

MARKLE FOUNDATION |

Improving Life in the
Information Age

Zoë Baird, President
July 1999



A Letter From Zoë Baird, President
Markle Foundation
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When I became president of the Markle Foundation last year, I was given an extraordinary opportunity to examine the implications of the great societal transformation caused by the growth of communications media and new information technologies, particularly the Internet. Markle has worked in communications for 30 years. The dramatic expansion of this field required an assessment of the new media environment and of the Foundation's strategy in this sector.

The Markle staff and I explored the field with knowledgeable people from a broad spectrum of professions - from philanthropy, social science and policymaking to media, technology and finance. This study has led me to believe that there has never been a more important time for the Markle Foundation and other communications concerns to bring our resources to bear for the general good.

Although we have been going through a "Wild West" period in the communications arena in recent years, we are now entering a time in which new commercial, cultural, social and institutional norms will begin to be established for the long term. This is a period of

definition for the communications industry and its influence on society at large. The decisions made today will have lasting impact.

New technology has the potential to change the way our children learn and develop, the way we participate in the democratic process, the way we maintain our health and well-being - indeed, the way we engage in every aspect of the world around us. Our society will be greatly strengthened if we realize this potential.

We have concluded that, to make a contribution during this critical time, the Markle Foundation needs to increase

significantly the scope of its work and the size of its investment. Our examination has led us to create major new programs in four key areas of need: public engagement, children, health care and communications policy. At the same time, our board of directors has

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approved a substantial increase in our expenditures. Although Markle's appropriations have traditionally been slightly above the minimum required by law, which currently means about \$10 million a year, we plan to invest \$100 million in our areas of concentration over the next three-to-five years.

Let me explain these decisions more fully.

The Current Environment

No one reading this needs to be told that we are going through a period of enormous change. The news is full of remarkable statistics. The number of Web users in the United States has already gone from zero to about 80 million in five years and is still growing. The Internet is creating new and engaging ways for people to share common interests and get advice. It is providing new and compelling ways to tell stories, and making information directly available to anyone who seeks it. These features are empowering individuals with greater control over many aspects of their lives.

Americans now send three times more e-mail than regular mail, and by 2002 are expected to send 8 billion e-mail messages a day. Millions of people are also using the Internet for transactions and purchases of all kinds. By 2003, revenue from these e-commerce transactions may exceed \$100 billion.

This new technology is completely altering our sense of geographical borders, bringing people together despite the distance that may exist between them.

While 70 percent of the U.S. population will be Internet users by 2005, they will represent only 30 percent of the global Internet community.

It is important to keep in mind, however, that the explosive growth in this field has not occurred evenly across boundaries of race, education and income. Despite the rate at which this technology is coming into most of our lives, the "digital divide" - the gap in access to computers and the Internet - has been growing in the United States in recent years, with the possibility that some people may be left out of the new digital society entirely.

As new technology is changing our individual lives and relations to others, it is also transforming the workplace. By 2006, according to the U.S. Department of Commerce, almost half of the nation's workforce will be employed by industries "that are either major producers or intensive users of information technology products and services." As a percentage of corporate capital expenditures, technology has grown from 5 percent in 1970

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to almost 50 percent in 1999. By 2005, networked business-to-business revenue could reach \$1.5 trillion.

The economics of the Internet itself are still unfolding, and industry players are essentially placing bets on how the dust will settle. Entrepreneurs and media conglomerates alike are working hard to stake their claim on a future that is relatively uncertain. Major television, cable, Internet and telephone companies are rapidly merging or forming alliances. In 1998 alone, media-industry mergers and takeovers were valued at approximately \$300 billion. Internet portals, multimedia companies and others are competing for as much market influence, content control and audience share as possible.

Whether you compare it to the invention of movable type or to the onset of the Industrial Age, the so-called digital revolution is transforming our economic, social, political and cultural life.

As the recent onslaught of media-related business news makes clear, we are in the midst of a gold rush. It is tempting in such periods for government and business to focus on economic expansion and the generation of wealth. A thriving economy is, of course, in the public interest. But we can't fail to address the societal needs that are being created or altered by the communications boom.

A Critical Time to Invest in Meeting Public Needs

After our extensive consideration of the environment, I am quite convinced that the next three-to-five years present a unique and critical window of opportunity to invest in the future. The time is now, while the industry is still evolving, to move with the speed of the industry itself to help ensure that it meets public needs. Although entrepreneurial energy will continue to drive change in the communications sector and throughout society, the new

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media are quickly becoming the established media. As the industry begins to mature, it will become much harder to influence the creation of business models that benefit society.

History provides a few relevant lessons. This is not the first time, after all, that new media have promised to improve the way we live. In radio's early years, the

medium was seen to have characteristics analogous to those of the Internet today. There was great expectation that radio would transform democracy, create communities across borders, and produce a more educated and enlightened population. When people tuned their radios, they were not surfing the Web but "fishing the electrical ocean." Amateur use dominated radio in the early 1900s; before 1928, more than 95 percent of radio broadcasters were non-commercial. Soon, however, commercial broadcasters began to

dominate the airwaves, and although radio has done much for society, it never fulfilled its full potential as an informational or community-building tool.

Television's story is similar. From the late 1940s to the early 1950s, the medium was the focus of extensive experimentation and innovation by the broadcast networks. Once they identified profitable business models, however, these models predominated for decades. The moment of opportunity to build societal needs into the business of the television industry was lost. By the time public television was formed almost two decades later, it was essentially tacked onto a commercial system that had already been established. Other public needs were met periodically as regulatory requirements came and went, and as dedicated people in the industry and outside it worked to influence its practices. But it has not been possible for television to achieve its potential by trying to retrofit it with social objectives.

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If we miss the current opportunity to help formulate the new communications models as they develop, we may repeat the pattern of radio and television. Today, however, there is still enough uncertainty about the nature of the business and about the economic models that will prevail, that many in the private sector are open to collaboration and experimentation. Those with public interest goals have a chance to make an asset out of uncertainty, and participate in the evolution of these models. It is vitally important that we do so.

Defining Markle's Role

These objectives build on the legacy of Markle's work over the last 30 years. In 1969, when Lloyd Morrisett became the Foundation's president, he and the board changed its focus from academic medicine to mass communications media. Lloyd helped found the Children's Television Workshop the year before while at the Carnegie Corporation, and he continues to this day to chair its board. Despite the increasing power of television and other mass media in society, Lloyd saw that their potential to educate and to foster civic involvement had been all but forgotten.

Among its most important contributions, the Foundation studied the democratic process and the way in which media could improve citizen participation in national politics. Markle was early to point out the failures as well as the opportunities, such as the shift from coverage of the issues to coverage of the horse-race during Presidential elections. Markle also played a significant role in the development of governmental and business discussion on key communications policy issues.



In more recent years, among other things, the Foundation took the unique approach of investing in companies such as Infonautics that were developing interactive learning tools. It helped create computer simulations such as SimHealth and innovative Web services such as Public Agenda Online, SeniorNet and the Democracy Network. It

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spearheaded a broad investigation of the potential for universal e-mail in the United States, and created opportunities for people from business, government and academic sectors to debate possible solutions. Markle also furthered cutting-edge thinking on the implications of media by helping to create and support communications programs at places like UCLA, Duke University, the Aspen Institute and the RAND Corporation.

At the time I became Markle's President, society was experiencing the explosive growth in interactive media that came with digital compression and the development of the Web browser. As I

mentioned above, the Markle staff and I began an extensive study of this new communications environment and the ways in which we could help realize the potential of media to improve people's lives, reinforce society's core values and strengthen our institutions. Our examination has led us to identify four areas of public need in which we will concentrate, as well as to establish an Opportunity Fund.

I. Public Engagement through Interactive Technologies

By definition, interactive media cannot be used passively. The Internet is used to discover the world and delve into it. It is used to express views and, of course, to interact with others. By its very nature, it has the potential to foster an unusually rich culture of exploration and awareness of ideas and perspectives. It also has the ability to dramatically change the ways in which individuals participate in democracy. But this won't happen by itself. The seed must be cultivated.

Markle's Public Engagement through Interactive Technologies program encourages the use of communications technology to help people actively pursue knowledge and participate in democratic society.

As part of our efforts, we are developing media partnerships to experiment with new ways to understand the interests of various audiences, and with the way in which interactive tools can get people involved in societal issues. In collaboration with other organizations, we will also test models of news and information delivery that could be

sustainable in the emerging information marketplace.

We will also focus on improving voter participation in the 2000 elections by working with America Online and others to build extensively on our successful experiment with our Web White & Blue campaign. Created with Harvard's John F. Kennedy School of Government, America Online and numerous commercial and nonprofit sites, Web White & Blue promoted easy Internet access to political information during the 1998 elections. Displayed on 1,300 sites, the Web White & Blue Web site icon occupied valuable home-page space on many of the largest commercial sites. The campaign began to create the expectation that these sites should provide good political information to their users. Hundreds of thousands of people used the Web White & Blue site as a portal to information about candidates, platforms and issues.

II. Policy for a Networked Society

Core aspects of our social, political, economic and legal systems are in flux as a result of the rapid growth in computing power, convergence, and the rise of the networked world. The private sector has provided extraordinary economic expansion, and it therefore has had an amount of autonomy from government oversight that far exceeds deregulation trends in other fields.

Although the new media are still taking shape, some public policy issues have arisen and some policies have had to be set. To date, dialogue over policy matters in many cases has been led principally by the communications industry itself. But industry-led policy will not be sustainable if it does not adequately include the public voice. It is important to develop means of ensuring public input as new policy-making bodies are formed, whether they be self-regulatory or governmental, domestic or international.

Our program in Policy for a Networked Society respects the role each sector can play - public advocates and nonprofits, businesses, the academic community and government. Integral to our effort will be the creation of an international network of scholars, policy experts, nonprofit organizations and industry leaders to develop principles of regulation that can be implemented through individual compliance, industry self-regulation or government regulation at the local, national or international level. Markle will also identify and encourage lawyers and other advocates to develop formal means of influencing public proceedings in courts, legislatures or administrative agencies.

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III. Interactive Media for Children

It is no secret that today's children are growing up in a media-saturated environment. Television still dominates their waking hours, but hand-held video games, computer games and programs, and even interactive stuffed animals are competing heavily for our children's time. Many children are on the Internet before they enter school.

Like every parent, I wonder about the implications of this trend, both good and bad. I ask the same questions most parents ask today: Which interactive experiences are valuable for children? Which ones will help them build skills? Which ones should be avoided, in what way, and at what ages?

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I want to see market forces tap into the extraordinary power of digital technology to help children learn and grow into responsible, active citizens. I believe that educational products can be exciting, popular, and therefore commercially sustainable. For game designers and software developers to

create such products, however, we need to help them get access to knowledge about childhood learning and development. And further study is needed on the effects of interactive media on the cognitive, emotional, physical and development needs of children. In addition, parents need guideposts and tools to help them do their jobs.

Markle's program in Interactive Media for Children will work to gain in-depth knowledge about the potential and the impact of interactive media, and then work to help incorporate this knowledge in the creation of children's products and services. We will also study parents' evolving needs and concerns in the new media environment for children, and support ways to help them make informed, responsible decisions.

IV. Information Technologies for Better Health

Medical research has led to the discovery of effective treatments for innumerable illnesses in recent years and we know a great deal about how to maintain people in good health. A chief task now is to spread medical knowledge and to empower people to take advantage of the information that is available.

This is where information technology can play a very important role. Interactive technologies can engage patients and consumers in new ways. They can encourage people to seek and compare information and to take greater responsibility for their health. Most of the technology developed by the health care industry itself, however, has been designed to streamline administrative costs and to develop systems that improve communications between insurers and providers. And while a great deal of health information is available on the Internet, much more can be done.

Markle is therefore creating a program in Information Technologies for Better Health. The Foundation aims to enhance the ability of individual patients and consumers to relate their own circumstances to medical knowledge. We are particularly interested in technology that gives people the means to capture their own health data, to relate their health history to sound medical knowledge while maintaining their privacy, and to do so interactively. We also will focus on the potential of health care information technology to narrow the divide in the quality of care for underserved populations.

The Markle Opportunity Fund

To be effective in these program areas, we will have to experiment and take risks. We must also be open to other ideas and opportunities that we might not have anticipated. And we must be positioned to move as swiftly as the world we seek to influence.

We are therefore creating an Opportunity Fund to support and seed initiatives that fall outside of our primary program areas. We will not accept unsolicited proposals for grants from this fund. Rather, the fund will ensure that, when we spot a need or opportunity, intellectual and financial resources are available.

Recently, for example, we were able to assist the International Rescue Committee to develop and implement the software-based Child Connect program to reunite refugees with their families, and the Kosovar Family Finder, a database-driven project that provides refugees with the location information of displaced family and friends.

Our Approach

Over the last 30 years, the Markle Foundation has functioned as catalyst, pioneer, experimenter, supporter of talent, and builder of bridges between governmental, business and academic communities. We hope to continue to serve in each of these capacities, and in any others that advance the greater good in today's communications environment.

As I mentioned, our board has approved expenditures of \$100 million over the next three-to-five years. We will seek in everything we do to have an impact beyond our financial investment by drawing on the talent and resources of a broad range of partners.

Of course, Markle will continue to make grants, but we also plan to create and operate more of our own initiatives in the pursuit of program objectives. We will also continue to make program-related investments in nonprofit and commercial enterprises with publicly beneficial ideas.

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Because my own background spans business, government and academic territory, I hope to help Markle continue working across sectors and bringing people together for truly creative efforts. We welcome and will seek out collaborations and strategic alliances with both nonprofits and businesses. We invite and will reach out to other philanthropies and

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organizations to work on issues of common interest. I hope we can join our knowledge of communications media and information technologies with the knowledge others have in such areas as health care and children. And I believe it is of the utmost importance that we work with and within the communications industry itself to find ways to meet society's needs through

business operations, to experiment with new business models, and to leverage resources through partnerships.

We will look sometimes like a grant maker, sometimes like an operating foundation running our own nonprofit programs, sometimes like a think tank or laboratory, sometimes like a business, and sometimes like a public information firm running an educational campaign.

Years from now, when you and I look back on this period in history, I truly hope that we will not regret a missed opportunity. I hope that we will see this as a time when society seized the chance to change itself for the better. And I hope to look back and see that the Markle Foundation was able to make a contribution to this change - that we helped improve life in the Information Age.

Zoë Baird
President

