



"From Paper to Persona to Payment: Considering a New(s) Ecosystem for News, Information, Identity and Privacy"

A DISCUSSION SETTING UP THE RJI-O'HARE May 7, 2015 ROUNDTABLE with:

[Henry "Buzz" Wurzer](#), retired senior executive, The Hearst Corp.

[Peter Winter](#), author, and co-founder, New Century Network

[Bill Densmore](#), Reynolds Journalism Institute fellow

Wurzer: Newspapers may be dead but journalism is more alive than ever. Journalism has never been healthier. The pipes that deliver journalism have become more simplified and competitive. What is complicated is the personal management an information a user must undertake with 15-20 different content providers, their passwords, payment charges and privacy concerns. In a sentence, what is the end game proposal you seek from this meeting?

Densmore: I'd say: "Make a common market for digital information." One which enables vigorous competition on pricing and services but has some non-government standards and rules for transparent managing of trust, identity, privacy and information commerce.

Winter: Here's how I see it. The tactic is right – put up a straw man, and have at it at the O'Hare Hilton. Pretty quickly the naysayers will make themselves known, the idealists will make themselves known, and the pragmatists will swing one way or the other.

These are desperate times for newspapers. Absent any last-ditch effort the newspaper business is over, not because print is dead but because of their inability to build successful digital products. There is not one online newspaper in a Comscore report that ranks in the top 25 in market share or engagement in its own market. The inability to build a successful digital project means newspapers have no future at all -- it is just a question of time. That would suggest we're in desperate straits and desperate times call for desperate measures.

A local newspaper company does not a digital sensibility that enables it to build a competitive digital product. All they are doing is mining the last vestigial value of the print brand.

Secondly, no local newspaper has the economic scale to complete effectively – on its own -- with big aggregators coming into their market.

Thirdly, it would appear self evident that local news is a perilously weak differentiator. You can't just be local or you are going to be a very small niche occupying a minute or so of somebody's time. You can't build a business out of that.

Wurzer: I totally agree with that premise.

Winter: So your straw man may be exposing the five critical deficiencies in the way newspapers have gone to market in the past. We need to agree on why they are in digital trouble:

1. Lack of scale - no single newspaper company, no single newspaper, can compete on its own
2. Lack of money - fear of risk led to a policy of managing decline and low investment
3. Low competitive value - news is a commodity, local is a weak differentiator
4. No digital culture - products reflect low digital sensibility and are failing in the marketplace
5. Diminishing leverage – transaction throw-weight is declining every day

So what are the five desperate measures required for newspaper companies to survive?

1. Need a single voice and platform
2. Must be willing to put current traffic at risk
3. Must hire different people to build new digital products unencumbered by parent newspaper company interest
4. Must build shareable databases of local-registered users for our own product development, marketing and ad sales use
5. Must put in place our own sales force

1) Speak with a single voice

If a significant segment of newspaper ownership is not willing to speak with a single voice and negotiation from a position of strength and scale then you don't have a prayer.

2) Control content distribution; be willing to lose traffic

It is time for newspapers to become more circumspect about distribution of their hard-earned product. Google goes to Spain and says to La Prensa and to Germany and Axel Springer and says we're going to turn you off. Axel and LaPrensa have to live without the spigot and without Google News; their traffic is down by more than half, they cut back-- they are thin. They are fighting back. They are proving, I think, that you can get by without the Google spigot and it is time for newspapers to say we're going to build our own aggregator and we're going to fight like hell and we are going to say, "Google you can't just take it anymore."

There has to be some kind of analysis to what the limits are for fair use. We are going to build our own aggregator and make it damn difficult for people to aggregate us. Newspapers have allowed these aggregators to siphon all the value out of fair use. It is time we called their bluff in the United States just as they have done in Germany and Spain. We should never give value away again under guise of traffic, which we can't "monetize."

3) Find new people to build a digital service for millennials

The third piece is this new enterprise that speaks with one voice has one mission and one mission only -- and that is to build a new news-related digital service for millennials and younger -- and that means that classic newspapers editors have to be kept as far away from this as possible.

The venture has to hire from Vox, BuzzFeed have an all-digital sensibility. Not "digital first." A venture that hires from Vox, BuzzFeed, has a digital sensibility, digital first. It is built by a singular company that protects itself from unwarranted aggregation and that speaks from a single voice and is owned at least in part by newspaper companies.

This is the last chance to create salvation value. It's important to emphasize that the venture I have in mind is not a big, high-investment undertaking. It's 10-15 people, with ready-made technology.

Densmore: Peter, what you are describing makes perfect sense as a company that might form and operate within the business rules and protocols of an Information Trust Exchange as a for-profit enterprise. But I believe we have to start simultaneously at a higher level with a shared-user network for trust, identity, privacy and information commerce. We need to make the marketplace of common exchange of identity and value so that your all-digital, millennial-serving, news-sharing service can thrive -- and compete -- with other non-news services in the Exchange.

Wurzer: Bill's goal is to make it more efficient for me as a consumer to get information, to pay for it, and to have my privacy in one way or another not damaged by non-permissioned marketers of the world. That's really what he's trying to do.

The second point I would make off that is how is something that big and that right every going to get done in a business environment that is so dynamically changing day to day? If you can get people interested,

the dynamics of the marketplace are so disruptive it would be an insurmountable task to get it built. You've got to create a business model that is based on the fact there are gaps in the marketplace that need to be filled and that is what this will do.

This goes along with your points, Peter:

- You have to have a single voice
- It's huge risk, but worth it

The biggest handicap is how do you create the business environment where you can create a totally new product differentiated by its value? For example, why do I have 12 passwords and 15 people I'm paying for subscriptions I have to control and manage? We need a container that can just make that happen as a single "fast pass for information." It has to be beyond what I have got right now and you can't do that with legacy people.

Winter: So it is a product-oriented company that brings with it the trust mechanisms that Bill is talking about it and those are the two stalls of the product. How do you build the thing? That has always been the problem.

Densmore: No, Peter, building it has never been the problem, that's what the technologists continue to say. The problem has been getting alignment of the elements of the service and the shared-user network business model. But we may now be at an inflection point where newspapers realize they simply cannot continue to exist in silos, they must adopt common technologies, business rules and standards for managing user identity, privacy, trust and information commerce if they want to have the scale of the platform companies such as Google, Facebook, Apple and Amazon.

Winter: Building a service for millennials, or other information niches, is certainly a key part of the strategy to create salvation value. But at O'Hare, we've got to start by getting alignment on the principles before we move onto product or service creation. Don't have a conversation about products. Keep it at a high level; don't drop down to practical, feasible and literal too soon. Seek agreement on why newspapers are doomed, and this is a last-chance effort.

Let's talk honestly about the fact that our print products are dying, no one's built a digital product that can resuscitate and renew that franchise. Local is a weak differentiator -- we can't build a sliver of a product from it. News and advertising are commoditized; we are still selling digital advertising on cost-per-thousand impressions (CPM) not on revenue per thousand impressions (RFM).

I don't care what the shape and structure of the product is, if you drop that discussion into this meeting at O'Hare without getting alignment on the broad principles, you'll get nowhere. But after O'Hare, with alignment on principles, you say we need to get digital talent, put that talent in a room, find holes in a market, then go to the technologists and how do we build it.

Wurzer: If you can get that buy in at the level, how do you communicate that through RJI Mizzou to business leaders to say: "Here's where we are -- let's take the next step and get you together and you've got to buy into the same principles."

Winter: That's a meeting of the people that write the checks. That's laying it out in clear and uncertain terms. You have to say to the industry's leaders: You either manage the decline all the way out or you have one last shot. There are a million obstacles here but start from getting agreement on the key issues -- then clear one obstacle at a time. You have to have an organization. There has got to be an organization. It all comes down to these defining principles.

Densmore: And isn't one of the defining principles that the companies transitioning from newspapers intend to maintain and grow a primary customer relationship, not give it away to the platforms? That's where the value is.

Winter: Yes, that's right.

Wurzer: So I agree with Peter that the last thing you want to do is get into a specific product discussion because you have lost control of the meeting. Your biggest challenge is how can this group suggest to newspaper leaders that they should become a single voice?