



**Understanding “Net Neutrality”
Interview with Marc Strohlien, Outsell, Inc.**

For podcast release Monday, August 23, 2010

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KENNEALLY: Net neutrality. It’s a concept we’ve begun to hear a great deal about in recent times, and we’re going to help define it and learn what it means to you and everyone in the publishing industry.

Welcome to Beyond the Book. My name is Chris Kenneally, your host and producer, and it’s a pleasure to have you join us here for a discussion I’m looking forward to. And joining us on the line from the Bay Area is Marc Strohlien with Outsell. Marc, welcome to Beyond the Book.

STROHLIEN: Well, hi, Chris, great to be here. Thanks.

KENNEALLY: Well, it’s a pleasure to have you join us today. And Marc, we’ll tell people briefly about your work for Outsell, which is the only research firm dedicated to the publishing industry. And you are the Chief Agility Officer there, responsible for aligning and optimizing all the employees and processes to produce products and services that relate to actionable advice about competition and markets and so forth in the publishing sector.

And I guess that I want to emphasize that actionable advice, because what’s brought us together, Marc, is just all the news reports regarding net neutrality, which leave a lot to be desired, I think. There’s a great deal of buzz out there about it, but I would say, with that buzz, a fair amount of confusion. Would you agree?



STROHLIEN: Totally agree, yes. Lots of confusion and emotion, yes.

KENNEALLY: Confusion and emotion, and I think that's a really fine point, Marc, and we might get into that. And most of this has come up because of the recent announcement by Google and Verizon actually taking a position on how they would like to see things moving forward.

And so before we get into what they had to say, I suppose we should first start with a really basic definition of what net neutrality is.

STROHLIEN: OK, and my simplest definition is that it basically means, if you think of the Internet as a network that moves packets of information around, it means that every one of those packets is treated equally, and it means that any customers that are connected to the Internet that are at equivalent service levels are treated equally. So that's probably the most basic definition.

Moving up into a little bit more complex definition, it basically means there's no restrictions on devices, and users, content, or sites or modes of communication. Basically, every piece of information, every customer, every device that's connected, they're all treated equally.

KENNEALLY: Well, that's right. There's some old line about, on the Internet, anyone can be a dog. And in this particular case, it doesn't matter what kind of a dog you are, all those dogs are being treated the same in this world that you describe. So from the pugs all the way up to the pit bulls, it's all the same.

STROHLIEN: Excellent, that's a nice way to put it.

KENNEALLY: Well, then, comes along Google and Verizon, and they are responding to what exactly? Why would they come forward with this particular statement about their own vision for the future of the Internet right now?

STROHLIEN: Well, I think there's an interesting angle there, which, if you look at the agreement or proposal that they put forward to the FCC, they're basically saying, hey, the notion of net neutrality is great for the wired Internet, but, hey, the wireless part of the Internet is kind of new, and it's a bit of still – it's different, fundamentally, and they're proposing, essentially, that the wireless Internet not be subject to net neutrality regulation.

KENNEALLY: Now, what is their definition of the difference between the wired and the wireless Internet?



STROHLIEN: Well, if you think about Google's movement to, for example, the Android operating system, they're clearly looking at mobile devices being the future. So basically, anything that is connected via WiFi or connected to third- or fourth-generation telecom wireless technology would constitute the part that they're interested in.

And one of the interesting things that's been pointed out is that in third-world countries that never have had so-called wired infrastructure, because they couldn't afford it, so you look at India and China and the larger developing nations, wireless is – it's going to be it for those folks. So there's a large chunk of the world's population going forward that's going to be – that will probably never see the wired Internet that we've seen.

KENNEALLY: Right, and this is interesting because it's really beginning to cut very finely something that I think we've all thought of in the past as just a single entity, and that is the Internet. And, of course, there's all sorts of things that the Internet covers, not just the Web, far more than that. But in the consumer's eye, and in the professional's eye, the Internet is that source of information, and my way of communicating with the world. And now, all of a sudden, we're beginning to cut it into various pieces, and maybe saying this piece is more important, or this piece is more expensive. It's a fascinating development, Marc.

STROHLIEN: Right. And it's actually already – it's happening. It's been in place. There are things like virtual private networks that define different classes of services. There are people like Google, for example, that build server farms out close to their target customer locations to improve performance.

So I think it's not – so those people who would try to argue that the net is neutral today, it's really not. There are lots and lots of different classes of services.

KENNEALLY: That's a good point too, I think. So really, we're arguing about something that may never have existed itself, and certainly is becoming less and less of a reality and more and more of a kind of imagined golden age.

STROHLIEN: Yeah, and interestingly, one of the key arguments from the people who are opposed to net neutrality is, hey, things are OK as they are, so we're not bad guys, and we're not going to do bad things, so why do we need to invent regulation around something that's not a problem.



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KENNEALLY: Well, before we get into the government's role in all this, lets finish the thinking regarding what Google and Verizon are saying. So they're saying net neutrality for the wired Web, OK, not so much for the wireless Web.

Why would these companies say that – you mentioned the Android operating system, but what they're suggesting is a kind of fast lane and less fast lane for that wired Web. Why would that be important to them?

STROHLIEN: I don't think it is. I think they're really looking at a trade-off that says, we can look like the good guys for supporting net neutrality on the wired Web, but since we think the future is wireless, we're more interested in not having that part of the Web be regulated. And that's why all of the controversy and the flak that they're getting is people feel like they're sort of trading off one thing for another to their advantage.

KENNEALLY: OK, so that then does bring the government regulation piece into this, and the body that may or may not be regulating all of this is the FCC, the Federal Communications Commission. And I say may or may not be regulating, because there's some question about what their role may be for the Internet in the future. Can you explain that?

STROHLIEN: Yeah, well, and it's interesting, because in preparation for this, I was just doing a little bit of pre-reading, and noticed that the notion of a sort of net neutrality actually goes back to the 1860s, to the telegraph service, which there were regulations that required that the telegraph operators transmit messages in the order that they came in, that they couldn't show preference for messages of one sort or another. So we're talking, what, 150 years ago we were starting to worry about these sorts of things.

I think the big challenge in net neutrality, from my perspective, is the complexity of trying to manage all the different types of content, the different types of devices, the fact that the Internet, even though we talk about it as a monolithic entity, it's really not. It's made up of millions and millions of pieces that are owned by different people, and have different needs in terms of how they're going to monetize whatever investment they've made in their particular part of this thing. And I think where I get a little bit concerned is the notion that the government would even be able to effectively regulate something that complex.

KENNEALLY: Another good point, Marc, and one worth thinking about. And I want to remember that our audience is the world of publishing and media, an audience that you work with at Outsell.



So we have, in the case of Google and Verizon, two sort of different entities. We've got Verizon, which is an ISP, Internet service provider. We've got Google, which isn't really a content creator so much as they're enabling people to get to content. But then we've got the publishers of the world, and the authors too, of course, the ones who are creating all that content that is getting pushed out through the Verizon lines, or whoever's they may be, and then is being found and searched and surfaced by a player like Google.

So that third leg here. Why is this important to either a Random House or a random author?

STROHLIEN: Yeah, and I think what's interesting – so that's – so we've talked about – we talk about the water and the pipes when we talk with our customers, and we think of the pipes as being the technology, like the Internet, through which the content that's produced by our customers flows, the content being the water flowing through the pipes.

And what's interesting in the net neutrality debate is that the water folks are generally for net neutrality. In other words, content publishers do want that equal treatment, equal access, etc., etc. They don't want to yield power to ISPs and cable companies and so forth, to impose different pricing structures and so on and so forth, while the ISPs and the telcos and the large hardware companies like Cisco are totally against net neutrality.

So what you see with Google and Verizon is, if you think that Google is leaning towards content at least, is an example of where two parties that would otherwise be on opposite sides of the debate have come together. And again, I think that's part of what's starting to raise some suspicion, since Verizon and Google obviously are partners in the mobile device arena.

KENNEALLY: Right, and so again, as an author or somebody interested in publishing, I want to see my work available to as many people as cheaply as possible. I suppose that would be the starting place for me.

STROHLIEN: Right.

KENNEALLY: And if I'm hearing about all of this, I should be worried or not, or is this just a discussion that really isn't leading to anywhere very soon?



STROHLIEN: I think there's a fairly substantial part of this discussion that comes down to almost an academic debate, and I think some of it dissolves into a philosophical debate about government regulation, and whether you're in favor of government regulating industry or not.

And so. It unfortunately starts to separate along those lines, instead of taking a more rational view of what's right for the greater good of humanity, so to speak. What is the – since the Internet is a shared resource, what is the best way to manage that resource? Should it be left up to private entities and institutions to manage it in the way that it's been managed since it came into being, or should the government play a bigger role in regulating how this thing is managed?

KENNEALLY: But as a practical matter, nothing's going to happen very soon, or what?

STROHLIEN: I think this debate's going to go on for some period of time, and I'd be hard pressed to guess how it's going to come out.

KENNEALLY: Is this a debate that's only happening here in the United States, or is the US, as it has been so often in questions around the Web, kind of leading the way and other nations will follow us?

STROHLIEN: No, we're actually not. If you look at the UK and Japan and Canada, for example, they already – they have their versions of net neutrality that are, in some ways, probably a little bit different than the types of things that are being talked about in the US.

So, no, we're by no means – and I think, in general, in broadband arena, the US hasn't really been a strong leader there. And that's one of the arguments that people that are against net neutrality see as being a potentially stifling investment and innovation in the growth of the Internet in the US. And that's one of the big arguments against net neutrality.

KENNEALLY: Well, what's interesting about that, Marc – and I should tell everybody again, we are speaking with Marc Strohlien, who is chief agility officer for Outsell – we're trying to understand, as much as we can, what net neutrality is all about, and the current controversy. And you just made a point about some different approaches around the world.

One of the beautiful things about the Internet has been, it's immediately global. I can post something online, we'll put this podcast up, and everybody anywhere on the planet, perhaps even circling in space in the space station, could download it



and listen to it. But if we begin to have different governments approaching these issues in different ways, is that global nature of the Internet threatened?

STROHLIEN: I think that you can already see that happening, having not long ago watched the big Google versus China struggle that was going on. I think that's a perfect example where, when governments start to take a much more dominant role in how the Internet's managed within their country, it causes problems. The inventors of the Internet envisioned it as this global free-flowing network of information and services, and governments, obviously, in some cases have a strong reaction to that notion.

KENNEALLY: Right, certain governments would, and others perhaps less so. But this is another philosophical debate that we won't go too deeply into. But we are, in this country, regulating broadcast television, broadcast radio. We've learned to live with that. There have been swings in terms of how closely those media are regulated. But they've been regulated since at least the 1930s. We could probably learn to live with regulation of the Internet, couldn't we?

STROHLIEN: Yeah, and I think there – the argument around net neutrality isn't so much – it's not – even though it sometimes gets approached as a binary argument, I don't think it's a yes or no. I think it's more of a, to what degree should the government get involved, and how granular should that regulation be, because most components of the Internet are in some way regulated. ISPs have some degree of regulation, telcos do, so on and so forth.

Where it starts to get sticky is, should the government, beyond just broadly regulating it as an industry, should it really start to get down into issues, like, should video content be given a different tier of service than, say, voice over IP. And that's where I think the argument starts to get a little bit more complicated as – it's not so much just a yes or no, it's to what degree you want to see the government involved.

KENNEALLY: And it's also a question of what people are using the Internet for, of course. And you mentioned video versus VoIP, and there's all sorts of other services, text and all. And one of the complaints that ISPs have made, of course, is that their service is being degraded by all of the sharing – illegally, much of it, not all of it, but much of it – of audio files, video files.

And as video becomes more ubiquitous on the Web, those files are getting bigger and bigger and bigger all the time. Would it improve the user experience for the



professional in the office, or the consumer at home, if in fact some various lanes were made fast and less fast?

STROHLIEN: Absolutely, yeah. I think in that – I think the argument that the opponents of net neutrality would raise is, if a business, for example, wants to pay more money for higher quality service, A), why shouldn't they be able to, and B), if that money is invested in better infrastructure that benefits everybody, along with that particular business, wouldn't that be a good thing, not a bad thing?

KENNEALLY: Well, I think that's a great place to end, because we've got so many more questions, but I think we'll wait for the next opportunity, when the news breaks on this, to have you back, Marc, and I hope you'll find time to join us to continue this discussion.

We've been chatting with Marc Strohlien, who is the Chief Agility Officer for Outsell. He's based in the Bay Area there. And Outsell is the only research and advisory firm focusing on the publishing and information industries. Marc, I've enjoyed chatting with you.

STROHLIEN: Yeah, likewise, Chris. It was great chatting with you as well. Thanks.

KENNEALLY: And we do hope you'll come back, because I know this is something we're going to need to follow closely. And as the Internet – I keep wanting to call it the Web, but of course the Web is only one piece of that – but as the Internet is not only the way we get our information, but the way we do our business more and more and more, it's important to understand how that actually works, what's inside all of that. And I appreciate the insights you've given us, Marc. And thank you again for joining us.

STROHLIEN: Great, thank you as well.

KENNEALLY: And thank you to everyone in the Beyond the Book audience. This is Chris Kenneally, for everyone at Copyright Clearance Center, have a great day.

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