

# Business models for location based access to cultural heritage

and implications for European cultural content distribution from the EU eContent LATCH project

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# Some major challenges

- In the EU, the average GNP/inhabitant is max. 25 000 Euros, with average public budgets for culture at less than 1 % , and at most 3% of disposable household income for culture and 8 % for entertainment and tourism ;
- There is a real battle between cultural creation, digitization /storage investments , distribution and access fees to content , all underfunded ;any investment is a dilemma
- Cultural institutions are highly fragmented and only very rarely share operational burdens ; they also derive very little revenue for their survival from indirect beneficiaries (tourism, travel, media , education,etc)
- Today demand is driven by just-in-time demand, user profiling and personalization ,not by mass distribution/education
- Often an “image” problem at cultural institutions not perceived as dynamic and proactive

# Primary business stakeholders

- a) Owners and enhancement agents of the cultural heritage , including the case where several of these are involved in the same end user based query (the evolution towards “pan-european cultural enterprises”).
- b) Value-added, Internet and Wireless service providers establishing and operating the infrastructure (including location based facilities) and almost always the charging, billing and redirecting of revenue flows
- c) Platform suppliers for software tools and terminals , including storage system management , maintenance and integration
- d) Local businesses and public administrations, acting “so called” out of public interest, but which are actually the main dividend collectors (directly or indirectly)



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# Basic concepts used in LATCH cultural content business modelling

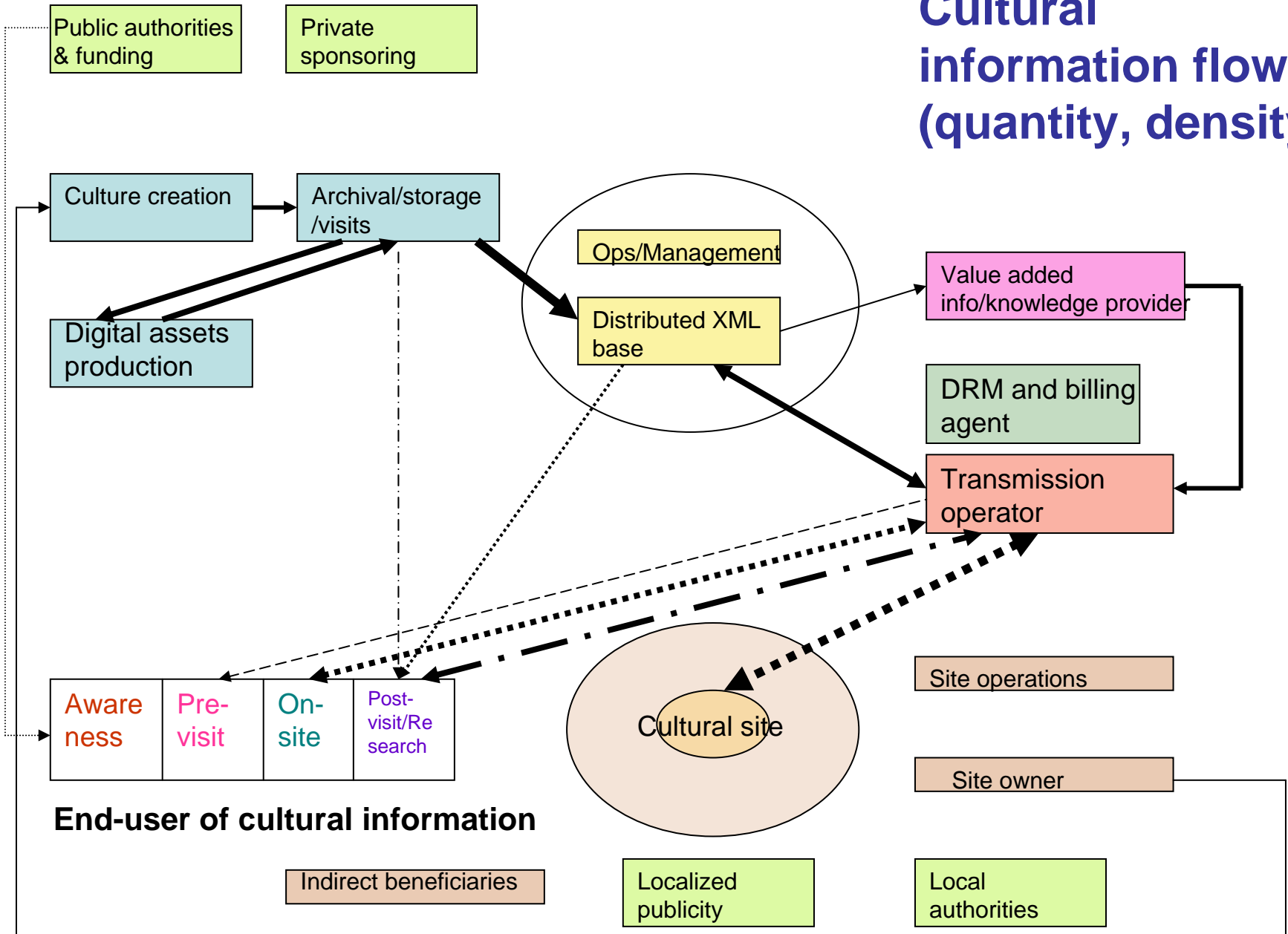
- Cultural capital ,besides economic and social capital
- Latent demand modelling for content across several content access media
- Cultural information life cycles from awareness , to preparation, to on-site experiences , to research and later media access
- The economics of « experiences »
- Branding of creators , sites and moods
- New funding schemes like corporate foundations, cultural memberships , and changing patterns in private donations towards membership cultural contracts
- Multiplicity of business role combinations

# Cultural information flows analysis

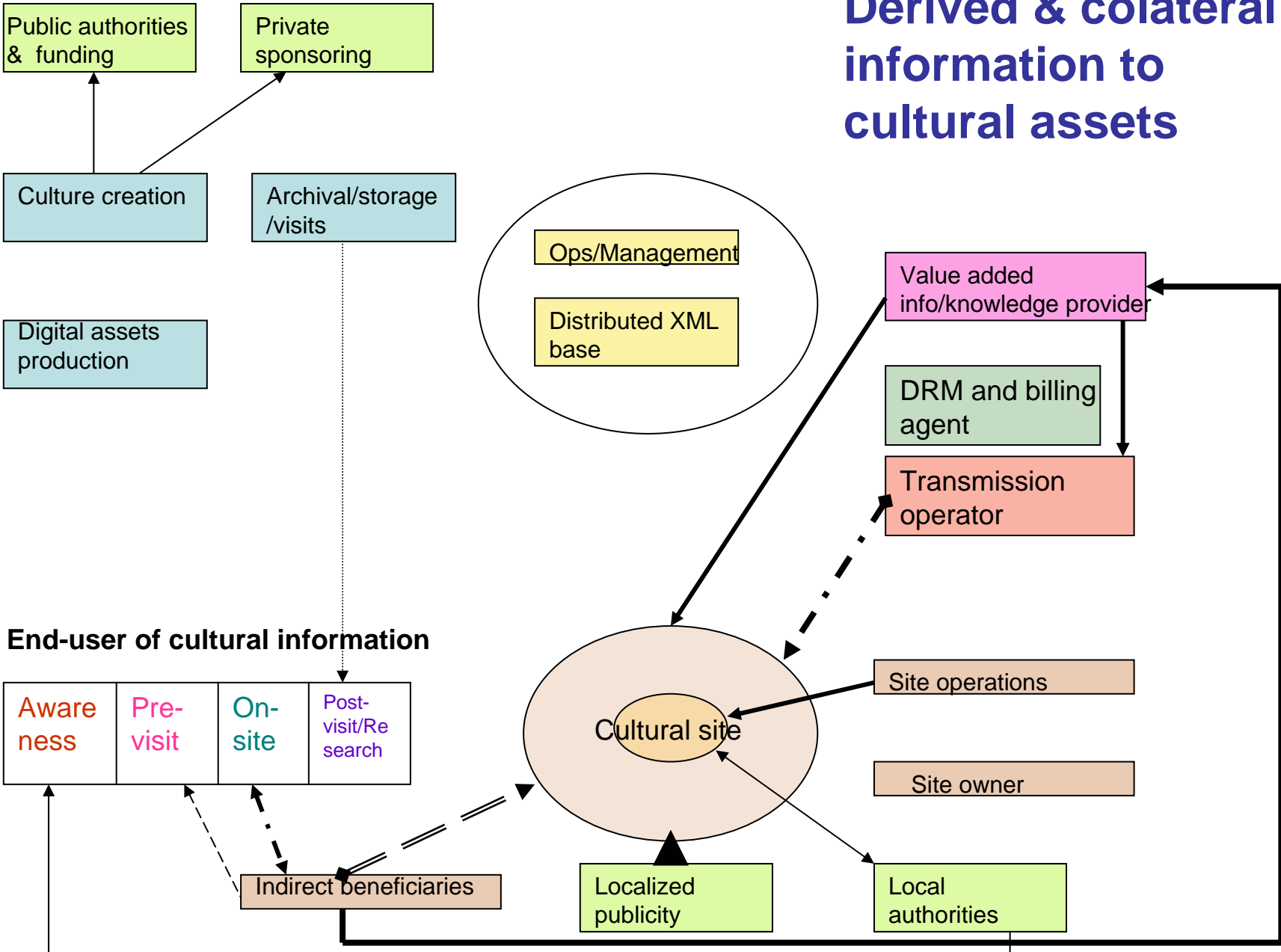
From flow graphs :

- stakeholder identification
- quantitative business modelling (operational cash flows as well as investments and subsidies/donations)
- digital rights and copyright flows
- determination of innovative business role constellations
- brand build-up and dynamics

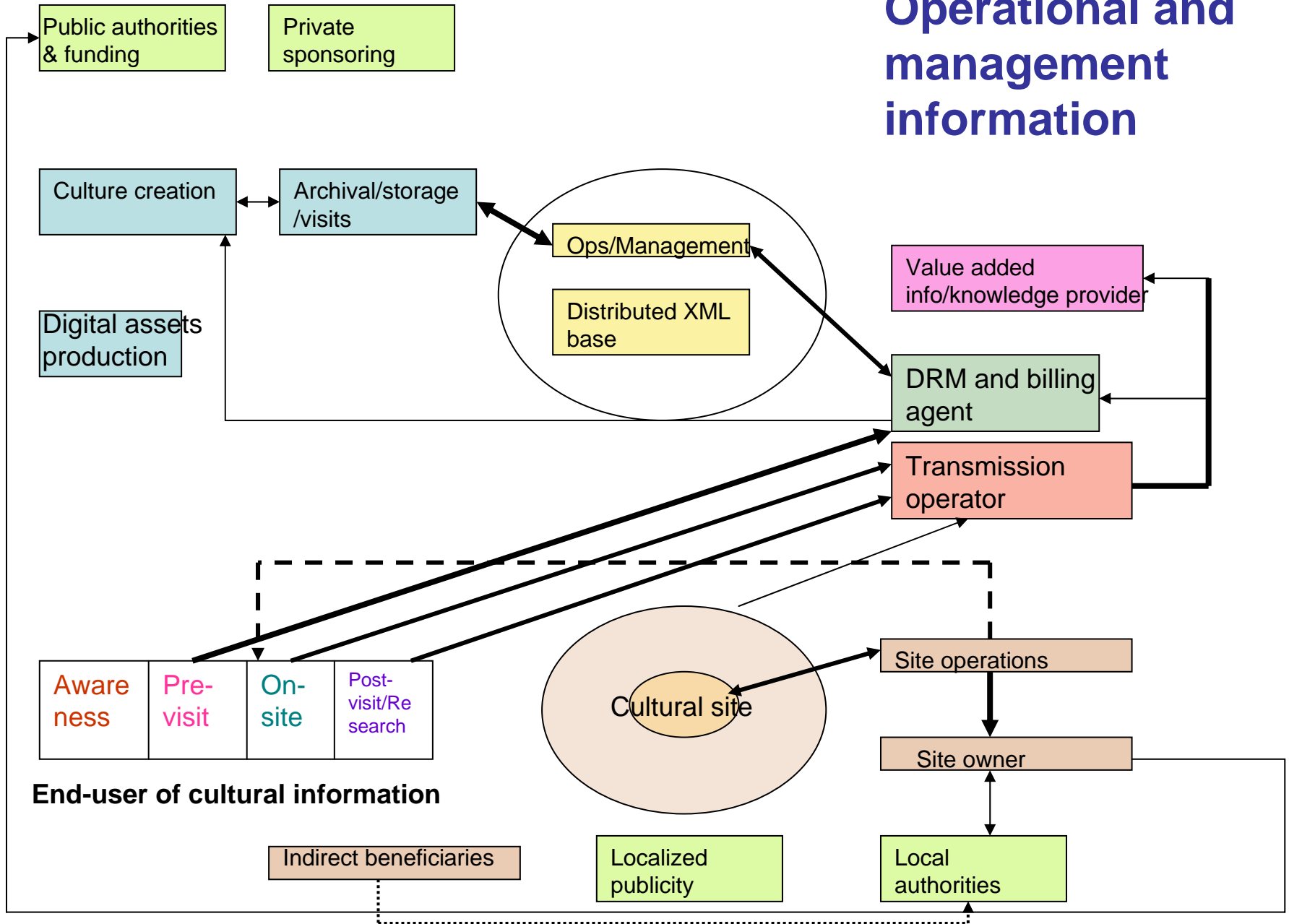
# Cultural information flow (quantity, density)



# Derived & colateral information to cultural assets



# Operational and management information



# Innovative sustainable business models for culture

- Let foundations and private initiatives supplement or compete directly with actions of public interest , keeping tax deductions ; establish a status for european foundations
- Extend company donations and realize that they belong to their corporate communications function
- Indirect business models (cataloging ,provisioning of goods and services, fulfillment of digital rights ,...)
- LATCH trust model (competence trust ,predictability trust ,goodwill trust from empathy)
- LATCH cultural components in XML added to tourism Just-in-time tour organizational services
- LATCH contents inside Mobile g



# Sustainable functional combinations

identified by the model analysis

STAKEHOLDER(s) (profit margin)	INNOVATION
Cultural creation	Always loss making ,except by branding
Semantic Web database software (80 %) and operations of the repository (20 %)	Very profitable unless too costly software licenses are charged
Value added distribution (+85 %) and digitization (-25 %)	A sustainable role ignored by operators , possibly taken over by media companies
DRM (loss making -40 % ) and billing (profitable 70 %)	A combined role for agents independent from all parties
Indirect beneficiaries (+80 %) (hotels , events , entertainment , postcards , media ,etc ..)	Always the winners but should fund (more) public investments and private sponsoring
Site owners and local authorities (profitable despite reinvestments)	Can reduce volatility vs physical visitors by becoming localized value added operators (WiFi, LBS)

# Some additional approaches

- Low cost provisioning by open source software
- The yet-to-be-tested cultural dimensions of EU legislated Universal service provisioning (for lower tariffs ),extended to cultural content under right to education provisions of EU constitution
- Cultural branding by cultural enterprises or bodies
- Branding by commercial stakeholders as part of their public benefit actions (tax deductible)
- LATCH access as part of membership in cultural associations and foundations
- Part of operator service revenue to be earmarked to a content processing fund (as in Taiwan for wireless 3G licenses),or from material consumption with the 1% fee on turnover collected by Migros shops for cultural purposes



# Conclusions

- Despite a wide variety of cultural content stakeholders and local pride/interests therein , Semantic Web and Location based services together can finally open up for dividends from cultural capital, without changing ownerships
- Cultural stakeholders should be allowed to establish operations subsidiaries and to share these
- Digitized cultural LATCH content has high relevance in tourism markets and regional socio-economic development
- Life cycle cultural information management offers new distribution and research channels