

Webcasting: The Newfound Power of One To Many

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“Webcasting has now become a potent business and communications tool. In fact, the Yankee Group found that companies using streaming media in sales applications cut their customer acquisition costs by more than 25%. The study also cited a company using webcasting to train more than 200 salespeople without pulling them from the field, allowing the company to launch a new product four to six weeks faster and cut training costs by 75%.”



1

Webcasting

What is a Webcast?

When we think of broadcasting, television and radio spring to mind. With their soaring transmission towers, valuable broadcast licenses, and elaborate programming, they have become mature and powerful businesses, firmly fixed in time and place.

But now the broadcast function of these traditional media is being adapted to a more nimble one called webcasting, with revolutionary results. It is likely that in time webcasting will be as popular and ubiquitous as e-mail. Already, it has proven its value, demonstrating significant cost savings for public company earnings conference calls when compared to traditional expenses for dedicated long distance phone lines.

Using the Internet, any organization or individual can broadcast a message from their desktop. At the same time, they can also interact with their audience in chat rooms, collect demographic data on attendees for mar-

keting efforts, and archive the presentation for replay at a later time. Webcasts can be tailored to reach diverse audiences, ranging from a select group of employees to a global network of total strangers bound only by a common interest.

When discount broker Charles Schwab wanted to speak with thousands of his employees worldwide he simply held a virtual Town Hall meeting via webcast and fielded questions in real-time. When Office Depot wanted to do more than just sell copier paper to women running small businesses, it created a brand-building "Web Café" and held weekly seminars covering issues faced by female entrepreneurs.

As these examples show, webcasting is beginning to transform business communication. People are only now recognizing the power of this platform, and in time, it is expected to enjoy broad, everyday use.

A webcast is defined as any event, live or archived, involving the transmission of information from a person or organization to a larger audience over the Internet. In industry parlance it involves the communication of "one to many."

With no limit to audience size, a webcast can take the form of a quarterly earnings call by a CFO to investors and analysts, or a rock concert put on by an alternative band with a far flung cult following. It can be a training seminar aired by a company's human resources department for new hires, or it can be a Web-based product information release to a sales force halfway around the world. It can be as simple as an audio-only address from a CEO, akin to a fireside chat, or as elaborate as an audio/video webcast with a PowerPoint slide show presented from multiple locations with follow-up questions from the audience.

The technology that makes webcasting possible is called streaming media, and it emerged in the mid-1990's. Streaming media is growing robustly, nearly doubling in size every year. Annual sales worldwide are expected to reach \$4 billion by the end of 2004. The real barrier to industry growth, however, is a lack of awareness of the technology and an understanding of how it works.

Many are often still intimidated by the technology.

Behind what appears as a simple and seamless Web communication media lies a very complex technology. Hosting a webcast involves the orchestration of several moving technical parts, often with each of them provided by different vendors. These major pieces include:

- Audio and/or video **capture**: recording or filming an event.
- Signal acquisition/**transmission**: sending the signal to a location for encoding.
- Content **encoding**: converting the signal into a streaming-media file format.
- **Delivery**, or distribution: sending the encoded signals to delivery-network servers which then transmit the content to webcast participants.
- Web site **interface integration**: creating interactive functions as part of the webcast and getting them to work together. These include such functions as question and answer capability between broadcaster and audience, polling of the audience, and PowerPoint slide presentations.

Why Webcast?

The consensus about webcasting is that it is like exercise. The more you do it, the better it feels—thus, the more you want to keep doing it. The hardest part is making the initial commitment. When companies employ webcasting in one part of their business they often see other areas to which it can be adapted.

For instance, many large public companies first applied the technology to their quarterly earnings reports to comply with SEC rules. Webcasting became the most effective and efficient way for companies to release sensitive financial information to all shareholders simultaneously, thereby insuring fairness and dispelling doubts about the misuse of insider information. Soon companies began seeing webcasting as a strategic communications tool. In HR, webcasting is now used for employee training seminars and in PR to create buzz around newly launched products.

Webcasting has now become a potent business and communications tool. In fact, the Yankee Group found that companies using streaming media in sales applications cut their customer acquisition costs by more than 25%. The study also cited a company using webcasting to train more than 200 salespeople without pulling them from the field, allowing the company to launch a new product four to six weeks faster and cut training costs by 75%.

Webcasts that include robust reporting tools make it easier to measure this payback by providing informa-

tion on who participated and for how long, allowing sales people to follow-up on new leads. In addition, a webcast has value well beyond the live event: Experience has shown that for every one real-time listener, three will listen to the archived replay.

Some other benefits of webcasting's rich and interactive features:

- **Flexibility:** A webcast, broadcasted live or archived, has the potential to target an audience much more precisely than traditional programming. This translates as lower cost per user, with the attendant prospect of a higher return on investment.
- **Interactivity:** Webcasting allows for a greater degree of audience participation than TV or radio. A webcast can incorporate synchronized PowerPoint slide presentations and additional supporting materials to illustrate important points and add greater interest. A webcast host can know who is "in the room," and how long they stayed. Such data may help you assess the quality of the content. Listeners, meanwhile, can also respond in real time to the presentation through polling, chat, and by asking questions directly to the host.
- **Economy:** Webcasting is very cost effective compared to traditional media. A public company hosting a quarterly conference call to announce earnings traditionally paid as much as \$10,000 for a dedicated long distance phone line for each listener. When that same call is webcast the cost drops to less than \$1,000. Compared to traditional mass media webcasting is quicker, cheaper, and a more direct way for a business to communicate with its constituents and achieve a broader reach.
- **Measurability:** Webcasting gives users a better handle on their return on investment, for example, by correlating eventual sales leads generated from a webcast with the number of people attended. It can also move a message much closer to the eventual point of purchase. An auto manufacturer launching a new model can craft a webcast that would be archived on a popular online car buying site, accessible to would be car buyers any time, and also much closer to the actual point of purchase.



Office Depot used Thomson Financial's Video Webcast with synchronized audio and PowerPoint slides for their Web Cafe. (NYSE: ODP)

Selecting a Webcast Vendor

In such a dynamic business—where yesterday's favorite supplier is today's latest Chapter 11 casualty—establishing long-term relationships based on trust is essential. Companies need to do their homework and find a service provider who will take the time to work with them, assess their needs, and manage solutions from start to finish.

One vital function of a provider is its role as a de facto general contractor, identifying the best streaming media vendors and tapping them to build and deliver the client's webcast. That single service provider should have a strong product management capability, meaning that it is constantly reviewing new technologies as they appear. It should also be a seasoned company that is industry savvy.

In selecting that single service provider here are some criteria to consider:

- **Product Offering:** Features should include audio, video, polling, chat, and the ability to broadcast a sophisticated PowerPoint presentation. Reporting of who attended the webcast and how long each stayed is another critical capability.
- **Service:** The service provider should be adept at handling last minute changes like adding a new slide in a presentation in the final hour. Many providers boast their webcasts are automated and

presumably, error-free. But many companies want to be able to talk to a knowledgeable human being on the phone. Always ask what sort of human support the vendor offers, under what conditions, and during which hours of the day.

- **Reliability:** There is nothing quite as embarrassing as an important webcast that is announced with great fanfare and fails to go off smoothly. Webcasting relies heavily on telecommunications and the Internet—powerful, but not perfect, technologies. Companies need to know the worst-case scenario and be assured that its chances of occurring are remote. For example, companies might consider paying more for redundancy in key parts of mission-critical webcasts, or even adding a backup webcast in its entirety.
- **Scalability:** Most vendors can manage a webcast beamed to 500 participants. But what happens if the audience numbers 5,000—especially if that provider is simultaneously servicing other customers? The size of the audience increases the complexity of the webcast, so be sure to check the provider's track record and capability when it comes to high volume presentations.
- **Industry Experience:** Cumulative industry experience counts for a lot. Many service providers who develop a strong track record in one or two industries can often readily translate those skills to other fields. The service provider known for staging road shows and conference calls to webcast financial information can just as often be adept at staging a webcast to announce the launch of a new digital camera. In other words, webcasting experience in one discipline often crosses over to be successfully applied in others.



MetLife uses PowerPoint slides, supporting materials and index archives to help communicate their message. (NYSE: MET)

Top Ten Webcast Best Practices

Clearly webcasting is becoming a mainstay for broad dissemination: it helps meet fair disclosure requirements, it's easy to implement quickly and affordably, and can be accompanied by supporting presentation materials to illustrate important points. Webcasting can not only help to position your company as tech savvy, but will also communicate your company message, in your words, to a wide audience.

To help you produce stellar webcasts, we have compiled the following best practices based on our experience conducting over 4,000 webcasts every quarter:

1. Choose a reliable teleconference provider

Choose a conference call company that understands critical issues like the date, time, number of participants, duration, introductory speech, contact telephone numbers, and webcast requirements.

2. Promote the event

Publicize your webcast with an advisory news release and e-mail alerts, and post your conference date and time to any appropriate section of your Web site—home page, news and events, and IR pages. Use voice-mail and hotline messages to promote your event.

3. Provide Information

Use a webcast event page to provide details of the event—the date, time, presenter information and supporting materials. Be sure to make the webcast link easily accessible. A general rule of thumb is anything more than 3 clicks from the home page is too many.

4. Gather information

Use a guestbook to gather valuable data on your listeners. Capture their name, company, e-mail address, how they heard about the event, etc. If you require listeners to fill out certain fields as condition of participating, limit the number to avoid annoying prospects.

5. Engage your audience

Augment the audio portion of your webcast with PowerPoint slides for a more interactive session. Allow the audience to submit questions in real-time and consider online polling. Choose to open the Q&A to all or a portion of the listeners; you can permit only certain participants to ask questions, with others participating in a listen-only mode.

6. Archive your webcast

Make replays available for a limited time in an indexed format and post appropriate disclaimers ahead of dated information. Indexing breaks the webcast up into sections, allowing listeners to go directly to the portions they want to hear.

Providing an archived webcast and/or transcript allows potential participants who missed an event to tune in at their convenience. Thomson has found that for every listener to a live event, there are 3 listeners to the archived replay.



Amerada Hess promotes their upcoming quarterly earnings webcast on the Company's home page. (NYSE: AHC)

Top Ten Webcast Best Practices cont.

7. Webcast non-earnings events

Avoid possible selective disclosure issues by webcasting your annual meeting and your company's presentations at broker and industry conferences.

8. Distribute your webcast

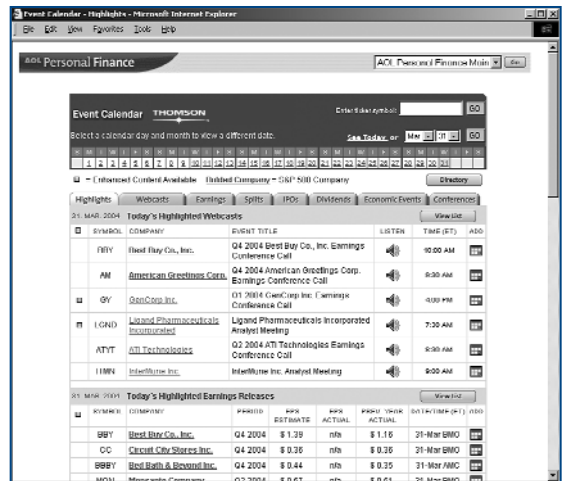
Remember that the power of the Internet is more than just providing a webcast stream—it's about reaching your investors, controlling your message, and increasing your brand exposure.

9. Provide your call content in multiple formats

Un-biased summaries and full-text transcripts of your conference calls can serve as the "official record" by creating an officially sanctioned copy of what was said on the call. Providing your audience with more choices on how to access information—teleconference, webcast, brief, and transcript—makes the information contained in your call more valuable.

10. Gain insight

You've conducted your webcast, archived it on your Web site, and distributed it to the leading financial portals. Now it is just as important to get feedback on the results of how successful your communications program has been. Be sure to analyze where attendees listened to your live or archived webcast—via your Web site or financial portals and whether they listened to the live event or the archive. See if you can compare your results to other companies in your industry and benchmark your results to others.



Direct individual investors to listen to your webcast through financial sites such as the AOL Personal Finance Channel instead of dialing-in to your conference call or replay.

Reaching Shareholders, Informing the Media, and Building Community with Webcasting

Shareholders

"Participation in this year's annual meeting webcast generated a 500% increase in attendance over our first webcast in 2000. What's more, the archive of the event attracted nearly twice that figure," says Christie Bender, investor relations administrator at The Cooper Companies (NYSE: COO). The health care products company, based in Pleasanton, CA, chose webcasting because many of its shareholders who already remotely participated in annual meetings via proxy vote or conference calls, had little chance to interact.

"Holding our annual meetings as webcasts as well as physical meetings allows shareholders to attend the meetings without incurring travel costs and that has greatly boosted investor participation," Bender says. "Listeners can follow presentation slides in real-time, gain a more in-depth grasp of the company's vision, and improve both understanding and confidence in the management team. Analysts too are appreciating the initiative as they can now utilize the archive facility and extract information at will."

Bender says that her department saves time and money by webcasting through less paperwork, lower mailing costs, less staff time spent responding to requests from shareholders for supporting materials, and reduced teleconference and replay costs.

Previously, the company had to individually alert attendees of an upcoming shareholder meeting—a time intensive process. Now this is automated through the client's extranet, MyCCBN, saving time and drawing attendees who may not have traditionally been targeted. "It's been such a timesaver to have the presentation slides freely available via the webcast and then archived so our department is not constantly responding to analysts' requests for the presentation slides," Bender notes.

Press

The 24/7 global news environment presents businesses and other organizations with a complex challenge—how do you get your message out to journalists facing tighter deadlines yet still control costs?

Environics Communications (EC)—a public relations agency with clients in sectors including health care, financial services, and consumer products—has been able to implement key media strategies for their clients by leveraging the Internet to reach target audiences more effectively and without the time and traditional expense of travel and materials production.

For example, EC in 2002 hosted webcasts for United States Pharmacopeia (USP), a non-profit body that sets quality standards for prescription medicines and nutritional supplements. One webcast concerned the announcement of a new study of medication errors.

"Webcasts were perfect for USP because our subject matter was very detailed and visual, and we could take the media through presentations that provided the necessary background," says Sherrie Borden, USP public relations director. The topic of medication errors naturally raised a lot of questions from journalists," says Erin Gifford, account supervisor. "With Thomson's Q&A functionality during the webcast, reporters were able to get their questions answered on the spot and file their stories immediately rather than having to set up individual briefings after the fact. The webcasts also proved a successful means of delivering support materials – graphic files that could be immediately downloaded. Fast, effective response to the news agenda is vital, and the webcast format made our announcement more appealing to journalists."

Community

Office Depot (NYSE: ODP) is a company that supports the communities where it does business as away of building a reputation for strong corporate social responsibility. Such support can often be costly, however.

Based in Delray Beach, FL, the office supply company established itself as a strong corporate supporter of small businesses and women organizations when it launched the Office Depot Web Café. One offering was a season's worth of hour-long webcasts from leading small business experts on topics like building a business, leaving a legacy, and maximizing technology. Virtual attendees saw live video or audio presentations and participated in online question and answer sessions.

"The webcasts have consistently improved as we have added additional features to respond to the popularity of Web Café. We've had a lot of great feedback from the public with comments such as 'Great Idea' and 'Carry On,'" says Monica Luechtefeld, executive vice president of Global E-Commerce.

"And with the detailed audience reporting available to us through MyCCBN we've been able to expand our direct outreach to our customers, redefine customer communications in the office products sector and take e-commerce solutions to the next level of growth and success."

A Richer Future

Webcasting is a medium that will be used in ever more imaginative and sophisticated ways. Law firms will air webcasts of new industry regulations to alert corporate clients, rather than burying them in a fresh deluge of paper. Software firms will do the same to alert customers to unforeseen product bugs in order to affect a quick fix that will save countless hours of skilled employees' time. A major company like Home Depot might furnish a web address on the bottom of a customer's receipt, directing him to a webcast on its homepage featuring installation instructions on the item he just purchased. A retail chain like Circuit City could simultaneously change the digital signage with a few computer keystrokes from a central location in each of its stores in order to advertise a special offer on a video game, and 15 minutes later air a short video via the same means about a new DVD player.

Webcasting, with its rich and interactive features, has the potential to further energize the already potent possibilities of the Web. For now, there will be those companies that have embraced streaming media as a more effective way to communicate what their businesses are about, and those who still hold back. Competition to use this new tool will soon broaden its use, and streaming media will gain widespread acceptance as an everyday business tool.

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Thomson's Dedication to Excellence

Delivering a Distinctive Customer Experience

Thomson Financial is the partner of choice for corporations around the world, offering the Industry's most comprehensive range of content, technology, and analytics to meet the dynamic needs of financial professionals. Only Thomson can truly support every step of your workflow—from managing your short-term tactical needs to your long-term strategic planning and analysis efforts. Thomson works with 4,500 public companies to refine their investment story and competitive positioning, analyze broker research and adopt best practices for corporate governance and shareholder communication.

At Thomson our commitment to continuous innovation and world class service is paramount. It is this dedication to excellence that drives our business strategy and is the foundation of our corporate culture. This has enabled us to provide our clients with world-class service, state-of-the-art technology, expansive content, and the industry's only completely integrated end-to-end solution.

Experience

Thomson has proven operational, technological and service expertise in building, managing and hosting over 2,500 IR Web sites and webcasting over 4,000 events each quarter. Thomson is also recognized by countless organizations for our best practices in Web disclosure. In fact, IR Magazine recently awarded Limited Brands the best overall IR site, and the IR Society presented Benetton with the IR Best Practice Web site European award—both Thomson IR Web site clients.

World-Class Service

Delivering a distinctive customer experience is our highest priority. Thomson Financial's practiced and knowledgeable client service professionals are dedicated to being responsive to our clients' needs and proactively ensuring their satisfaction. Our worldwide service organization operates 24 hours a day, 7 days a week. We're proud to employ the best and brightest professionals to partner with our clients—providing unparalleled expertise and service excellence.

Community

No other firm reaches all of the key players in the global financial markets like Thomson. Our virtual community, represented by an unmatched directory of industry professionals, uniquely connects the buy-side, sell-side and corporations to better facilitate financial market interaction.

Thomson Financial is the only company today who can distribute your webcast and other investor information on your IR Web site, onto the desktops of thousands of buy- and sell-side professionals through the Thomson StreetEvents Investor Network, Bloomberg, Bridge, TheMarkets.com and Track Data.

More than 17,000 institutional investors from over 1,700 leading buy- and sell-side firms rely on Thomson StreetEvents each day as their primary source for accurate, timely, and comprehensive event information and webcasts.

Thomson also helps companies communicate fully and effectively with individual investors by providing them with direct access onto AOL's Personal Finance Channel, MSN, Yahoo! Finance, and 25 other leading retail financial sites, helping to insulate companies from potential selective disclosure issues.

For more information about Thomson services and other solutions for your corporate communications needs, please contact us at 1.800.262.6000 or e-mail tfcorporate@thomson.

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