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Microsoft Collaborates with Xerox and ContentGuard to Facilitate Secure Distribution of Electronic Content

April 27, 2000

ContentGuard, Inc., a Xerox spin-off company augmented by Microsoft investments, will offer an easy way to protect digital material distributed over the Internet and expand consumer choice.









PALO ALTO, Calif., April 27, 2000 — When Stephen King's novella, "Riding the Bullet," was released over the Internet last month, the publishing world heralded it as a glimpse into the future of electronic book distribution. Its release proved two major points about eBooks. First, it proved there was real demand for premium digital content -- there were 500,000 downloads of the book in its first 48 hours of availability, and some servers shut down trying to keep up with the demand. It also proved that digital content is subject to piracy. Hackers managed to break the book's encryption code, and pirated copies were distributed illegally to a number of Web sites and chat groups.

The distribution of books and other digital media over the Internet has opened up enormous possibilities for consumers in how they can sample, experience and purchase electronic materials. At the same time, suppliers are working to create a distribution system known as "digital rights management (DRM) technology" that ensures protection for copyrighted material while making it easy for consumers to buy and enjoy these forms of digital entertainment.

"People love getting content delivered to them wherever and whenever they chose, and we want to ensure that they continue to have many opportunities to do so," said Microsoft President and CEO Steve Ballmer as he announced today's launch of ContentGuard, Inc., a spin-off of the Xerox Corp.

The new Internet company, created with the help of an investment from Microsoft, will offer a comprehensive software system to protect and manage books, documents, music, software and other valuable content that is distributed over the Web. "The secure and safe delivery of digital media is of primary importance to not only everyone in the business of content distribution, but consumers of this information as well," Ballmer said.

ContentGuard's DRM technology, originally developed at the Xerox Palo Alto Research Center and augmented with contributions from Microsoft , provides products such as software and consulting services as well as Internet-based solutions to help content distributors disseminate digital content over the Internet in a way that is protected but still easily accessible to consumers.

Microsoft and ContentGuard will also collaborate on future development of DRM technology. Microsoft will support ContentGuard's licensing and rights labeling format in its own DRM solutions. Microsoft Reader, a new software product for displaying books on screen, will be the first product to incorporate the new ContentGuard technology when it debuts this summer. The technology will also be extended to support future versions of Windows Media Player and Windows Digital Rights Manager.

"ContentGuard will offer a safe and secure e-commerce environment for publishing and distributing any high-value or copyrighted material," said Xerox President and CEO Rick Thoman.

ContentGuard's Internet content protection software is designed to "lock" digital content, preventing unauthorized users from forwarding it or copying it unless they have paid or registered with the content owner.

Press Contacts

Rapid Response Team

Waggener Edstrom Worldwide (503) 443-7070

Related Links

Press Release:

Microsoft Takes Stake in Xerox E-Commerce Spinoff to Deliver Total Publishing and Rights Management Solution for eBooks, Digital Content on the Web - Apr. 27, 2000

Microsoft Resource:

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Once content owners such as publishers or authors establish specifications for how customers will access their publications, ContentGuard will incorporate those specifications into the content and use encryption technology to "lock" the content. Anyone who wants access to the material must obtain a digitally signed "license" to unlock the content. When users attempt to access a ContentGuardenabled document, they are sent to a digital rights management Web site where they make a payment as they would in any standard e-commerce transaction. The user can then download the digital content and see or hear it by employing a standard viewer or player.

While users can redistribute the content, new recipients will have to acquire their own "license" before gaining access to the content. In other words, if someone enjoyed reading, "Riding the Bullet," and wanted to send it to a friend, he or she could do so, but the recipient would have to pay for the right

While DRM technology has been available from many sources, the benefit of the ContentGuard approach is that it is flexible enough so that publishers can use marketing initiatives such as single chapter preview programs or one-time usage scenarios to promote their products. Such promotions will let consumers sample content before actually having to pay for it.

"Content wants to be free, but content creators want to get paid," said Dick Brass, vice president for technology development at Microsoft. "ContentGuard's ease of use for publishers and for consumers certainly ensures it an immediate presence in the eBook industry." Brass and Xerox Internet Business Group president, Michael Miron, will be co-chairmen of ContentGuard's board of directors.

Microsoft and ContentGuard will also collaborate on the development of a common digital rights management standard for the many emerging digital content categories. This will assure that content developers such as publishers and authors receive payment and retain control over how their materials are used.

ContentGuard will work to establish one of its core technologies, XrML (eXtensible rights Markup Language) as a standard for digital rights management on the Internet. It has agreed to provide the XrML code to the industry royalty-free to stimulate its use among software developers and content providers. By freely licensing XrML, ContentGuard is promoting the use of digital rights specifications among authors, artists, publishers, distributors and retailers who may use software products from different vendors.

"The creation of common standards among these varied groups will be critical to making the most of the Internet as a way of distributing published materials," Miron said.

Although ContentGuard's current focus is on the publishing and eBook markets, creating a standard way for applications to support digital rights management opens doors for many markets. It will allow developers to create a new generation of common products such as word processing applications, spread sheets, email, media players and eBook readers, with built-in digital rights management features. The ContentGuard technology will be integrated into commonly used technology so as to create minimal intrusion for the consumer.

"Digital rights management will become a ubiquitous element of all content exchange eventually, whether for secure ecommerce or for ensuring the persistent protection of high-value sensitive material," Brass said. "ContentGuard's mission is to drive this evolution."

Currently, the ContentGuard software suite can protect the distribution of digital content such as market research, business reports, books, periodicals, sheet music, patent applications and academic course packs. Plans are under way to enable ContentGuard for audio and video material.

"Ultimately, as ContentGuard and other digital rights management software is widely adopted, consumers will be able to access a far greater range of digital content over the Internet than ever before-whether it's music, software or eBooks," Brass said. "Since they won't need to download special software, this process will be simple and fast."









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