Products & Services PPC
Periodicals Package Committee

Net Revenue Distribution Methodology Update

John Barr, PPC Chair
Nov 13, 2003

2003 Periodicals Package Committee

Voting Members
Chair: John Barr, MTTS
Member: Jim Aylor, CS
Member: Beth Moeller, PCS
Member: Joe Herkert, SSIT
Member: Len Shaw, CSS
CPC Chair: Roger Sudbury, MTTS
CPC Member: John Reagan, Div IX Director-Elect

Corresponding Members
Eby G Friedman, CASS
Kishore K Ramu, IES
Piero P Bonissone, NNS
Rangachar Kastur, CS
Baldwin Bridger Jr, IAS

Staff Support
Periodicals Product Manager: Laura Pohl

Committee e-mail alias: tab-ppc03@ieee.org
PPC Charter

“The Periodicals Packages Committee (PPC) shall identify and recommend to the Products & Services Committee new or enhanced technical services of benefit to IEEE technical entities and individual members”

Including “Review the distribution of TAB periodical package revenue to the TAB entities, and recommend modifications to the distribution formula, as appropriate”

PPC Charge

“The Periodicals Packages Committee (PPC) shall identify and recommend to the Products & Services Committee an ‘improved’ method for the distribution of TAB portion of the periodical package revenue to the TAB entities”
**History**

**Early 2002** – PPC restarted discussions on revenue distribution algorithm and started meeting (roughly) bi-monthly

**Nov 2002** – First informational presentation suggesting usage concept to TAB
  – CPC participation started, looking to future application of similar concepts to conference publications

**Feb 2003** – Base, Content, Usage concept presented to TAB

**June 2003** – More complete proposal & presentation to TAB with actual data

**Nov 2003** – Formal proposal to TAB for 2005 initial implementation

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**Basic Proposal**

The new algorithm will apply to only TAB’s portion of the IEL/ASPP on-line revenue

The previous approach will be maintain for the Periodical print generated revenue

No change (*at this time*) to the Conference Publication revenue distribution approach

Implementation date: calendar year 2005

The basic factors in the new algorithm are: Usage, Content and a Base distribution

The weighting of these factors are: Usage (50%), Content (35%) and Base (15%) (*unchanged from June presentation*)
Detailed Proposal (Usage)
Usage defined as “Article Views” for on-line material full content (i.e. PDF, HTML), not abstracts or search hits
Includes access of all content in the database
For year X’s budget, based on calendar year (CY) X-2 activity
In year X, actual distribution will be based on year X revenue forecast and usage data from year X-1, in FM13 there will be a final adjustment based on revenue actuals.
This is based on single CY access, but it’s recommended PPC monitors to determine if a different (multi-year?) time span is more appropriate. Additionally, future consideration should be given to using year X usage data in the FM13 adjustment
Usage measured by use of only institutional package users (IEL/ASPP Online), not usage in other venues (i.e. member subscription pick-up)
Publication’s portion is proportional to its share of the total institutional periodical package usage

Detailed Proposal (Content)
Based on the amount of content (“articles”) contributed to Xplore
For year X’s budget, based on CY X-2, X-3 & X-4 -- 3-year window
In year X, the actual distribution will be adjusted in FM13 based on content numbers for years X, X-1 & X-2
Publication’s portion is proportional to its share of the total periodical article content
For Magazines, only peer-reviewed content will be included in the content factor (Note: usage will include all content even non-reviewed content)
Detailed Proposal (Base & Phasing)

Base
Equal distribution to all societies / councils that provide periodical publication content in that year to Xplore

Phasing
There will be a 3-year phasing-in cycle. If first year is X, then:

In the initial (X) year, 1/3 of the revenues will be distribution based on the new algorithm and 2/3 based on the ASPP (print) algorithm

In year 2 (X+1), 2/3 will be distributed using the new algorithm and 1/3 using the ASPP algorithm

In year 3 (X+2) and forward, 100% based on the new algorithm

Detailed Proposal (Additional Items)

PPC Proposal: All new periodicals become eligible in the first year in which they have content contributed to Xplore

Does TAB want to retain explicit (vs default) control of the inclusion decision of new periodicals in the distribution algorithm?

There will be no page count penalty for the On-line revenue distribution
Detailed Proposal (Regular Review)

The PPC shall review prior to each budget cycle (by February TAB meeting), the performance and parameters of the new Online Net Periodical Revenue Distribution algorithm. If appropriate, the PPC will present to PSC and TAB suggested modifications in cases where algorithm improvements are indicated. These changes could include suggestions for changing the transition period, changing the window of measurement for usage or content, modifying measurement approach for usage or content, changing weighting factors, ... PSC & TAB approval will be required for all changes.

Usage Rates for 2003H1

- Over 2X Institutional Usage rate for 2003H1 vs 2002
  - Even excluding legacy data, still 2X

- Legacy Data
  - Pre-1988 content is now in Xplore for 43 pubs
  - ≈ 10% of 2003H1 usage was pre-1988 content
Usage Correlation 2003H1 vs 2002

Correlation between 2003H1 vs 2002 Xplore Institutional Usage
(Only Pubs that existed in 2002 & based on 1988-200x issues)
Issues from June TAB meeting (1)

• Usage Data Volatility
  – see previous charts

• Search, Ontology & Indexing Issues
  – PPC saw this as out-of-scope of our charter but recommends that Xplore team (plus those already involved this area) continue improvements in search methodologies to get the most pertinent articles visible to users with the least effort. This will enrich the users experience and lead to increased usage for all.

Issues from June TAB meeting (2)

• Length Bias
  – The PPC believes there is no bias in this proposal against longer papers. While the length of paper is not a direct factor, a paper of higher content (and potential longer) should attract more usage. As we move into the world of greater electronic publication the present negative impact of higher print cost for longer papers will be removed.

  – Limited data (Top 100 articles for a couple of months) suggest the higher usage papers are slightly longer than the average article.
Staff Feedback

- Transition years – dual algorithms will create some additional effort

- Separating out content as “peer reviewed” will entail additional staff effort
  - *If not done, magazine content such as “letters to editor”, ads, … will be count*
  - *Some would like “peer reviewed” to be broaden to include technical columns*

- “Deadline” for content inclusion is needed
  - *PPC agrees and requests staff to make proposal similar to present requirement for page count inclusion that the publication is “at the press” by end of January*

PPC Recommendation

The PPC recommends that TAB adopts this On-Line Periodical Net Revenue Distribution proposal with implementation starting in 2005.

Approved by PPC – 5 Yes, 2 No

Dissent position: Agree with algorithm in principal, concerned that it may be be premature (due lack of experience with data) to implement at this time.
Appendix
June 2003 TAB presentation

What is “Periodical Package Revenue”

- Revenue from Institutional Packages
  - IEL, ASPP & POP -- printed and on-line
    - Includes periodical and conference material
    - Portions allocated to TAB, Standards, IEE, Proc of IEEE, Spectrum & RAB

- Total TAB Net Revenue $47M (budgeted for 2003)
  - 50% distributed by “Book Broker” algorithm (CPC)
  - 50% distributed by “ASPP” algorithm (PPC)
    - This is the “Periodical Package Revenue”
    - Present distribution factors are page count and Non-Member publication subscriptions & subscription price
PPC’s Proposal

- PPC has developed a new algorithm that it believes closer relates to the “value” a periodical contributes to the overall package.
- Address only the IEL/ASPP On-line portion:
  - 2003 Budgeted amount $13.7M
  - Approximately 25% of total “package revenue” or Approximately 50% of total “periodical package revenue”
  - Continue using ASPP algorithm for print revenue
    - Buffer impacts of change
    - Expect with time ASPP Print portion will decrease & On-Line portion will increase
- Understand this is initially a zero-sum game
  - Sensitive to the present financial issues
  - Initial changes mean - winners/losers in a financial sense
- Desire to motivate the right behaviors

Issues with Present ASSP Algorithm

- Viewed as “unfair”, “out-dated”
  - Based principally on Page Count & Non-Member Subscription Price (75%)
    - Page count may not fit future content
  - Non-Member Subscriptions (25%)
    - Non-Member subscription base is shrinking
    - Algorithm is complicated to administrate
- Hard to relate publications’ performance to distribution
- New packages will further stretch the algorithm
Other Motivations For A Change

- A significant shift from print to electronic distribution is occurring
- Non-text based content is beginning to appear
- New methods of “packaging” are being developed
  - Ontology-based packages
  - Article based sales
- Desire to find an approach to cover both periodicals and conference material
- Provide a clearer set of incentives for S/Cs to increase the “value” of the IEEE IP offering while still fulfilling our role to our profession

What is “Value”

- Reason(s) purchasers pay for the package
- While “value” may be hard to measure, we can measure other proxies for “value”
  - On-line Usage – how often is material accessed
- Additionally, there is “value” to increasing breadth of the package the IEEE is offering
  - Greater breadth is seen as greater value for present users and increases the chance of attracting new subscribers
Algorithm Factors

- Three factors are to be used in algorithm
  - **Base** factor – a portion based on being an entity contributing to the Xplore database – a breadth factor
  - **Content Contribution** factor – a portion based on amount of content in the Xplore database
  - **Usage** factor – a portion based on the usage/access of the content provided

Base Parameter

- Recognition of the breadth all society/councils bring to the package
- Equal distribution to all societies/councils
  - A factor based on individual publications, rather than S/Cs that have publications, might encourage proliferation of publications, an undesired behavior
  - The entity basis is a better fit for later generalization to conference material
- Provides funding for each S/C to have a base publication
Content Contribution Factor

- A portion of the distribution will be based on the amount of content (“articles”) contributed to Xplore.
- Publication’s portion is proportional to its share of the total periodical article content
  - 1% of “contributed content”  1% of “contributed content” distribution
- Measure content over a multi-year (3 year) window
  - Smoothing factor
  - Approximately equal to half-life of usage
  - Based on publication date (not date submitted to database)
- Will need to eliminate non-technical magazine content
  - Non-peer review material should be not included in content totals

Usage Parameter

- Usage defined as “Article Views” for on-line material
  - Access of articles’ full content (i.e. PDF), not abstracts or search hits
  - Previous calendar year’s access of all articles in the database
    - not just past 3 years articles
- “Usage” driver needs to relate to the actual package and it’s use
  - Usage only by institutional package users (IEL/ASPP OnLine), not usage in other venues (i.e. member subscription pick-up)
- Publication’s portion is proportional to its share of the total institutional periodical package usage
  - if 1% of total “usage”  1% of “usage” distribution
Relative Weighting Factors

- Tentative Proposal
  - 15% Base
  - 50% Usage
    - Largest factor but balanced by other factors
  - 35% Content

- Note: these weighting factors are levers that TAB can adjust to get a desired result

New Algorithm Results

- First the ground rules are:
  - Based on 2002 Institutional IEL/ASPP on-line Usage (the only full year data available)
  - Based on Content with publication date of 2000, 2001 and 2002
  - Compared to Budgeted 2003 ASSP On-Line distribution (this is the present plan)

- Note – this is just a simulation, we are not proposing changes for 2003 (actually none until 2005)
Delta $ S/C Only

Delta % Change S/C Only

Products & Services PPC - Periodicals Package Committee
November 2003 Board Series
Additional Thoughts

- Due to impact of changes, propose a multi-year (3?) transition from present algorithm to new algorithm
- Propose dropping 3 year delay for new publications for On-Line portion of the distribution
  - Content & Usage factors provides a built-in ramp-up for new publications
- No Opinion on +-5% page count penalty, but it will need to be addressed eventually because it uses pages
- Not proposed at this time, but this approach could be applied to on-line conference material
- PPC should plan to monitor and report annually to TAB on the performance of this algorithm

Potential Concerns

- Single year of available usage data
  - Will have a 2nd year data by 2005 budget preparation
- Unknown volatility in usage data
  - Trade-off in responsiveness and stability
- Impacts on some S/Cs
  - Are these appropriate measures?
  - Are weighting factors correct?
  - If adopted, how to handle transition?
Next Steps

- Continue to validate / scrub data
  - Work with Staff & other groups on the data collection process & integrity
- Absorb feedback from Board Series discussions
  - Continue dialog via e-mail/phone post-meeting
- Refine weighting factors
- Refine proposal details (the if, ands & buts)
- Return to TAB for final approval
  - Provide update with partial 2003 data

Next Steps (2)

- Request a motion stating:
  - “This Body endorses, in principle, the proposed prototype algorithm for ASPP/IEL On-Line Revenue distribution and requests a fully defined proposal is presented to TAB in November for formal approval.”

PASSED by TAB in June 2003
Why Not Count Member Usage?

- Institutional package purchasers relate their costs with their usage. This seems the right way to distribute the revenue
- Membership access varies from S/C – some charge for access, some do not – this will distort the membership usage
- Some S/C’s have access to their IP outside of Xplore – again distorting the Xplore numbers

Usage, Just a Popularity Contest?

- Shouldn’t we be more concerned about technical strength of article and not how popular there are??
  - We should be concerned about both!!
  - Base, Content and Usage – supports both
- But ultimately a “great article” not used is a problem and we need to make sure we are “providing” what is needed by our profession.
Why Articles?

• Why not page count?
  – Future content (multi-media or HTML content as examples) does not fit the page count model
  – Page count is no better model of value
• Article approach better fits “single article” sales model already adopted
• Are all articles equal?
  – magazines versus transactions, for example – let usage with a higher importance (weighting) drive this?
• Different article lengths?
  – Unclear how article length is correlated to “value” – let usage with a higher importance drive this?

More Article Issues

• Would this encourage publishing lots of short articles?
  – Impossible to prevent all bad behavior, but the best way to increase revenue is to increase “usage”
  – Increasing number of articles will cause additional work for the publication increasing costs – a counter balancing result
• Does this encourage re-publishing conference articles and getting double credit?
  – This is a potential issue and we need to address this via our publication standards since Xplore conference material is as easily accessible as periodicals (and to members as apart of MDL)
  • Address as a publications’ practice issue?
  – This is just as much of an issue in the “page count” world
How good is the usage data?
Plans for perfecting our understanding & use of the usage statistics

- Usage data procedures now being audited to assure that procedures yield consistent and accurate data
  - Audit by Price Waterhouse Coopers to be completed by 3Q 2003 -- in advance of the use of the data in 2004 to compute the distributions for 2005.

- Committee of PSPB is reviewing data and user comments to recommend additional versions of statistics.
  - Additional slices now being planned include article level usage data.
Base Portion Issues

• Why no Base portion for joint publications?
  – Since a joint pub surplus is distributed to S/Cs – just give
    the base portion directly to S/C
  – Moving a publication from a “S/C ownership” to a
    “shared ownership” would be distribution neutral
  – Main intent of base was to make sure each S/C had
    funding for one journal

• Why not a Base portion for each publications?
  – Main intent of base was to make sure each S/C had
    funding for one journal, did not want to create an
    incentive S/Cs to generate more publications just to get a
    larger distribution

Alternative Factors Considered

• Page Count -- traditional factor, poor fit for future media
  content, may not work for conference material

• Non-Member (Price, Subscriptions) – traditional
  factor, only external measure at publication level, declining
  market, may not represent larger market, no parallel in
  conference material, distort due to new packages

• Citations – data lag of multiple years, can be distorted at the
  article level by self citation, measure of research usage vs
  application usage (or magazines)

• Surveys of Purchasers – difficult & costly to administrate

• Bonus factors – longer average article lengths, frequency of
  publication, publication performance factors (on time, time to
  publish cycle, …) -- Added complexity
### Additional Data

- **Total article Views / 3 year content contribution**
- possible distortion - looking at 3 year article count but up to 50 year article database
- average 152

### Usage Access/ Article -- S/C+Joint Pub

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### Percentage of Institutional Usage of Total Xplore Usage -- All Pubs

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Note: some S/Cs have separate sites for their memberships’ access

### June 2003 TAB presentation

#### Simulated Impact on Budgeted 2003 Revenues

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<tr>
<td>24 RA</td>
<td>$1,767.56</td>
<td>$1,742.89</td>
<td>$24.67</td>
<td>($23.53)</td>
<td>-1.5%</td>
<td></td>
</tr>
<tr>
<td>25 LG</td>
<td>$350.79</td>
<td>$311.96</td>
<td>$38.83</td>
<td>$39.90</td>
<td>1.7%</td>
<td></td>
</tr>
<tr>
<td>26 PC</td>
<td>$259.80</td>
<td>$255.42</td>
<td>$4.38</td>
<td>$4.22</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>27 EMCC</td>
<td>$1,566.25</td>
<td>$1,567.98</td>
<td>$1.73</td>
<td>$1.73</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>28 SMCC</td>
<td>$1,262.07</td>
<td>$1,257.24</td>
<td>$4.83</td>
<td>($5.74)</td>
<td>-9.5%</td>
<td></td>
</tr>
</tbody>
</table>

Simulated data for purpose of understanding, no change in 2003 or 2004 proposed
Simulation of impact on S/C total 2003 Revenue
Note plan is partial implementation in 2005, full implementation later

Simulation with Joint Pubs added
Note in this simulation Joint Pubs don’t receive a base amount
Causes 2 of 14 Joint Pubs to have a net loss

June 2003 TAB presentation

Other Issues

• Why Now?
  – The soonest anything will be affected is 2005 and with multi-year phase it would be 2007 /’08 before fully enacted.

• This creates problems for my S/C? This has completely changing the rules!
  – We are proposing a multi-year transition
  – 3/4ths of the IP distribution is not changing
  – TAB can decide to do additional overriding rules