



eBay® and PayPal® Do It, Why Can't We?

By Kurt Myers

“Let’s do all our business exchange electronically.” Easy to say, not so easy to do. Why not? Our kids are selling their old CD’s and DVD’s on eBay, moving funds in and out of “our” PayPal accounts. Why can’t we make the buying and selling of media that easy? Well, maybe we could if the same retail market components that enabled the phenomenon of eBay and PayPal were applied to our media market place.

Standards are required – no, not really. They help when you have multiple players with disparate systems trying to communicate. But they didn’t have a standards body or a committee to design and configure how eBay and PayPal conduct their transactions. Rather, eBay and PayPal designed, configured, and cooperated on how to conduct their business. Then, they made it happen.

I don’t recall getting a survey from them asking me if I would buy someone else’s garage sale stuff online for more money than I really should be spending on it, if anything at all. They built it and people use it. They either met or created a need. I’m still not sure which; though, I do buy and sell on it. Let me clarify...my kids buy and sell on it using my money!

Information must be under the control and direction of the participants in the transaction – true. Many times we’ll hear the buyer or seller in a media transaction say “we don’t care how our data gets there, just so long as it gets there.” We often use the analogy of the post office: “we don’t know where the package goes on its route, just so long as it gets there.”

But we do care that the post office does not fold, spindle or mutilate our package, and that no one at the post office or elsewhere is opening our package in route. We also care that eBay and PayPal aren’t marketing our buying and selling transactions to others or trying to maneuver our future transaction behaviors. So, I guess we really do care how our package gets there. Thus, the buyer and seller in a media transaction should care where their transactions go and what is being done with them along the way. I know I want PayPal to secure my transaction and only have it go where I want it to go and be used only for what I intended. Don’t you?

We can start out slow and get a few people on the document exchange network to build it up slowly over time. Nice concept. Sounds good in a planning meeting; but, without a significant number of active participants, the pain from the new process is too great to endure for the limited benefits enjoyed.

Soon after its launch in November 1999, PayPal had over 1.5 million account holders. By July 2002, there were over 16 million. By 2004, they had over 50

million in 45 countries. To automate the buy/sell document process in media effectively, it is going to take a significant number of primary players to engage the process.

Also, when you start out slow, you have to combine existing manual and new electronic processes into the same person's job function. When given a choice, they will normally stick with the process that is the most familiar, which is their current manual process. The best way to alleviate this dual process mode is to have a sizable network community as quickly as possible.

The moving of electronic documents for media doesn't really cost the buyers and sellers much. But it is less than the cost of manual processes, including labor, mailing, faxing, re-entry, etc. However, there has to be a buck in it somewhere for somebody, or it won't get done. We all know that eBay and PayPal have to make money on the transactions they enable, manage, and transmit or they won't make the effort to create the electronic processes.

The providers of the electronic document services must make a profit from the services they enable, manage, and transmit. Or, the service must be funded by entities within the media industry that choose to provide the effort as part of their overall business strategy in the market. If you are a routine user of eBay and PayPal you will notice that they are constantly making enhancements and updates with new features to the process. This is a normal function of profit and market driven services which benefit all the participants in the network.

We all know that the exchange of documents in the media market is "not exactly" the same as that of eBay and PayPal. Retail electronic markets are not the same as business electronic markets. But, many aspects and approaches do transfer and should be seriously considered as we try to move the industry in the electronic direction.

About eMediaTRADE

eMediaTRADE is a privately held technology service firm in Atlanta, Georgia providing electronic document solutions to enable e-commerce between media partners.

eMediaTRADE's unique software solution, Media eXchange Desk (MXD), streamlines and economizes the transactions associated with the purchase and reconciliation of media buys. MXD simplifies EDI techniques by providing in-network translation, value-mapping, validation, and archiving of electronic documents.

Clients include Arbitron, Wicks Broadcast Solutions, TelAmerica Media, Thompson Everett, CTV Media, The Hotel Network, and Cinema Screen Media among numerous other cable, broadcast television, and radio stations, as well as over 800 individual agencies.

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