussiehome.com.

DIARY

June 19: Travel business online. Free e-marketing seminar for travel agents, 9am - 12pm, Sabre Pacific, Level 1, 15 Bourke Rd Mascot, Sydney. RSVP by June 12 on 1300 300 033 and press 5 OR email events@sabrepacific.com.au

June: Rational Software and IBM. "Experience Liberated Development" A free seminar series for Java developers and IT practitioners on Rational XDE Professional Java Platform and IBM WebSphere Application Developer J2EE IDE, all major capital cities. Visit www.rational.com/australia/seminars or call (02) 9419 0100.

June 17-21: Nielsen Norman Group User Experience 2002 Conference: Sheraton on The Park, Sydney. Visit www.nngroup.com/events/ or call (02) 9965 4327.

July 22-24: Managing IT Outsourcing Contracts. Improve the performance of your IT outsourcing by attending this IIR conference. Contact Tracy Hart on (02) 9923 5081 or visit: www.iir.com.au/conferences/?webpage=itout-info

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