DONALD W. REYNOLDS JOURNALISM INSTITUTE

Missouri School of Journalism   University of Missouri

FROM PERSONA TO PAYMENT:
A STATUS REPORT ON THE NEWS ECOSYSTEM, AND A CHALLENGE TO CREATE THE NEXT ONE

From
Persona
to Payment

Sustaining Journalism in the Attention Age

Could a public-benefit collaboration sustain journalism -- and privacy -- in a new market for digital information?

By Bill Densmore
Reynolds Fellow
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FROM PERSONA TO PAYMENT:

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AND A CHALLENGE TO CREATE THE NEXT ONE

Abstract

Drawing from more than 85 recent interviews and years of observation, "From Persona to Payment" asserts the need – and support -- for a new, non-profit platform, respectful of privacy, that will help the public discover and support trustworthy information relevant to their personal needs.

This 114-page report was prepared by Bill Densmore, a Reynolds Journalism Institute (RJI) fellow at the Missouri School of Journalism. It details the challenges and problems of the current news landscape. The paper says some newspaper, public-media and technology leaders are ready to consider a collaboration on infrastructure to help sustain and change journalism. It says the effort is required because advertising no longer supports the news, in part because major technology "platform" companies like Google and Facebook now dominate the digital sphere, where advertising is growing fast. In addition, the advertising industry and academia have leapfrogged the news industry when it comes to managing, in turn, payments and user relationships on the web, the report says.

It then argues for one solution – proposing an information exchange service to help manage consumer privacy, identity and information purchasing across Internet and mobile services. The Information Trust Exchange would be a non-stock, public-benefit collaboration of news, academic, entertainment, financial and technology companies.   The ITE would create protocols and business rules for the sharing of private user data and subscription bundles and other payments among member publishers. It proposes that RJI be among co-conveners of the ITE and possibly work with the just announced NetGain consortium of foundations:

> *Could a public-benefit collaboration sustain journalism -- and privacy -- in a new market for digital information?*

> *"To bring benefits of an ITE to consumers, the exchange will need to support personalization, user authentication and payment services for this public marketplace -- essentially, a shared-user network for privacy, trust, identity and information commerce. An ITE could foster a transparent, competitive marketplace for digital information, not subject to direct control by governments. It would rigorously respect and support anti-monopoly and anti-trust law and avoid making policy or rules respecting pricing or service offerings to the public. The ITE would sanction but not directly operate the network elements. It would establish the marketplace but leave the conduct of it to competing private entities. Members might include foundations, universities, banks, telecoms, publishers, tech and entertainment companies, and the public."*

The report does not detail consumer services or plead for a particular industry's survival. Rather, it argues for infrastructure collaboration around new services that can sustain the values, principles and purposes of journalism for a participatory democracy. Unless journalism publishers respond, bundlers, aggregators and platform owners will become the dominant providers – and financial beneficiaries -- of providing information to citizens, it concludes.

Supplemental Resources

Click on any of the six linked headlines below to read background blog posts with additional information about topics covered in "From Persona to Payment." All of these reports may be found on the Donald W. Reynolds Journalism Institute website at: http://rjionline.org/privacypersonalizationpayment/

In the new news ecosystem, getting paid requires asking, listening, personal-izing, bundling and wholesale-retail pricing

MARCH 10, 2015

When it comes to getting paid, who are news organizations competing with, and what can they do about it? First answer: They aren't competing with each other. They are competing with all of the other things consumers spend information-access dollars on.

Privacy: The evolving meaning and broad implications of a single word for our networked news and information economy

FEBRUARY 27, 2015

For nearly a century, most people thought of privacy in terms of blocking yourself off from unwanted scrutiny. But networked technology has introduced a new meaning — the right, or ability, to negotiate the commercial value of one's data profiles.

The opportunity for networks: Trust, atitrust and sharing users
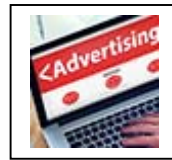
FEBRUARY 19, 2015

Banks do it. Airlines do it. Phone companies do it. Why shouldn't news organizations do it, too? What they do is share users. And they do so because it's convenient for their customers. The 21st-century world of public, interconnected networks — the Internet — makes sharing possible.

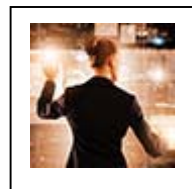## Is it time for the news industry to get smarter about *advisortising*?

FEBRUARY 12, 2015

It was a symbiotic relationship — mass-market advertising and local journalism. Now the two are heading for divorce. Is any reconciliation possible?

Imagining the 21st-century personal news experience — and how publishers need to collaborate to create it

FEBRUARY 3, 2015

Throughout several months of interviewing more than 85 journalists, educators, technologists, researchers, activists and citizens, it was easy to fall back on what journalists want or what the news media needs — or our ideas of what democracy needs. But some of the smartest people we talked to asked the question, "What will this look like for consumers, and how do you know they'll use it?"

The future begins with P: privacy, personalization and payment

JANUARY 28, 2015

What will sustain journalism in service of democracy? Because of the rise of the Internet and the financial challenges faced by legacy media organizations, that question tugs at those who write and produce the news.

EXECUTIVE SUMMARY

What will sustain journalism in service of democracy?

Some newspaper, public-media and technology leaders are ready to consider a collaboration to help manage consumer privacy, identity and information purchasing across Internet and mobile services, interviews since June, 2014 with more than 85 experts[1] suggest. The platform would sustain and change journalism, and help the public discover trustworthy information relevant to their personal needs and interests.

Consumers need a simple, secure way to access, share and pay for valuable information from multiple services and sources. News organizations – legacy and new – would like to be the best-possible source for those users to receive a timely diet of information that matters. Now, people on the go want to efficiently access the broadest range of multimedia content customized to their needs – in a single, simple action. Achieving this simplicity will require the coordination of publishers, content licensors, aggregator and usage trackers, a range of stakeholders currently unfocused on such collective activity.

This report paints an abstract picture of the current news landscape – seen as dominated by Internet technology platforms -- through the comments of those experts, then presents a proposal for a new platform that might help sustain and morph journalism practiced by existing or new entities. It ends with a question: If the proposal makes sense, who will lead it? One possibility: The NetGain initiative of five U.S. foundations who "seek to collaborate on large projects" involving Internet data security and privacy that transform learning and education.

"When the whole Internet thing took off we all put a lot of hope in advertising," says Frederic Filloux, who co-writes the authoritative blog "Monday Note," from Paris. He is managing director of digital operations for Group Les Ecos, which publishes a daily business newspaper and website. He also writes for The Guardian. "The fact of the matter is that as far as news is concerned advertising is a complete failure," he says. "For years we have been seeing the spiraling down of the advertising revenue both in general terms but also in terms of dollars or Euros per page view -- whatever the metric is. It is constantly spiraling down. So that is a real, real problem."

In a public speech Nov. 21 at the Reuters Institute at Oxford, Emily Bell, director of the Tow Center for Digital Journalism at Columbia University, argued: "[J]ournalism has an important role in building and deploying new technologies, shaping noncommercial parts of a new public sphere and holding to account these new extensive systems of power."

> In a public speech Nov. 21 at the Reuters Institute at Oxford, Tow Center Director Emily Bell of the Columbia University Graduate School of Journalism argued: "[J]ournalism has an important role in building and deploying new technologies, shaping non-commercial parts of a new public sphere and holding to account these new extensive systems of power."

Report findings

The 85-plus interviews, conducted since June for the Donald W. Reynolds Journalism Institute at the Missouri School of Journalism (RJI) show:

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[1] *-- See Appendix H for a list of all interviewees quoted by name in this report.*

- There is a significant "coalition of the willing" among those 85 people -- some 30 or so are explicitly willing to help -- at least 25 through participation on a provisional steering committee.[2] What motivates them varies across a spectrum of challenges and interests discussed in the following pages.

- For all the "willing," many interviewees express deep doubt that the newspaper industry – specifically -- can muster a cultural shift necessary to collaborate across corporate ownerships. Yet the hunger for leadership and the perception that the industry must do something transformative is stronger than in 2011 or 2008.

- The news industry lacks a system for variable pricing and exchange of individual items of news content in real time. Yet in the last 10 years, the advertising industry has innovated sophisticated "programmatic" technologies *(See Appendix L)* that allow in milliseconds the variable pricing, bidding, selection, tracking and billing of advertisements to targeted, unique consumers.

- The news industry also lacks a common system for single-signon or user authentication across multiple news websites. Yet in the last 10 years, Tier 1 U.S. universities running on the Internet 2 network have used open-source Shiboleth and SAML trust technology *(See Appendix K)* to achieve single login across 100 independent campuses and institutions.

- Indeed, there was no one, including technologists, who thought creating technology to achieve the objectives of a user and content sharing exchange is a difficult financial or engineering challenge. The challenge they see is how to identify and stick to an agreed mission and value propositions.

- For those interviewees who believe something is possible, almost none doubted that RJI could be in a position to help provide convening, collaborative and administrative leadership. On this point, several interviewees explicitly see leadership from academia as potentially capable of overcoming vestiges of competitive fervor and cross-industry suspicion.

> Indeed, there was no one, including technologists, who thinks creating technology to achieve the objectives of a user and content sharing exchange is a difficult financial or engineering challenge. The challenge they see is how to identify and stick to agreed mission and value propositions.

- A few others, however, worry that academia cannot move quickly enough, or could not infuse a project with entrepreneurial or competitive fervor. Yet the reality is that the news industry has not moved by itself to solve its sustainability challenges with the benefit of traditional business incentives and forms. For this reason, support from non-platform-owning tech companies would be helpful.

- Some interviewees raise concern about illegal collusion or monopolization which could result from collaboration. Our study *(See Appendix A)* finds these "antitrust" concerns likely unfounded, based upon well-documented examples of sanctioned collaboration around technical standards or services that create a more efficient public market. Any collaboration will need to access expert legal and practical knowledge in this area.

In its mission to sustain the values, principles and purposes of journalism, RJI now narrates in "From Persona to Payment" opinion and ideas from interviews since mid-2014 with more than 85 editors, publishers, technologists, policy advocates, academic researchers and other experts. These interviews supplement expert views solicited at RJI gatherings in 2008, 2009 and 2012, and for a 2011 white paper. Hundreds of industry observers and insiders have been heard since 2008.

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[2] *-- See Appendix I for a list of provisional steering-committee members*

The challenge and problem

Since U.S. newspapers began in the mid-1990s to market news on the World Wide Web, their executives have searched for new revenues to support the practice, initially focusing on advertising. As digital-advertising rates fell and the industry's share of the total advertising marketplace plunged, many U.S. daily newspapers began seeking online subscription revenues as well. They adopted pay systems designed to charge a subscription fee for access to digital content.   Now, the initial growth of these subscription silos seems to be leveling off, leaving newspapers deeply concerned about where to turn for a new source of sustainable revenue growth. While there may be 5,000 new digital news sector jobs, at least 19,000 newspaper newsroom jobs have been lost since 1989.

> The old bundles that subsidized journalism are broken, says Kinsey Wilson, former senior VP at NPR. He says new bundles are needed, and the outlines are just forming. For the most part, he says, the bundling innovation is coming from Silicon Valley and pure-digital startups, not from legacy media.

A possible solution – bundling

A solution will likely require finding new ways to bundle content and other digital services, says Kinsey Wilson, former EVP and chief content officer at NPR who was to join *The New York Times* in February. "The subsidy that journalism long enjoyed in print and broadcast by being bundled with other services like classified advertising has been undone," he says. "And ad dollars alone are no longer sufficient to subsidized quality reporting. So new ways of creating value to drive subscription revenue will be needed." And for the most part, he says, innovation in that area, involving aggregation (a form of bundling) and personalization, is coming from Silicon Valley and pure-digital startups, not from established media. *(For a report on one bundling initiative, See Appendix J: "Washington Post experiment with regional dailies raises intriguing questions about intent, value and opportunity")*

In 2011, the Donald W. Reynolds Journalism Institute published, "From Paper to Persona." That report, which attracted some notice, concluded that news organizations must join together to create and steward a common network – one that managed trust, privacy, user identity and digital-information commerce to create the possibility of a "Fast Pass" or "cable bundle" for news.

> "A consumer may find it difficult to justify the purchase price for each of a number of publications, but a subscription package that gives a consumer access to magazines from multiple outlets is a compelling and unique proposition."
> -- David Skok, Nieman Fellow,

Otherwise, "Paper to Persona" predicted, legacy news companies would lose significant control over the presentation and pricing of their services, and their relationship with users. This would undermine independent, fact-based journalism, threatening a crisis for participatory democracy – a poorly informed citizenry.

In late 2014 – three years after the appearance of "From Paper to Persona," that prediction is more likely to be true than ever -- as aggregators, social networks and pure-play digital news operations – most of them "bundlers" -- become the dominant "first stop" for public news consumption, and "platform owners" such as Google and Facebook increase their shares of the advertising and consumer data-mining pies.

"While news consumption is on the rise, consumption patterns are changing: instead of reading *entire* magazines and newspapers or watching nightly news broadcasts straight through to the end, technology is now enabling audiences to consume *individual* articles and news segments a la

carte," Nieman Fellow David Skok, wrote in the Fall 2012 issue of *Nieman Reports* in a cover article entitled "Be the Disruptor." He continued: "A consumer may find it difficult to justify the purchase price for each of a number of publications, but a subscription package that gives a consumer access to magazines from multiple outlets is a compelling and unique proposition."

 Five U.S. magazine publishers have experimented along those lines with Next Issue. Until recently (see next paragraph), major newspaper digital subscription systems have applied to a single brand or site and tend to keep users inside a virtual walled garden. That's fine as far as it goes, but unless news organizations can make money helping their users find, access and purchase digital and physical goods outside the single-brand's silo, the business will likely grow smaller and smaller in comparison to the enlarging digital-commerce web.

Efforts at collaboration have been spotty. But a breakthrough may have occurred on March 18, 2014 when *The Washington Post* announced it would begin offering selected online news products as a free premium for subscribers to selected regional newspapers. The move marked experimentation by a key U.S. publisher with the concept of a shared-user network, as *The Post*'s digital content became bundled with that of regional partners. (*Please see Appendix J, "Sharing News, Sharing Users: Washington Post experiment with regional dailies raises intriguing questions about intent, value and opportunity.)*

> But a breakthrough may have occurred on March 18, 2014 when *The Washington Post* announced it would begin offering selected online news products as a free premium for subscribers to selected regional newspapers. The move marked experimentation by a key U.S. publisher with the concept of a shared-user network, as *The Post*'s digital content became bundled with that of regional partners.

Has *The Post*'s experiment opened the way for consideration of a broader news- and information-industry collaboration? Seeking answers to that question was part of what motivated RJI to undertake the 85-plus interviews. We reviewed the history and current state of news-industry collaboration regarding digital users, payments, advertising and content.   We sought answers to these and other questions *(also see Exhibit M)*:

- Could a non-profit collaboration to share technology, users and content help set standards for convenient web information sale?

- Could it provide the public with more trustworthy information choices, and better privacy control?

- Is organizing such an effort now feasible?

We gave the collaboration idea a working title: The Information Trust Exchange (ITE). To some respondents, we asked more specifically: Is it now time to develop protocols, write business rules, foster technology or govern a shared user network for trust, identity, privacy and information payments?

Many of those we talked to said yes, it is time. Many, however, were also both daunted by the scope of the idea, and concerned that the legacy news industry lacks the ability to coalesce or lead such a project. Their concern might have been based on past experience of some rocky collaborations among U.S. publishers.

This report documents what was learned in those interviews and through review of marketplace developments.   It reports expert interviewee concerns about user (1) identity, (2) privacy and (3) sustaining trustworthy journalism in a post-mass-market advertising environment. It reveals and assesses a few options for the news industry, and asserts by recommendation below, a solution that addresses all three concerns.

RECOMMENDATION

Broad elements of the U.S. news industry, including newspapers, other publishers, broadcasters and pure-play digital services, should collaborate with technology, advertising and financial-service interests to support development of a shared-user network addressing trust, identity, privacy and information commerce. See: A Call to Action from 2011.

It could be a universal, privacy-respecting identity network – allowing a simple, one-account, one-bill way to pay the producers of valuable, personalized information.

Achieving this simplicity will require the coordination of publishers, content licensors, aggregators and usage trackers, a range of stakeholders currently unfocused on this collective activity. More broadly, the Internet needs a user-focused system for sharing trust and identity, arbitrating privacy, and for exchanging and settling value (including payments), for digital information. The system should allow multiple trust and identity brokers to compete for and serve users. To make a new market for digital information -- and attention – calls for convening of a unique ownership and governance framework, assembling the required technology, and assessing the impact on law, regulation, advertising and privacy.

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Without encroaching on individual franchises, an Information Trust Exchange (ITE) can be an information-industry collaborative connecting news enterprises and news consumers. It may define and govern a layer of network protocols for sharing user authentication, profile sharing, copyright payments and billing. Similar to the bank / credit-card system, the network may be overseen by a non-governmental authority on behalf of private -- and competing -- parties. The ITE can make rules for the competitive exchange of both content and users' identity information.

> ITE might help multiply the time spent with content shared among and from participating publishers, enabling revenue streams via data-driven, membership-oriented business models around news. Going beyond news and print, these streams can provide products, entertainment and services, including affinity group "clubs," special events, purchase discounts, special member access to services, contests, and referral fees for transactions.

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The ITE should be initiated and supported by major technology, telecommunications, banking, publishing, advertising, consumer and philanthropic organizations. It would guide the creation of new standards and a platform for exchange of user authentication and transaction records that enable a competitive market for information – one that respects and enables consumer privacy and choice.[3]

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[3] -- See: "LINK: Soros' Open Society paper asserts privacy is the dominant issue for online media industry" (Nov. 2011 report found HERE).

To bring benefits of an ITE to consumers, the exchange will need to support personalization, user authentication and payment services for this public marketplace -- essentially, a shared-user network for privacy, trust, identity and information commerce. An ITE could foster a transparent, competitive marketplace for digital information, not subject to direct control by governments. It would rigorously respect and support anti-monopoly and anti-trust law and avoid making policy or rules respecting pricing or service offerings to the public. The ITE would sanction but not directly operate the network elements. It would establish the marketplace but leave the conduct of it to competing private entities. Members might include foundations, universities, banks, telecoms, publishers, tech and entertainment companies, and the public.

> The *Washington Post* could be among those demonstrating and leading the emergence of an ITE and an information-valet economy for news, as it expands its experiment sharing news and users with regional newspapers. So might the Local Media Consortium.

Why past collaboration may have failed

An important reason why legacy news organizations may have failed to embrace some protocols and platforms may be because those platforms were dominated or controlled by a for-profit, investor-owned entity. Either this engendered mistrust from the very start among parties who aren't sure whose interests were paramount (such as Microsoft Passport), or the equity owners reached irreconcilable differences (as with New Century Network and Newsright). That's not what the ITE would be, or do. The notion of non-equity ownership, shared governance and collaboration in getting the ITE going is core to the idea. It is designed in clear contrast to the emergence of a small number of proprietary Internet "platform" companies – Google, Facebook, Apple and others -- that are dominating advertising and commerce, and an alternative to failed U.S. news-industry collaborations which have been – confusingly -- for-profit.

"In my last trip to the Valley, the best minds were talking about the same issue," *The New York Time*'s David Carr quoted on Oct. 27 Atlantic Media Co. owner David Bradley as saying. "Is the coming contest between platforms and publishing companies an existential threat to journalism? At least in the Valley, largely the answer I heard was 'Yes.' "

A role for RJI

It is proposed the Reynolds Journalism Institute join with institutions such as the NetGain coalition of foundations, to serve as a co-convenor, and possibly manager and fiduciary for the exchange. It is proposed that RJI (1) complete this survey of news- and information-industry leadership (2) recommend a 20-30-member steering group, with seven task groups (3) Adopt a mission, value propositions and proposed exchange rules (4) Raise initial member capital (5) When and if necessary, incorporate the Information Trust Exchange, and (6) Serve as interim manager or co-manager of the ITE. The ITE should then (7) Encourage private entrepreneurship and for-profit industry collaboration on new products and services operating across the ITE.

The steering committee would work to identify legal, technical, management and philanthropic advisors with potential experience appropriate to enable exchange services. The committee should consider how it could be governed, and connect with potential for-profit operating partners and licensees. It should assemble a team to develop a mission, rationale, objectives and value propositions.

In doing its work, the steering committee should study and perhaps connect with initiatives that may offer opportunities to endorse or learn from services that will help definite or build ITE services. Some examples discussed in this report include:

- SECURITY -- The use of SAML/Shiboleth by the Internet2 consortium to achieve single-sign-on convenience across 100 universities and research services.
- CONTENT -- The launch of the Public Media Platform by NPR/PBS and others to standardize the tagging, discovery and use of multimedia content.
- COMMERCE -- The non-profit DigiTrust initiative by programmatic advertising networks to create a single digital identity for users and reduce the use of so-called "third-party cookies."
- IDENTITY -- The Knight-Mozilla Open News collaboration with *The New York Times* and *Washington Post* to develop an alternative to Facebook Connect.
- PAYMENT -- The business models of formative content payment networks such as TinyPass, Piano Media/Press+, MediaID, Blendle, Clickshare – and potentially ApplePay.

> It is anticipated that the cost of building operating infrastructure would be born by for-profit partners and licensees.

Through this research, RJI has identified legal, technical, management and philanthropic advisors who might have the experience and knowledge required to create the ITE, establish its governance, and connect it with critical for-profit operating partners. It is anticipated that the cost of building operating infrastructure would be born by for-profit partners and licensees . All that's needed is founding-member capital, and a hosting institution, such as RJI, to provide logistical support. A first-year funding goal of $310,000 is proposed, (A go-no-go milestone is at approximately $50,000) with the intention that the ITE be self-sustaining thereafter through dues and licensing fees, assuming a governance (rather than development) role over the web's new trust, privacy, identity and information commerce infrastructure.

Neither a focus on the public, or an industry?

This report does not seek to detail public-facing services or plead for a particular industry's survival.

For public users of the Internet, whether on a mobile or stationary screen, the protocols, business rules and relationships facilitated by an Information Trust Exchange are likely of little interest. What matters is the new services, relationships and protections they enable. This report focuses mainly on the infrastructure required to achieve better user experiences – easier access to trustworthy information from a variety of sources with simple accounting and without a creeping, near-mandatory loss of personal privacy.

Utilities maintain wires to move electricity sold by others; railroads fix tracks, cars and locomotives so all manner of goods may reach markets. These infrastructures benefit consumers in countless ways, and those ways are constantly changing.

> This report does not seek to detail public-facing services or plead for a particular industry's survival . . . Rather, we argue for new collaborations and services that can sustain the values, principles and purposes of journalism for a participatory democracy. Our report, and proposed solution, is an argument toward that end.

It is beyond the scope of this report to do more than suggest the many ways an Information Trust Exchange ecosystem could enable new opportunities for consumer services. That innovation may be left to the market. Neither do we assert a role or intention to save an industry.

Rather, we argue for new collaboration and services that can sustain the values, principles and purposes of journalism for a participatory democracy. Our report, and proposed solution, is an argument toward that end. Unless journalism publishers respond, bundlers, aggregators and platform owners will become the dominant providers – and financial beneficiaries -- of providing civic information to citizens.

-- END OF EXECUTIVE SUMMARY --

FROM PERSONA TO PAYMENT

*Could a public-benefit collaboration sustain journalism --
and privacy -- in a new market for digital information?*

Part 1:
**SITUATION
ANALYSIS:**

- Overview
- Earlier work
- Six challenges
- Seven opportunities
- Nature of solution
- The challenges
- Next steps

Part 2:
**THE EXCHANGE:
MAKING THE MARKET**

- Consumer Need
- Solution
- Earlier collaborations
- The network effect
- Distributed benefits, costs
- Outsourcing trust
- Pricing: Wholesale-retail
- Collaboration among silos
- Mission/Structure
- Project phases
- Commercial relationships
- Technology

APPENDICES:

A -- Questions about antitrust
B -- Frequently Asked Questions about the ITE
C -- Brief history of the idea
D -- Selected comments about "From Paper to Persona"
E – Pew Research Center privacy survey highlights
F -- Nine example of beneficial trust networks
G -- Estimates of U.S. consumer information spending
H -- Alpha list of individuals quoted in report
I -- Steering committee founding members (confidential)
J -- Washington Post experiment raises questions
K -- Identity matters -- Internet 2 single sign-on
L -- Advertising and identity: Google rules; Atlas rises?
M – Questions and background provided to interviewees
N – Speech excerpts, Mathias Dopfner, Alex Springer CEO
O – Elements of a "content clearinghouse" (Martin Langveld)
P – Advice about forming a network – the Visa example (Joel Getzendanner)

Part One:
Situation Analysis

OVERVIEW

While there are still pockets lacking connectivity, ubiquitous access to the Internet has produced for most of us a digital torrent so abundant, the challenge is how to adjust and trim, to turn information into knowledge that matters for our daily lives. We can use key words to search, but the answers are often so extensive and disorderedly as to still leave us uncertain whether we have found the diamonds in the rough.

Meanwhile, those who create knowledge – in news and civic affairs – are challenged to decide among advertising, sponsorship and subscriptions to receive fair value for their work.

After nearly two decades of the public network, there are at least these two unsolved challenges:

> Give voice to a broad spectrum of concerns and suggested solutions through interviews since mid-2014 with more than 85 editors, publishers, technologists, policy advocates, academic researchers and other experts . . . and provide those expert views as a backdrop – and support – for a proposed solution.

- **Personalization** – We have yet to find the right mix between machine and human curation to give us an evolving, customized, interactive window on the public network – a window which allows us to value, exchange and control our privacy – and our "personas."

- **Payment** – As citizens increasingly seek to create their own knowledge window, they download, use and discard nuggets of content from a plurality of sources. Yet they have no way to pay for those dispersed nuggets with a single account beyond the isolated silos of music and movies. Advertising has proved insufficient to support most web-based research journalism. Two other major payment choices – subscriptions and donations, are single-site solutions.

As a result, journalism as we've known it is dying. How do we provide hospice to old ways, and forge sustainable new ways? In its mission to sustain the values, principles and purposes of journalism, RJI commissioned this report, "From Persona to Payment," for two reasons:

- Give voice to a broad spectrum of concerns and suggested solutions through interviews since mid-2014 with more than 85 editors, publishers, technologists, policy advocates, academic researchers and other experts.

- In a spirit of experimentation, provide those expert views as a backdrop – and support – for a proposed solution.

As a catalyst and a frame for our conversations, we asked these three questions, of each interviewee :

- Could a non-profit collaboration to share technology, users and content help set standards for convenient web information sale?

- Could it provide the public with more trustworthy information choices, and better privacy control?

- Is organizing such an effort feasible? And feasible now?

A journalism institution may think of the challenge from the perspective of shrinking newsrooms, or fewer people watching and reporting on the everyday workings of government and social institutions. But for the public, the changes wrought by the Attention Age are more sweeping.

 "We are hemorrhaging personal information, others are profiting from it, and we are getting substandard product," veteran new-media executive and consultant Elizabeth Osder said during the 2008 RJI gathering, "Blueprinting the Information Valet Economy." She added: "Citizens need to eventually take control of that information because that is about their privacy. Maybe there is a role for media companies to help facilitate that community gold . . . I want all of those places where I sign up for to be managed on my desktop in the way that I can control and look at them rather then me going off and finding stuff."

If Osder's plea remains true, then the challenge for the news industry is to address privacy and identity control -- plus curation and delivery of trustworthy information from across the web.

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Who should lead?

By the 2010 "Blueprinting the Information Valet Economy" gathering at RJI, Phil Lewis, then-VP/editor of the *Naples* [Fla.] *Daily News*, asked: "Who should lead? It needs to be someone who is trusted by the content originators. The natural answer for that, to me, is the state press associations, their own trade associations. And the key is trust . . . newspapers have to get together and have a consensus – and press associations can help with that."

The Markkula Center for Applied Ethics at Santa Clara University is leading a "trust project" within its Digital Journalism Ethics Initiative directed by Sally Lehrman. One of its leaders is Richard Gingras, the top news executive at Google Inc. (Gingras grew up in Rhode Island, where his father was a production manager at *The Providence Journal)*. It's mission is to "explore how journalism can stand out from the chaotic crowd and signal its trustworthiness."

EARLIER WORK

A foundation document for these ideas is an Aug. 2011 report, From Paper to Persona: Sustaining Journalism in the Attention Age, commissioned by RJI, which may be found at this link, and which is summarized briefly below.

"As news and the economics of newspapers come unglued, what will sustain journalism? The paper explains the answer involves a challenge and an opportunity. The challenge is how to do a better job of
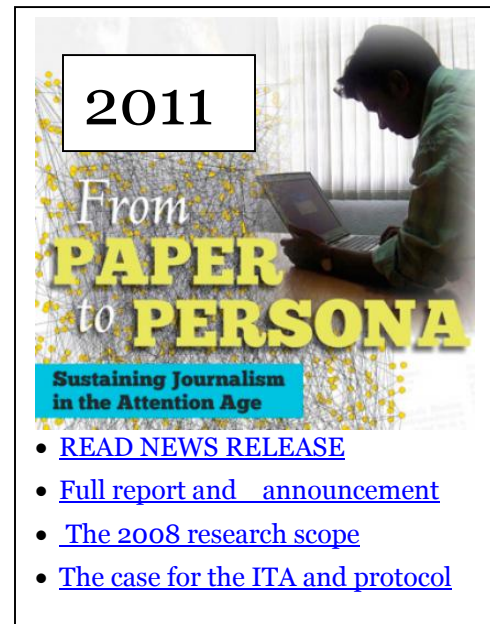
helping the public find trustworthy information forming the knowledge they require -- amid a glut so huge that the most scarce commodity is now attention, not information.

"For publishers, connecting individuals with journalism and information they need to be informed, engaged citizens means asking about their interests, friends and groups -- understanding who they are. The Internet lacks common protocols enabling convenient, trustworthy sharing of identity -- a user's 'persona' -- on the user's terms. Establishing a trust, identity, privacy and information commerce exchange is the opportunity for publishers."

RJI embarked on these inquiries and report to see if forming some sort of non-profit exchange or consortium could help create a more efficient marketplace for finding and selling news and other digital information valuable to civic life – and to add another option for sustaining journalism.

The 51-page paper, "From Paper to Persona: Managing Privacy and Information Overload; Sustaining Journalism in the Attention Age," and the reactions it drew, fulfilled that request. Key points made in the paper:

- Mass-market advertising won't sustain traditional journalism
- New revenue streams are needed
- News organizations are creating an information service, not producing a print product
- A promising opportunity is for news organizations to become stewards and curators of individual user's 'persona' and information needs; earning subscription and transaction fees by doing so.
- A network is needed to maximize the value to consumers and revenue to the news industry. The network needs to be trusted by competitors.
- The best way to assure such a neutral network is for it to be created by a non-stock, public-benefit organization.

2011

From
PAPER
to
PERSONA

Sustaining Journalism in the Attention Age

- READ NEWS RELEASE
- Full report and announcement
- The 2008 research scope
- The case for the ITA and protocol

The report called for the creation of a public-benefit entity (with a working title, "Information Trust Association." It would help create and govern – but not own or operate – a shared-user network for trust, identity and information commerce layered atop and supporting the existing World Wide Web.

The network, or exchange, would:

- Develop technical and information-service protocols and business rules

- Allow end users to own, protect — and optionally benefit by sharing — their demographic and usage data, with the help of their competitively chosen information broker or agent ("information valet") – such as their local newspaper.

- Provide a platform for customizing and personalizing the end-user web experience – a "news social network."

- Update the role, effectiveness of, and compensation for online advertising and marketing services beyond the mass market, while putting greater control of user privacy in the hands of users.

- Allow digital users to easily share, sell and buy content through multiple websites with one ID, password, account and bill.

The Internet has unleashed an exciting and unprecedented torrent of news and information from all kinds of sources.

Where once the public relied upon a few publishers or broadcasters to mind the gates to information, now the public can range freely. The marketplace is open; it is also confusing. There is no simple mechanism for a public user to have a single account for multiple information purchases, or a single place to manage most of their identity and privacy[4]. Publishers cannot easily be compensated when they share stories among their users and services. It is like a power grid running on different cycles, competing airlines flying in the same airspace with no central air traffic control, railroads on competing gauges of track, a phone system with no way to bill minutes -- or physical stores with varying and independent credit cards that don't interoperate. *(For eight examples of industry collaboration, see Appendix E)*

Why does this matter?

Because users can now go anywhere for information, they also would like to be able to assemble personalized, custom packages of that news and information, much as they might assemble their groceries in a shopping cart. On the web, there is no single store that carries small bits of information – articles – for purchase. Digital goods are spread asunder, and there is no common "checkout" method to pay for them if you want a personalized bundle. As a result, the only bundles available from aggregators are either free or have limited content choices.

At the same time, and working largely apart from the news industry, an information coalition of interest groups including banks, technology companies, the health-care industry and governments, have reached the conclusion that the Internet needs a common protocol for managing user trust and identity which is not controlled by either governments or any single, private, investor-owned enterprise.

> The marketplace is open -- and confusing. There is no simple mechanism for a user to have a single account for multiple info purchases, or a single place to manage their identity and privacy. Publishers can't easily be compensated when they share stories among users and services. It's like a power grid running on different cycles, competing airlines flying in the same airspace with no air-traffic control, railroads on competing gauges of track, a phone system with no way to bill minutes -- or physical stores with varying and independent credit cards that don't interoperate.

SIX CHALLENGES

> The scope and severity of the challenges – and the need for decisive, urgent response -- may by now more evident, RJI interviews for this current report suggest. These challenges involve advertiser and audience migration, failure to collect or use audience data, and short-sighted payment strategies, interviewees say.

In July, 2012, a total of 34 engineers, publishers, editors, researchers and academics gathered in Chicago for "Pivot Point: Reinventing Community, Reinventing News in a Connected World." The RJI-organized event examined elements of eight project ideas, consider more than 50 points of agreement, and then settled on three core challenges facing the news industry: (1) Work better together (2) Develop revenue beyond mass-market advertising (3) Forge deeper relationships with users. The call for the Chicago event said key media system changes then underway included:

- Content both converging in new forms and breaking into smaller "atomized" pieces
- Advertising become a one-to-one marketing conversation
- A publisher shift from information-access gatekeeper to guide, curator or "infovalet."

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[4] -- See "Personal privacy is eroding as consent policies of Google and Facebook evoke 'fantasy world.'" (Fred Cate)

That was a start. The challenges confronting traditional news organizations as a result of the growth of digital-information exchange have not cropped up in the last couple of years. So no analysis of the future of news is complete without a brief acknowledgement that the U.S. news industry failed in multiple ways to react. The scope and severity of the challenges – and the need for decisive, urgent response -- may by now more evident, RJI interviews for this current report suggest. These challenges involve advertiser and audience migration, failure to collect or use audience data, and short-sighted payment strategies, interviewees say.

In the pages that follow, we'll now flesh out six key challenges news organizations – whether legacy or new/digital, must face and overcome to maintain or gain users and revenue:

- A culture of independence, not collaboration
- Advertising competition, confusion and fraud
- Audience migration to multiple platforms and niches
- Relatively little traffic to news home pages
- Managing and sharing anonymous yet unique user "personas"
- Lack of a shared identity system; the Facebook Connect dilemma

1. Challenged not by technology, but a culture of independence?

Two former top executives of the U.S. news industry are delivering the short reminder of past failings – if only to suggest what has to change now. And both are doing so in new books.[5]

The first is Peter Winter, a consultant retired from a top role at Atlanta-based Cox Enterprises Inc., where he helped build the hugely successful AutoTrader business. His book, "Choosing to Lose: Inside the Collapse of America's Newspapers," will be published in early 2015 and is excerpted on his blog, "Blast of Winter."   His positive ideas for the future will be discussed a bit later in this report.

"The challenges were never and still are not technological or in any way related to the ability to construct the infrastructure to get it done," Winter said from his new home along coastal Maine. "You have this deep cultural history of newspapers operating as islands and exercising their monopoly that makes it very strange that they do not cooperate. So you will have to ask why in the world they won't even cooperate today when things are so desperate?"Winter's frustration began to emerge in 1995, when he was picked to head the New Century Network, a for-profit initiative of nine of the then-largest U.S. newspaper chains to create a common subscription and content-selling platform. It never really launched and disbanded after two years when partners couldn't agree on financing.   "At NCN, it was really amazing that they were so suspicious of each other," Winter says. "There was really nothing to lose in cooperating with each other."

> "You have this deep cultural history of newspapers operating as islands and exercising their monopoly that makes it very strange that they do not coop-erate. So you will have to ask: Why in the world they won't even cooperate today when things are so desperate?"
> -- Peter Winter

Publishers have been through stages of denial about the Internet, says Penelope Muse Abernathy, the Knight Chair in Journalism and Digital Media Economics at the University of North Carolina. A former top business-side executive at both *The New York Times* and the *Wall Street Journal*, Abernathy's book, "Saving Community Journalism: The Path to Profitability," was published in mid-2014 by UNC Press.

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[5] -- Nieman Reports, Fall 20212, Vol. 66, No. 3, included "Be the Disruptor," in which Nieman Felow David Skok, writing after a collaboration with Prof. Clayton Christensen said: "We have failed to foster a newsroom culture that rewards innovation and empowers the younger generation, that can readily adapt to the new media world around us, and that is willing to experiment with the diversified revenue streams right in front of us. To use the oft-quoted phrase, 'culture eats strategy for breakfast.' "

She says in stage one publishers denied the web, and in stage two, they doubled down on print. "But the recent dramatic decline in print advertising to 1950 levels and flame out in Orange County has gotten people to realize that doesn't work," she says, referring to troubles experienced by Aaron Kushner at the *Orange County Register*. She continues: "In the third stage, they are realizing they have to get both creative and analytical if they are going to survive and thrive in the digital world."

 As she speaks to industry groups about her book points, she is finding her audiences increasingly receptive to her message, which is similar to Rosenstiel's.

"Readers don't differentiate anymore among the platforms where they get the information," says Abernathy. "It is not continuous, it is asynchronous. And you have to think about delivering community on multiple platforms and multiple types of communities. Think about communities built around special interests. That is the big hurdle for most publishers because all they previously thought about was a geographic audience, not special interests."

Almost every newspaper she sees has been trying to go it alone, adds Abernathy, thinking of other news organizations as potential competitors. "The are not quite to the point of considering what can we do together. That is not the thing that is quite ready to be tackled yet -- but it is next."

> Think about communities built around special interests. That is the big hurdle for most publishers because all they thought about was a geographic audience, not special interests."
>   -- Penny Abernathy

2. Does advertising work? Will it? Billions in fraud alleged

In the 1990s, legacy media organizations rushed to put their content on the web, assuming a gusher of digital advertising would support the move. They miscalculated. Other competing websites multiplied, the competition for online advertiser dollars became so intense that it became a buyers' market, and rates which could be charged for mass-market national digital advertising plummeted.

U.S. digital advertising surpassed print a few years ago and is forecast to overtake broadcast TV in two years, according to a November, 2014 "ForecastView" report from Forrester Research, rising to $103 billion by 2019 and representing 36% of all ad spending. So the business is there, but legacy media isn't getting the business.

"Advertising is not working very well in its current forms," says interviewee Robert Picard, research director of the Reuters Institute for the Study of Journalism at Oxford University. "The problem is that how it is being done is being left up to the advertisers – and the publishers are not taking much of a lead in that and so there are lots of problems."

The "build it and they will come" mentality of the early web – that advertising put in front of thousands of "eyeballs" would sustain journalism – did not work, observes Jo Martin, former chair of the American Newspaper Digital Access Corp., (ANDAC) and a retired publisher at Times-Citizen Communications of Iowa Falls, Iowa. ""Journalists have been giving away their product for way too long. And I'm very gratified that some of the biggest journalism institutions are coming to the conclusion they can't do that anymore."

ANDAC was formed as a for-profit entity in 2010 by a group of Midwest publishers and state press associations of Iowa, Missouri and Kansas to seek solutions to copyright pilfering and loss of legal-advertising revenues by community newspapers. The initiative is now dormant.

Advertising is not working for any print-based publishers online, says Rick MacArthur, publisher of *Harper's Magazine.* He says its all going to social media, even though, he adds, advertisers haven't been able to provide social media works. He calls it "just the current fad." On the other hand, he worries that if nothing changes, print advertising may completely disappear from magazines and newspapers. MacArthur has been vocal in arguing that publishers should not give away content online at no cost.

"Advertisers have spent so much time trying to prove to themselves that they sell more product in social media as opposed to print and they can't prove it either way," says MacArthur. "You are not going to be able to get enough information out of Facebook users to target products that closely. An affinity is less than an enthusiasm."

Proving digital advertising does or doesn't work may be an open question, but it is true that volume of online advertising spending is low relative to online's share of attention. And the amount of money going into print advertising is disproportionately large relative to the share of attention print receives. At least that's the conclusion drawn by Internet business analyst Mary Meeker in her annual report.

Even if MacArthur's assertions about social-media advertising are true, the sheer volume of time spent on social-media sites makes it inevitable that a large chunk of advertising will flow there. And by 2014, NewsWhip illustrates how a great deal of news is being shared on Facebook, too.[6]

A lack of trust in advertising market? Fraud predicted at $6.3B in 2015

Digital advertising is one area where trust is lacking today, says Tom Drouillard, CEO, president and managing director of the Alliance of Audited Media, in Arlington Heights, Ill. In an Oct. 9 speech to a New England Newspaper & Press Association gathering, Drouillard warned that there is "billions of dollars" of advertising fraud online involving the failure of online ad exchanges or other intermediaries to deliver as promised for advertisers or publishers. Of advertisers, he says, "Those are the guys that are wasting billions of dollars because of the fraud." In a report released Dec. 9, and reported by *The New York Times*, the Association of National Advertisers predicted digital ad click fraud will cost advertisers $6.3 billion in waste in 2015, up from $5 billion in 2014.

"There is a ton of money being spent in the digital space and there is absolutely no assurance today. It can't be like that forever, it won't work that way. -- Tom Drouillard, AAM

"The whole industry needs to ensure that trust is involved in digital media buying or else there won't be any," he said in a subsequent RJI interview. "There is a ton of money being spent in the digital space and there is absolutely no assurance today. It can't be like that forever, it won't work that way. We are working on the other associations to work on the known problems and work on building that assurance into the system."

AAM is a non-profit consortium of about 5,000 mostly traditional U.S. publishers, plus advertisers and agencies. It audits media circulation and usage both in print and online. As a non-profit, its interest is in providing assurance for media buyers and sellers. It tracks metrics used to price online and mobile advertising.

Advertising is working on the Web and mobile — but the biggest winners are search and social platforms such as Google and Facebook. The sheer volume of time spent on social-media sites makes it inevitable that a large chunk of advertising will flow there. And by 2014, NewsWhip illustrates how a great deal of news is being shared on Facebook, too. (See also: "How Facebook is wrecking political news," posted Oct. 19, 2014.)

Media companies need to move away from relying up low-value, direct-response style advertising, because it requires volume -- and behemoths like Facebook and Google have most the volume, three Columbia Journalism School researchers wrote in a May, 2011 report: "The Story So Far: What we Know About the Business of Digital Journalism." The authors, Bill Grueskin, Ava Seave and Lucas Graves, also called for alternatives to the impression-based pricing system. There are signs both of those things are starting to occur in niche areas of digital advertising.

"The current system is unlikely to be turned on its head anytime soon," Poynter Institute news industry reporter Rick Edmonds wrote in an Oct. 23 story about digital-audience advertising metrics, adding: " But

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[6] -- See also: "How Facebook is wrecking political news," posted Oct. 19, 2014: http://kernelmag.dailydot.com/issue-sections/staff-editorials/10580/facebook-trending-topics-journalism/

content providers who think they can offer sustained attention are beginning to get some tools to make the case to advertisers that they offer a superior value."

New tools to confirm the value of digital advertising are certainly worthwhile. But what if the ads aren't even being seen? PageFair, a company that helps publishers combat the practice, says 15 percent of British web users have ad-blocking software – such as AdBlock – installed. That's 144 million users globally. In December, 2014, both French and German publishers were reportedly considering suing the creator of anti-advertising software AdBlock Plus. There's also another reason advertisements might not be seen – even if they are on a page that is recorded as "served" for billing purposes. That's if the ad is positioned on a part of a web or mobile page below where the user scrolls. Google is seeking to build industry consensus round methods for measuring which ads are physically seen and which are not, and price according.

In 2014, the phrase "native advertising" took off in the digital world. It refers to an ad placement which tries to mimic the content around it, or which is presented in a story form. In its Jan. 29, 2015 report, "Advertising Is Going Native," the Association of National Advertisers predicts a big boost in national-advertiser use of so-called native advertising, with most marketing executives acknowledging it should be clearly disclosed.

Advertising: The "original sin?"

For most of the last 15 years, much of Silicon Valley – investors and technologists – have argued that advertising was the only business model which made sense for news, because "information wants to be free" on the web. Now, some are challenging that assumption. One of the more prominent to adopt that view publicly is Ethan Zuckerman, director of the Center for Civic Media, part of the storied Media Lab at Massachusetts Institute of Technology.

Zuckerman on Aug. 14, 2014, authored a controversial piece on the Atlantic Media website (also see a rejoinder by CUNY professor Jeff Jarvis) which argues it was an "original sin" for media to think advertising could support news and civic information. He calls for alternatives. "It's not too late to ditch the ad-based business model and build a better web," the article notes.

Zuckerman's piece concludes:

> "There is no single "right answer" to the question of how we pay for the tool that lets us share knowledge, opinions, ideas, and photos of cute cats. Whether we embrace micropayments, [7] membership, crowdfunding, or any other model, there are bound to be unintended consequences.
>
> "But 20 years in to the ad-supported web, we can see that our current model is bad, broken, and corrosive. It's time to start paying for privacy, to support services we love, and to abandon those that are free, but sell us—the users and our attention—as the product."

> "But 20 years in to the ad-supported web, we can see that our current model is bad, broken, and corrosive. It's time to start paying for privacy, to support services we love, and to abandon those that are free, but sell us—the users and our attention—as the product."
> -- Ethan Zuckerman, MIT

3. Audience migration to multiple platforms, sources

For almost a century, the newspaper was an advanced technology for delivering a comprehensive daily diet of critical information economically to large audiences. In the last half of the 20th century, broadcasting chipped a bit at the elegance of the newspaper service, but didn't really dislodge it. Today, many of us get the latest news not from our newspaper or a broadcaster, but from the chirps and chimes

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[7] -- See "The web needs a micro-payment system," Item No. 18 in John Naughton's list at *The Guardian.* March 9, 2014.

of alerts on our mobile phone – details available with a swipe, click or tap. And we tap multiple sources for different topics and news types. Such learned behavior creates vexing challenges for legacy publishers.

"The news industry has to answer the existential question -- What business are you in?" says RJI interviewee Tom Rosenstiel, of the American Press Institute (API). "And the answer that we get close to is you're in the knowledge business, you're in the business of organizing information that helps people live their lives better and there are many businesses born out of that, lots of things you can do to generate revenues."

At API, and earlier at the Pew Research Center and as a media reporter at the *Los Angeles Times* and co-author of a the well-regarded textbook, "*The Elements of Journalism*," Rosenstiel is an authority on changing patterns of news consumption.   Among two strategic options local news organizations might pursue are smart curation or specialization, says Rosenstiel. Rosenstiel thinks specialization is a better bet. "If all you do is curate, you are not adding enough value," he says. "You are not doing original reporting. You will be utterly replicable."

- He thinks **smart curation** should probably be part of any news organization's model, particularly curating local conversation and content from the community. In an email, he said: "What I talk about in most of my talks is journalism as 'organized intelligence,' in which local publishers make use of the power of the network to organize and harness data, to capitalize on the intelligence and multiple perspectives of the community, and then combine that with the unique skills that journalists provide, which include but are not limited to a) access or the ability to interrogate people in power b) the ability to triangulate the intelligence of the network AND the community c) the ability to translate these clearly (writing, design, etc) and d) a professional discipline of open-minded inquiry, in which they are not dedicated to party or any particular outcome but come to all of this with a commitment to let all sides make their best case."

- The web rewards **specialization,** Rosenstiel says, because people of all ages consume news across multiple sources and multiple platforms. They go to different news outlets for different topics.   "The idea that people have a primary news source that they rely on for most things is obsolete," he said in an RJI video interview during a Chicago conference in September. "And that's a paradigm-shifting change." He continued: " They go one place for sports about their favorite team, they go to a different place for national sports, a different place for weather. It's like we shop in specialty shops for a lot of things. We still go to department stores for certain things but not for everything. In a time of scarcity in newsrooms, they have to decide what they're going to be great at. What are the franchise areas of either approach or topic that would cause somebody to say, 'I need to use that news organization, they're indispensable to me.' ? Because online the web rewards specialization -- a better app for something is always a click away, a better site."

News organizations are experimenting with broadening the scope of their services through linking to topical – or timely – resources elsewhere. *The New York Times* began in September a web front-page feature called "Watching." It is a section of the page which provides links and snippets of information about important news stories at other services. In addition, the Washington Post now provides a daily free email summary call "READ IN" to subscribers which curates best links from other political news sources nationwide.

4. Usage of newspaper home pages (as opposed to stories) is small

National news web services can report substantial usage of the stories they put online. However, a fast-rising percentage of that usage is coming from mobile devices. For example, The McClatchy Co. reported Oct. 23 that mobile users represented 47.6% of total monthly unique visitors in the quarter, and were up 46.3% compared to the same quarter a year earlier.

In addition, news sites are typically now reporting at least half the traffic reaching their stories comes directly via links from social networks such as Twitter and Facebook or aggregators such as the Huffington Post, Google News or Yahoo – not from their own websites. Facebook is developing a news-search capability, too, and is trying to do a better job displaying breaking news.

News organizations have a love-hate relationship with Google News. Google places no advertising on its Google News pages, and therefore argues it makes no money from the service, and the company says it sends billions of page views to news stories. But publishers want to know how many users just read headlines and snippets on Google News and never click through to the underlying story (Google won't say). The debate has boiled over in Europe, where Germany's Axel Springer banned Google from searching its pages for two weeks, *(See Appendix N)* only to relent, in an apparent demonstration of Google's European search dominance (which is eyed by European antitrust regulators). And in Spain, a new law caused Google to announce on Dec. 11 it would close down its Spanish Google News pages.

The heavy mobile traffic from social media apps and aggregators is consistent with Rosenstiel's earlier observation about multiple news sources. It means that another core premise news organizations pursued for the last two decades – create a compelling web home page – has largely failed by comparison to the amount of traffic aggregators and social-media sites receive. People just prefer to start looking for their news elsewhere.

"For traditional publishers, the home page may soon become akin to the print edition — nice to have, but not the primary attraction," *New York Times* media reporter/columnist David Carr wrote in the paper Oct. 27, adding: "In the last few months, more than half the visitors to *The New York Times* have come via mobile — the figure increases with each passing month — and that percentage is higher for many other publishers."

> . . . [A]nother core premise news organizations pursued for the last two decades – create a compelling web home page – has largely failed by comparison to the amount of traffic aggregators and social-media sites receive . . . "For traditional publishers, the home page may soon become akin to the print edition — nice to have, but not the primary attraction," *New York Times* media reporter/columnist David Carr wrote in the paper Oct. 27.

The idea that web home pages are no longer the primary gateway to news is echoed elsewhere within the industry. Traffic on *The Times* home page fell by half in the last two years, former Nieman Lab reporter Zach Seward wrote on the Quartz.com website in a May 15 piece entitled, "The homepage is dead and the social web has won – even at the *New York Times*." More people are reading *Times* journalism, mostly from Times web pages, but they don't get to it from *The Times* home page but from "side doors," wrote Seward.

> "Newspapers have 11%-20% market penetration. And 80% of people never look at our websites."
>
> -- Gregg Swanson, 10/13 Communications

"I have become completely convinced that unique-visitor numbers are so inflated that the idea that our digital sites are similar to our newspapers is just laughable now," said interviewee Gregg Swanson, general manager, strategy and development for 10/13 Communications, a fast-growing acquirer of suburban digital and print news services based in the U.S. southwest. "Newspapers have 11%-20% market penetration. And 80% of people never look at our websites."

Swanson thinks newspapers can't compete in topic areas—at least not outside content from their local news, obits and sports strengths. He says they have to find a way to curate and present the best content from elsewhere in other topicals. He cites food as one example.

5. From paper to persona – the digital-data dilemma

Besides their culture, advertising fraud, audience migration and website usage, legacy news sites face a fifth challenge – acquiring and making sense of information about their subscribers' or users' interests and preferences.

"Managements need to be focused on data collection, data mining, organizing the data that newspapers have -- newspapers first, broadcasters second," says RJI interviewee Michael Depp, editor of

NetNewsCheck.com, who writes full time from New Orleans about the digital-news industry. "If they don't get smart about using their data like other industries do -- like airlines or Proctor & Gamble-type companies -- they are really going to be hurting even worse than they think." Some newspaper publishers are heeding this advice. McClatchy has launched a "customer data center."

But what data really should matter to the news organization? Since public use of the World Wide Web exploded from the mid-1990s, publishers and Silicon Valley tech companies alike have focused on "getting eyeballs." At first, it didn't matter who the "eyeballs" belonged to. But now advertisers want to know as much detail about a user interests and habits as possible – if not their actual personal identity. So in a sense, the competition for "user ownership" is not such much about individual users – by name as much as their "persona." Thus "personally identifiable information" need not be as coveted as the interests and habits of user FooBar1234 – regardless of their name, phone number or address.

> "Managements need to be focused on data collection, data mining, organizing the data . . .If they don't get smart about using their data like other industries do -- like airlines or Proctor & Gamble-type companies -- they are really going to be hurting even worse than they think."
>
> -- Michael Depp, editor
> NetNewsCheck.com

"We're not focused at all on identity," says Jordan Mitchell, interim CEO of DigiTrust,a consortium of adverising agencies and networks seeking to create a single identity for web users for more uniform advertising personalization and less "cookie-load" on publisher servers. Mitchell works for The Rubicon Project, an advertising automation company that's part of the DigiTrust consortium.

> "From the advertising industry, we don't want to have any personal information, we will go out of our way to avoid it because it is nothing but a liability," adds DigiTrust's Jordan Mitchell. "We want an anonymous identifier, with maybe general household income maybe, what household bracket, what income bracket, what geo-location; how many kids; are you likely in the market for a vehicle? That is all anyone in the online advertising really cares about. Personally identifiable information – that's not desirable."

"From the advertising industry, we don't want to have any personal information, we will go out of our way to avoid it because it is nothing but a liability," adds Mitchell. "We want an anonymous identifier, with maybe general household income maybe, what household bracket, what income bracket, what geo-location; how many kids; are you likely in the market for a vehicle? That is all anyone in the online advertising really cares about. Personally identifiable information – that's not desirable." Mitchell's view, if it is generally held by advertisers, suggests that publishers need not focus on amassing the biggest database of name-and-address users. Rather, they should be thinking about how they can help their advertisers to identity the attributes of all users – anonymously.

When the web caught on in the 1990s, the lack of a common method for tracking users across multiple, independent websites spurred engineers at Netscape Communications Corp. to invent and patent the idea of a "cookie" – a small file of information that a publisher website could store on an individual user's computer and then refer back to its content at a later time. Cookies allow users signons and preferences to be recalled on subsequent visits.

But now so many "third-party cookies" are in use by advertising networks that it is creating technical bottlenecks and problems, not to mention public concerns about privacy. So advertising technology companies are looking to cookie alternatives. So far, nothing definitive has emerged, other than Facebook (see below).

"They are focused on life after the cookie," Jason Kint, the newly installed CEO of Digital Content Next (formerly known as the Online Publishers Association), says of ad-tech groups like DigiTrust. "They want

a way to preserve their data system. They want to come up with their own identifier." Kint's group represents the digital-media interests of 60 major legacy TV, magazine, specialty and newspaper publishers, as well as digital pure plays.

> It's a tricky concept to grasp – the idea that a user can be both anonymous and yet their salient attributes –their "persona" from a commercial value point of view – fixed to them wherever the go on the web. . . . "The IDs of your customers and users is no longer a competitive advantage in the 21st century," says interviewee Patrick LaCroix, who heads a Belgium consortium of publishers called MediaID.

It's a tricky concept to grasp – the idea that a user can be both anonymous and yet their salient attributes – their "persona" from a commercial value point of view – fixed to them wherever the go on the web.

"The IDs of your customers and users is no longer a competitive advantage in the 21st century," says interviewee Patrick LaCroix, who heads a Belgium consortium of publishers called MediaID which is launching a federated authentication and payments network. "What you do with the data that you collect in interacting with these IDs, that is what is going to be the competition and all the rest is taking as much friction away as possible." For the Belgium publishers, that means sharing usage data about their users – but not actual names – and making it possible for one ID to work with the sites of multiple publishers.

6. Facebook Connect as de facto web identity service?

From the birth of the World Wide Web in the early 1990s, managing the security and identity of users has slowly emerged as a critical issue.

Into the void of online identity management has stepped Facebook. Using its own cookies, "Like" buttons and its Facebook Connect login system – used by many applications and websites as an alternative to a local account login – Facebook has managed to become, in the view of most publishers and technologists, a *de-facto* identity management system for 1.3 billion web and mobile users. That Facebook, without regulation, might ascend to be the *de facto* identity management system for the entire Internet is not wholly far fetched. Research reported in February, 2015 by The Atlantic found that in at least for Asian countries, more survey respondents believe they are on "Facebook" than are on the "Internet." The story was headlined: "Facebook is Bigger than the Internet."

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Advertisers like the convenient identity ubiquity of Facebook, according to Tom Drouillard, of the Alliance of Audited Media. "When you see an ad, Nielsen goes over and checks in with Facebook to see who you are -- if you're in the target demographic -- because Facebook has all this information . . . Facebook on their own could develop a much more pervasive type of service probably, but they have chosen to go with Nielsen." Drouillard says the people who need to paint a picture of their customers' preferences have many sources for targeting and verifying advertising besides Facebook, including other publishers.

LaCroix, head of the Belgium publishing consortium, is concerned.

"With Facebook, you can actually use FB Connect as an authentication method, but it's not your customer," says Lacroix, of the Belgium publishing consortium., Media ID. "It's easy, its convenient, it takes away the friction and at the end of the day you depend upon the policy of Facebook -- and anything that might change in that policy in the future -- to see if you can still connect the data and communicate with your user. In the long term it does not look like a healthy strategy for a media company. But there is enormous friction if everyone does it themselves. That's the goal of MediaID is to take away all of this friction -- you create it once and use it with any media partner within the circle of trust of MediaID."

For a broader discussion of identity see Appendix K: "Identity Matters," covering a key government initiative (NSTIC), work by advertisers (DigiTrust) and institutions (Internet2, Open Identity Exchange, SAML and Shiboleth).

There will eventually be a need for a sort of overall information-protection agency to arbitrate the use of user identity information, author Julia Angwin writes in her 2013 book, "Dragnet Nation: A Quest for Privacy, Security and Freedom in a World of Relentless Surveillance." Angwin, who reported on advertising technology and privacy for the *Wall Street Journal* before joining the non-profit ProPublica, believes that adopting a privacy-protecting role for the public could help the news industry regain its footing.

" . . . [A]ll of this behavioral ad tracking is what destroyed the news industry," she said in an RJI interview. "Because it used to be that you sold your audience but now your audience can be found somewhere else more cheaply and nobody wants to buy your audience. So now, news and privacy are actually aligned and bringing those back into alignment should I think be achieved by a nonprofit because you have the trust. It is great to start off with a value proposition that is saleable -- which is being the good guys."

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> -- Julia Angwin, ProPublica, author

Did Google's Schmidt back idea of shared-identity service?

User identity management is critical to the web, because "in the online world you need to know who you are dealing with," Google Inc. executive Chairman Eric Schmidt told an *All Things Digital* interviewer during a 2011 D9 Conference at Rancho Palos Verdes, Calif. After talking about the success of Google's competitor -- Facebook Connect – Schmidt told ATD's John Paczkowski:

> And identity is incredibly useful because in the online world, you need to know who you're dealing with. Historically on the Internet, such funda-mental services are not owned by a single company.
>
> -- Eric Schmidt, Google Inc.

"Facebook can be understood as a great site to spend time with your friends and photos and postings and social updates. But another way to understand it is that it's the first generally available way of disambiguating identity. And identity is incredibly useful because in the online world, you need to know who you're dealing with. Historically on the Internet, such fundamental services are not owned by a single company. There are multiple sources. I think the industry would benefit by having an alternative to that. From Google's perspective, if such an alternative existed, we would be able to use that to make our search better, to give better recommendations for YouTube, to do various things involving friends."

We've now touched on six problems facing legacy publishers who seek to sustain the foundations of news creation and presentation:

- A culture of independence, not collaboration
- Advertising competition and fraud
- Audience migration to multiple platforms and niches
- Relatively little traffic to news home pages
- Managing and sharing anonymous yet unique user "personas"
- Lack of a shared identity system; the Facebook Connect dilemma

The cumulative effect of these challenges spells the death of mass-market advertising as we know it[8], and the end of print as a sole platform for meeting the news-related information needs of the public. (See the predictions of media-advertising consultant Gordon Borrell, as reported Oct. 28 by Michael Depp at NetNewsCheck) Replacing it will be networks that share users, log their activity across multiple participating sites, so that relevant ads – a process this writer likes to call "advisortising" – can reach them anywhere.

"Here is the thing," says Rich Forsgren, chief technology officer for the family-owned Times Publishing Co. in Erie, Penn., in our RJI interview. "I believe that run of-site ads will disappear. It will all be about targeted advertising based on the identity of the so-called anonymous digital user. I think pay meters will go away in a couple of years because registration information will be more valuable than trying to scrape the $1.99 digital subscription from someone who you are going to just churn anyway. So for this reason, getting people to our GoErie.com home page is becoming less important. All the brands know they would rather go direct to their consumer rather than a mass advertising vehicle."

Author and marketing guru Seth Godin describes mass-market advertising as a legacy of an abundance-driven economy in which consumers are driven to accumulate "stuff." That is not what will drive citizens in a post-abundance economy, he told public-radio interview Krista Tippett in a December, 2014 program.[9] He said: "In an abundance economy, the thing we don't have enough of, is we don't have enough connection, we're lonely, and we don't have enough time. And if people can offer us connection, and meaning and a place where we can be our best selves, yes, we will seek that out. No, it probably doesn't help you build a big, profitable public company but yes it helps you make a better difference to the community that you've chosen to live in."

> "I believe that run-of-site ads will disappear. It will all be about targeted advertising based on the identity of the so-called anonymous digital user. I think pay meters will go away in a couple of years because registration information will be more valuable than trying to scrape the $1.99 digital subscription from someone who you are going to just churn anyway. So for this reason, getting people to our GoErie.com home page is becoming less important. All the brands know they would rather go direct to their consumer rather than a mass advertising vehicle."
>
> -- Rich Forsgren, Times Publishing, Erie, Penn.

Godin's observation sounds like an opportunity for local news organizations. What are some others?

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[8] -- Author Seth Godin summarized this change in a Dec. 4, 2014, radio interview with Krista Tippett: "What this age is doing is it is dividing the mass market, which is essentially dead now, into hundreds or thousands of micromarkets, little markets of interests. So you can't make a substantial impact on everyone anymore, it's almost impossible. But what you can do is go to the edges and go to the few people who care deeply and make a big impact.."

[9] -- Comments at 31.00 minutes into the podcast.

SEVEN OPPORTUNITIES

With challenges come opportunities. Let's now look at seven remarkable opportunities available to news organizations not in spite of – but because of – technological disruption and the power of networks.

- Participate in digital-payment experiments
- Create special-interest topical communities, and for millenials
- Establish privacy and trusted-information standards in the users' interest
- Cooperate with ad-exchange tech to price/sell content
- Exploit the promise of personalization
- Rebuild bundles: Sharing users and content
- Solve platform-control dilemma: Create an alternative to FB Connect

1. **Experiments abound in digital payments**

Getting paid for the delivery of a valuable service is the bottom line for any business. For journalism, the options boil down to six: 1) Advertising (2) Donations (3) Philanthropy (4) Subscriptions (5) Single copy/play (6) Ancillary services. But figuring out how to get paid hasn't always been the starting point. Pamphleteers in the Colonial Era either produced their work out of political passion, or perhaps as a sideline of a village printing business. When radio and television began in the first parts of the 20th century, they were technologies in search of a business model.   Many Silicon Valley businesses – Google, YouTube and Facebook included – began without a certain understanding of how they would earn revenues beyond a vague sense that advertising would play a part.

> [T]he first challenge is to create the privacy, identity and personalization services and tools to move to an "advisortizing" marketplace – a world in which marketers increasingly design their service and pitch for nearly unique individuals at a moment when they are open to buying.

Two decades into the commercial development of the World Wide Web -- now increasingly mobile – we are turning from the conviction that advertising would float all boats to the realization that would only be true if the Internet were an undifferentiated mass market. It is not. So the first challenge is to create the privacy, identity and personalization services and tools to move to an "advisortizing" marketplace – a world in which marketers increasingly design their service and pitch for nearly unique individuals at a moment when they are open to buying.

Most of this report carries observations of industry experts on how those three fields -- privacy, identity and personalization – are emerging and maturing. As they do, the opportunity for direct payments – subscriptions or per-click -- may begin to mature as well.   There have been many experiments over those two decades at methods to pay for content. "Right now, it's easier to buy Angry Birds on your iPhone than it is to buy journalism on your phone," wrote DigiDay reporter Chris Smith in a Nov. 11 story. Here are some promising experiments underway:

- In Belgium and the Netherlands, MediaID and Blendle (backed by *The New York Times* and Axel Springer) (another view) have assembled publisher consortia to test the bundling of articles for payment by click or in packages. MediaID is a Belgium-based news-producer co-operative, getting ready to be operational. It allows each media company to retain ownership of the user data it collects.

- The merger of Austria's Piano Media with U.S.-based Press+, now headed by former *Wall Street Journal* executive Kelly Leach, has created a *de facto* leader of payment services to news organizations in the United States and Europe. Their business models and technologies differ,

however. Also among others providing payment services to U.S. newspapers are [Town News Inc.,](#) and [Clickshare Service Corp.](#)[10]

- And in New York, [TinyPass Inc](#)., raised $3 million last year to [pursue its metered-paywall](#)and "data wall" platform, focusing on smaller publishers of niche content and a variety of value-exchange ideas, including a federated "stored-value" service that could work on multiple sites. TinyPass is headed by a former executive of WPP, the ad-agency giant.

- [OnNov. 19,](#) Google Inc. announced in a [casual blog post](#) that it has begun an experiment with ["Google Contributor,"](#)a crowdfunding system that allows users to spread between $1 and $3 per month among content websites they enjoy – an idea pioneered by [Kachingle Inc.](#)six years ago (but largely abandoned). If you opt into the service – it appears you have to use a [Google Wallet](#) account – Google removes ads from any of the 10 participating test websites you designate.

- Just out of the gate in mid-November was [ApplePay,](#) Apple Computer's effort to use near-field communications to execute point-of-purchase physical transactions in stores. There is speculation that if the service scales it could also become a platform for digital-information commerce.

Several of these services seek to support a subscription that works across multiple sites or services. In general, the user has to set up an account with a central service. The two Netherlands services, Blendl and MediaID, may allow a subscription at one publisher to work at other sites. Also envisioned by Blendl is purchase of articles for the equivalent of as little as one U.S. dollar.

Are micropayments needed?

Since the World Wide Web origins in the early 1990s, there have been numerous experiments ([Outlit is the latest](#)) with "micropayments" – the idea that it might be possible to purchase non-physical goods in discrete pieces for pennies on the dollar.   Significant ongoing debate rages about whether people want to be "nickled and dimed" when making purchase decisions. But the tracking of discrete value exchanges is already occurring in the advertising world. Google AdSense tracks views on ads on millions of websites, and sorts out – through "microaccounting" what to pay each site every month.

The tracking and aggregation of purchases of articles or digital media for less than a dollar, so called "microaccounting" is needed, believes Bill Anderson, a retired chief-technology officer at Seattle's Seafirst Bank (now part of BankAmerica Corp.) and an expert at the way banks began and built the Visa credit-card network. "There is definitely a need for microaccounting, like recording minutes on the telephone," says Anderson. "Aggregation is going to be necessary but the models of how to do it are all over the place."

> "There is definitely a need for microaccounting, like recording minutes on the telephone," says Anderson. "Aggregation is going to be necessary but the models of how to do it are all over the place."

Anderson envisions a single subscription that might track, for example, his access to *The New York Times* business section, the *Seattle Times* local-news section and *The Guardian's* U.S. politics coverage. He sees each publication getting discrete records of access and paid based on that, all part of a bundled subscription priced by whichever service offers it. The offer could come from any of the three news organizations, or perhaps from a specialist in bundling, such as Amazon. Anderson became interested in the challenge of network content payments and subscription during visits to RJI and consultation with the ["InfoValet Project."](#)

Apple as collector of consumer purchasing data?

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[10] -- The author of this report was founder of Clickshare. See: http://newshare.com/disclosure

"The actual striking of the code, we could do that," says Anderson. "But we need others to tell us what they want it to do. You could pick IBM to operate it, or First Data, or IDS.   Anderson finds ApplePay intriguing, as he has read news about it. "Apple is in charge of the identity tracking; no one else gets access to it," he says. "They are doing it, I presume, so they can control the data, just like the iTunes store. They are the ones that know when I touch my iPhone to a grocery store or clothing store. The know what I bought, they know exactly where I bought it. They know my patterns."

2. Create communities for millennials and niches

After direct payments by subscription, donation or otherwise, a second opportunity for publishers and broadcasters is creating niche interest services. It requires they recognize that digital content delivery frees them from the constraint of having to deliver the same package to every member of a mass-market audience. And the old geographic boundary of their coverage no longer exists. While it may still make good business sense to aggregate a local audience or readership around common interests, new opportunity exists to aggregate around niche interests – or create a completely new service targetted to an age demographic largely missing from their old print or broadcast audience – "millenials" ages 18-34.

 "You have to think about delivering community on multiple platforms and multiple types of communities," says Penny Abernathy of the University of North Carolina. "Think about communities built around special interests. That is the big hurdle for most publishers because all they previously thought about was a geographic audience, not special interests."

Rich Forsgren at the Erie, Penn., daily, suggests an effort to organize and share newspaper RSS feeds by topical categories.

"We are now promiscuous users of news," says Robert Picard, the Reuters Institute researcher. "We bounce around the different sources. We like it, we like to do that. And that means collaborations at a scale that publishers have never thought of. They are going to have to do it in distribution as well as content."

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Content sharing among sister papers

At *The Courier-Journal*, in Louisville, Ky., Neil Budde says the paper's web service often notices big traffic spikes on stories written from their circulation area which trigger a broad topical interest. Budde is VP/executive editor of the Gannett Co. Inc. paper and he says sister papers are learning they can share links to topic stories and increase readership. "If someone comes to us and reads about needlepointing, is there other information elsewhere on that subject that we could easily give to them and make that experience richer?" Budde asks. "Information that we would never take the time to do ourselves. That intrigues me."

Newspapers can't compete in topical content outside their local news, obits, sports strength, says Greg Swanson, the general manager for strategy and development for 10/13 Communications. So he says they have to find a way to present the best content from elsewhere in other topicals such as food. He says they can also use their editing expertise to "curate" specialized content for specific clients. His company is experimenting with using social-media news curation to help the YMCA of Metropolitan Chicago to deliver specialized information to the Y's learning and exercise-class participants.

> Blendle's users are largely under 35; at least 10 years younger than average news-paper readers; a different audience, and they are happy to pay approximately the equivalent of a dollar per article. Because the audience is different than their older core print audience, publishers are not afraid of cannibalization and are not seeing cannibali-zation.

Peter Winter, the retired Cox Communications executive, says it's time for an entity like RJI to help with the design of a news service which "speaks to the sensibilities of people between 25 and 35."

In the Netherlands, another publisher collaborative called Blendle has created a multi-site, single sign-on system for collaborating on the sale of single articles from multiple sources – with per-article pricing set by each individual publisher. On Oct. 27, Blendle announced that German publisher Axel Springer and The New York Times Co. together had invested $3.8 million in the six-month old startup, (ANOTHER VIEW) enabling it to consider expanding to other countries from its Utrecht base. On March 12, 2015, The Washington Post and Wall Street Journal said they would offer their content on Blendle.

An aspect of Blendle is relevant to the question of niche audiences, according to RJI interviewee Thomas Smolders, Blendle's international strategist.   He says Blendle's users are largely under 35; at least 10 years younger than average newspaper readers; a different audience, Smolders says, and they are happy to pay approximately the equivalent of a dollar per article. Because the audience is different than their older core print audience, publishers are not afraid of cannibalization and are not seeing cannibalization. They are just getting a new audience and people are paying to sample it, Smolders says.

Creating an information source for millennial users ages 24-34 will require a network, says Mandy Jenkins, open news editor for Storyful, a Irish-based news sifter owned by News Corp. Formerly with Digital First Media, and just elected a director of the Online News Association, Jenkins is in her late 20s.

"It would definitely be mobile and I think it would be tied a lot in with targeting, sending people to other places, not keeping them on a site -- that would be the key there, generally trying to separate what's valuable from the noise," Jenkins said in her RJI interview. "[And] recognize it is going to be different for everyone, it is not one size fits on . . . there is no one thing that millenials are all into except for maybe cats on the Internet."

Most important, says Jenkins, legacy news organizations have to find new things to make them special in an information marketplace full of choices. "They can't continue on this path of everything to everyone, all the news in one place, general interest because it is not sustainable and it is not necessary anymore."

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Privacy and personalization as themes? The millennial challenge

What will the new information services for millenials and young adults– that 18-34 cohort so distanced from their grandparents' print and broadcast – include? In the sections below, we'll suggest privacy and personalization as themes. Information services built around those are a matter for experimentation. Here is how one senior newspaper industry executive expressed the challenge at an RJI roundtable event in which anonymity was promised:

"There are 78 million millenials in the United States – the biggest cohort since the boomers -- and bigger than the boomers. It matters in everything. And you could say we've really screwed it up. These are perhaps natural newspaper users – high engaged, activist, want to change world, [they] think we screwed it up, can hardly wait to get their hands on it. They are highly educated -- 49% have graduated from college. They ought to be leaders in their communities, engaged, with a lot of room for optimism. But they almost certainly want it in different, more convenient ways."

3. Establish privacy/identity standards that benefit users to win their trust

So much of our conversation is about how to create pageviews, and write more and more stories. But the challenge is not to create more information – we have too much of that already. It is to create better information– knowledge.

> If your business model depends on more and more pageviews, forget journalism – forget journalism because that will not produce the page views as well as do things like enter-tainment, odd news, porn, games and social media. It has to be something that people really connect with and value, that has the capacity to change their life for the better. That transformative power results from trust, and trust is where brands want to live.

If your business model depends on more and more pageviews, forget journalism – forget journalism because that will not produce the page views as well as do things like entertainment, odd news, porn, games and social media. It has to be something that people really connect with and value, that has the capacity to change their life for the better. And if it does, then brands are going to want to be in the space, to sponsor the space, to enable the space, where those transformations are taking place – regardless how many "clicks" are occurring. Because that transformative power results from trust, and trust is where brands want to live.

In researching this report, a question arose frequently in discussions with interviewees: Whose problems are you trying to solve – those of the public, or legacy news media? The assumption in the question is that focusing on legacy media's revenue challenges is a mistake – that can only be solved by focusing on the needs of customers whose uptake of solutions feed into a viable business model. One customer need is for clearer management of identity and privacy.

> "The co-op could aggregate information about users to help people control their online identities," Eskelsen says. "People might be willing to share their identity information in exchange for quality content. Publishers who participated would have a competitive advantage."

"There is no prescription for newspapers that will allow them to succeed [purely as newspapers]," declares Peter Winter, the author and former Cox Communications senior executive. "There is only a prescription for the news industry." Winter's point – referenced elsewhere in this paper – is that news organizations need to be thinking about services which speak to the sensibilities of people between ages 25 and 35.

One idea comes from interviewee Todd Eskelsen, a Washington, D.C., attorney with expertise in the law of co-operatives and associations and who played a key role in establishing the Bluetooth Special Interest Group – the collaboration of major tech companies which established standards for how phones, car radios, earpieces and other devices connect wirelessly. What about a co-operative for the benefit of reader's identity, he asks?

"The co-op could aggregate information about users to help people control their online identities," he says. "People might be willing to share their identity information in exchange for quality content.

Publishers who participated would have a competitive advantage in seamlessly and frictionlessly delivering their content to a wider group of users who participate in the benefits and preserve their privacy."

Eskelsen thinks the co-operative could be either for-profit or non-profit, and be collaborative, transparent and accountable to its various classes of user member/owners so that every user can trust it is being operated in the interest of people using content, and to expand the business of participating content providers. Further, he says the benefits and financial rewards which are developed through information-usage analysis could be more directly and equitably shared among the providers and users of digital-marketplace information.

"I think what journalism has to sell in this initiative is that we as content providers are coming together to make the use of our content experience -- coming directly to us through this process -- more frictionless and more beneficial to the user," says Eskelsen. "And not for the purposes of merely transferring the benefit that is currently gotten by the aggregators to us so that we can go out and sell the same information to the advertisers.

> From a user-privacy standpoint, an ideal system would separate the fact of payment for content—via subscription or the attention of having looked at an ad – from the identity of the reader or user.
> -- Wendy Seltzer, W3C

From a user-privacy standpoint, an ideal system would separate the fact of payment for content—via subscription or the attention of having looked at an ad – from the identity of the reader or user, says Wendy Seltzer, policy counsel and domain lead for the World Wide Web Consortium (W3C) and founder of the Cambridge, Mass.-based Chilling Effects Clearinghouse. This could support the right to read anonymously. "Since we are talking about reading profiles and they have important First Amendment implications, the less of a trail you can create to the reader, the better," she says.

David Gehring, who in August became The Guardian U.K.'s global relationships point person in Silicon Valley, believes publishers need more demographic information to sell ads against the big platform companies like Facebook and Google. He should know – his last job was at Google. But lacking solid user information or an ad network, publishers have next to nothing to compete with, he fears.

> "So what would be good would be having some system in place for identifying users -- in ways that still maintains their privacy and security -- but facilitates the sharing of that user profile across media organizations that then lends itself to better monetization."
> -- Dave Gehring, Guardian, U.K.

"Increasingly we're having to move to a kind of cookie-free world and Google and everybody else is trying to emphasize the signed-in user so we can evolve out of cookies which are becoming unwieldy," Gehring said when interviewed by RJI. "So what would be good would be having some system in place for identifying users -- in ways that still maintains their privacy and security -- but facilitates the sharing of that user profile across media organizations that then lends itself to better monetization."

The systems already in place are driven largely in the interests of marketers and the arouse concern of privacy advocates. "A far-reaching surveillance system is at the heart of the new media ecosystem," Jeff Chester, executive director of the Center for Digital Democracy, asserted at a April 8, 2011 National Conference for Media Reform session in Boston. "It's your identity that's for sale in 20 milliseconds to the highest bidder."

Well before the Edward Snowden revelations and recurring stories of commercial data breaches of 2013 and 2014, privacy had been a simmering issue. In March, 2012, the U.S. Federal Trade Commission issued voluntary suggestions calling for companies to (1) build consumer privacy protections – security, limited collection and retention and data-accuracy checks – into all services, (2) adopt "do-not-track" mechanisms and disclosure about information-sharing practices and (3) provide consumers access to data about them.

In January, 2015, an [article in the journal Science](#), part of a [special section](#) on digital privacy, [raised concerns](#) about the ability of marketers to pierce anonymity of shoppers by connecting anonymous credit-card transaction records with other data. Meanwhile, [Verizon Wireless decided](#) after a spate of publicity about the practice to give their mobile users the ability to "opt-out" of tracking by a new form of digital "perma-cookie" Verizon had quietly implemented. The tracking feature was [considered a privacy threat.](#)

The arguments for an identity / privacy network

"People don't exist on the Internet," observes interviewee [Paul Trevithick](#), an MIT-trained engineer and serial entrepreneur who has spent much of the last decade working largely unsuccessfully on ways for consumers to manage their online identities. "You have no digital identity. The only person who doesn't have information about you is you. You are the only person who doesn't have digital agency."

When it comes to privacy and the web, most of us may feel presented with a [Hobson's Choice](#), best expressed by [Michael Price](#), counsel in the Liberty and National Security Program at the Brennan Center for Justice at NYU's law school. "You can either use all of these really nifty new pieces of technology that you bought and paid for, or you can have your privacy," he said in an interview of public radio's [The TakeAway in February, 2015](#). "But right now, it doesn't seem like we can have it both ways. That's what has to change."

[News organizations should take the lead in supporting consumer privacy](#) because it will add to the trust relationship they share with readers and users, says Josh Stearns, the journalism program officer at the Geraldine R. Dodge Foundation. The foundation is now engaged in a [two-year research project](#) with six small local commercial newsrooms in New Jersey and New York to see what might sustain them. Stearns, formerly with [FreePress.net](#), is a founding board member of the Freedom of the Press Foundation.

> "I think there is a huge opportunity now with non-profit community journalism sites and local journalism sites who are open to sharing technology and need economies of scale," Stearns said. "It could really be a great fit for this. Having it be a nonprofit or being endorsed or affiliated with civil watchdog groups would be good."

Stearns sees promise in Eskelsen's idea of a non-profit co-operative or association that establish common protocols for privacy, identity and payment management.

"I think there is a huge opportunity now with non-profit community journalism sites and local journalism sites who are open to sharing technology and need economies of scale," Stearns said in an RJI interview for this paper. "It could really be a great fit for this. Having it be a nonprofit or being endorsed or affiliated with civil watchdog groups would be good."

"There is an opportunity," adds interviewee David Nicol, a professor and director of the [Information Trust Institute](#) at the University of Illinois in Urbana. "There are some problems left in the areas of privacy. "Folks have gotten rather sensitized to privacy and so one can imagine that for this kind of effort [a shared-user network] to succeed you are going to have to have a story with respect to privacy."

The non-profit exchange to help manage trust is an idea which also appeals to Kevin Davis, executive director of the non-profit [Investigative News Network,](#) in Encino, Calif. INN is a trade association for more than 100 U.S. online investigative and local news enterprises, most of them nonprofit. "This seems strategically aligned with us," he said in a RJI interview. "The amount of distrust in the media right now, is tremendous. So people -- particularly people under the age of 35 -- only trust what their peers tell them as being valid. If I am a trusted friend of yours and I share an article from *The New York Times* -- they are using social signals as a filter or a trump card in figuring out what they should or shouldn't trust."

Privacy as consumer issue: A non-profit identity vault?

The comments above appear to outline the possibility for a nonprofit exchange that helps solve problems of privacy, identity and trust for the public. But what does that do for news organizations?

In 2011, the idea of a non-profit trust network prompted Eric Newton, akey executive with the John S. and James L. Knight Foundation, to comment in reaction the "Paper to Persona" RJI white paper. He said people should by law have access to their marketing profiles "in the same way they now have access to their credit-score information, and also the ability to modify these." Having control over one's "cyber profile" would be a big thing, Newton said.

> Newton said people should by law have access to their marketing profiles "in the same way they now have access to their credit-score information, and also the ability to modify these."

Newton's view that privacy and profile management is a big deal appears at odds with the platform operators like Google and Facebook whose businesses depend upon unfetter use of user profiles. But a commissioned survey of 1,000 Americans conducted in March, 2013, by Forrester Research Inc. lends support to the views of Stearns, Nicol and Newton that privacy protection is a business opportunity for the news industry. The survey and report, "Differentiate With privacy-led Marketing Practices: As People Get Wiser, Respectful Collection And Use Of Customer Data Become Crucial," listed four principal findings:

- Consumers are increasingly concerned about their personal data and are taking steps to protect it.
- Individuals are most frustrated by marketers "profiteering" from their personal data
- Consumers are more loyal to, and willing to share data with, brands they trust
- Marketers should take a privacy-led approach to customer data collection and use

In a Pew Research Center survey made public Nov. 11, 91% of adults "agree" or "strong agree" that consumers have lost control over how personal information is collected and used by companies, 88% similarly say it would be difficult to remove inaccurate information about them online and 80% of those who use social-networking sites are concerned about third parties like advertisers or businesses accessing the data they share. *(See Appendix E)*

> "What if we were to test a new business model of user persona management? Is the ability to manage my profile the value proposition?" asks Fantin. "Could public media . . . be the vehicle by which an alternative to Facebook Connect emerges that is built around trust -- and increases the trust people have in public media?"

For a new approach to personal data to catch on, media participants would have to be convinced that their market positions will be enhanced -- not eroded -- in order to participate, says RJI interviewee Linda Fantin, of American Public Media / Minnesota Public Radio. Fantin has headed APM's Public Insight Network, which collections information about individual listeners' expertise for use solely by newsrooms in sourcing the news. "What if we were to test a new business model of user persona management? Is the ability to manage my profile the value proposition?" asks Fantin. "Could public media . . . be the vehicle by which an alternative to Facebook Connect emerges that is built around trust -- and increases the trust people have in public media?"

The idea of a non-government, non-profit organization to store and map user attributes is being explored by former Reuters global product chief John Taysom. He first authored a June 2012 paper while on Harvard University fellowship. Taysom, who helped in 1995 negotiate Reuters' first contract that allowed Yahoo to carry wire stories, went on to become a British-based venture investor. Taysom says he wants to help reconcile privacy with ad targeting. "This project is a call to action for those who believe that there is a compromise: Better privacy and better sharing of information," Taysom wrote in 2012. He believes the organization storing user profiles -- the "trusted vault for personal data" -- could be self-sustaining through usage fees, presumably paid by the public either overtly or as part of a broader subscription.

4. Cooperation in advertising to help news content

Do opportunities in digital advertising have any spinoff for content sales?

"Online advertising has a trust problem," says Jason Kint, CEO of Digital Content Next. "I think it's time to actually be having the conversation and creating a framework."

"Brand advertisers are not happy with the decline of quality publishers," adds Doc Searls, who co-founded and helped from 1985 to 1998 to lead a major Silicon Valley advertising agency before turning to research on customer identity management with the Berkman Center at Harvard University. "They want something besides programmatic. It's possible some of them could help fund research."

> "Online advertising has a trust problem," says Jason Kint, CEO of the Online Publishers Association. "I think it's time to actually be having the conversation and creating a framework."

Indeed, brand advertisers – those promoting their general name and reputation rather than specific sale items – may be wasting their time and money on social networks Facebook and Twitter, says a Nov. 17 Forrester Research analyst's report. Because of new Facebook technology tweaks, just 2% of a brand's Facebook fans see a brand post, and only 0.07% interact with them, Forrester's Nate Elliott wrote.

Newspapers in particular need help at improving the promise and forecasting -- vs. delivery -- of advertising impressions, according to Ron Blevins, vice president of digital strategy for the Novus Media division of Omnicom, the giant advertising agency. Yet at the same time, brand advertisers remain impressed with news brands and want to be in that environment. Blevins is in charge of Novus' services and strategy with newspapers. In an interview for this report, Blevins also made the following points:

- Novus-Omnicom, like other big agencies, now have their own advertising trading desks connected to at least 2,600 newspaper and news sites. They can negotiate with the advertising digital exchanges real-time rates for advertising placements; they don't have to go through Google or a advertising network. Their brand customers like not having to do the hard placement work themselves.

- He thinks the number of third-party ad networks will collapse over the next year or two to just a handful from hundreds, replaced by electronic exchanges. There are now about seven big exchanges. The era from 1999 to 2007 was the era of ad networks – at least 200 of them. The exchanges that remain will largely be owned or controlled by the big ad-tech companies of Silicon Valley – Google, Yahoo, Facebook and Microsoft.

- The supply of mobile advertising inventory is increasing dramatically.

> Blevins says there is an appetite and a need, and a greater good that could be served by publisher collaboration around the parsing of reader interests for advertising sales. " . . . [S]mall publishers may not . . . have enough scale in their site to build audience segments off of, or the technology to do so. And so a shared kind of data collection and utilization entity is very interesting."

Blevins says there is an appetite and a need, and a greater good that could be served by publisher collaboration around the parsing of reader interests for advertising sales. "One of the things the small publishers may not have is a solution to buy a specific audience across their websites," he says. "Some may have that or may be purchasing it from a third party, but they don't have enough scale in their site to build audience segments off of, or the technology to do so. And so a shared kind of data collection and utilization entity is very interesting."

And once that kind of cooperative comes under discussion, says Blevins, it could have positive

implications for news sharing as well. "The exchange technology that is driving ad placements could be used in principle to price and exchange digital content of any kind -- including news," Blevins said.

Adds Searls, the Berkman Project VRM researcher: ". . . I do think that the timing is right to characterize an issue in terms that big companies on Madison Avenue can get behind . . . Having it happen in the academic space is a good thing." Searls believes big-brand, Madison Avenue advertisers are upset and confused enough by the current marketplace that they have the motivation – and the money – to support ideas for fixing it. Newspapers, he worries, don't have the money for such research and development.

Says Searls, who edited the respected *Linux Journal* after exiting the ad-agency business:

> "What's happened, is the direct-marketing business has body snatched the advertising business. Madison Avenue despised it. It was the junk mail business. But the junk mail business was always personal, wanted to get in our face, rationalized bad manners, and excuses waste. And that is what Google and Facebook do. And what it has done is body snatched good journalism and replaced it with clickbait. It's done it by substituting one kind of advertising that never really was advertising-- direct marketing -- for another kind that was for real -- brand advertising -- and then have the direct marketing intrude in editorial.

> "So a challenge is to re-legitimize brand advertising if it can even be done. You might even get support from them if you also stated our thesis is that the individual subscriber needs a single way to control his or her relationship with many different journalism providers and we need tools to make this happen -- so let's get together and decided what those tools should be. You are not going to get the actual publishers because they have no money left. You could get the big-brand advertisers. And I can tell you a lot of them are shaking in their boots right now.   They are trying to get personal about McDonalds? McDonalds is a pure brand. The assumption is that people are going to put up with the surveillance and they are not. But Madison Avenue may already be infected with the virus."

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The need to collaborate to put commercial messages in front of motivated users at the right time and place can have ancillary benefits for the news if the two are coordinated. In 2010, *The Day*, a New London, Conn., daily, began a pioneering effort to integrate the data it already had about its print subscribers, with information about digital readers. Then it purchased from commercial data brokers detailed demographic information about all the households in its market. Then it started to do what few newspapers have done – mix and match all of that together. The result was documented in the Sept. 2012 article, "The Attention Age and its opportunities for the newsmedia industry," by the author of this report and by Dan Williams, who then headed the effort at *The Day*.

5. What are the promises of personalization?

LINK: IMAGING THE 21ST CENTURY PERSONAL NEWS EXPERIENCE

For most of the last half of the 20th century, the *Worcester [*Mass.]* Telegram* was like hundreds of U.S. daily newspapers which produced "zoned" editions for geographic areas around its core city. The paper had as many as six – north, south, east, west, city and "resorts" edition. Running on 1940s-era web press, it was as personal as the paper could get. Today, the merged *Worcester Telegram & Gazette* has one main news edition – a contraction not unlike other U.S. dailies of its size and larger.

Now, the introduction of the Internet into homes has created the possibility of pinpoint personalization at a scale a 1960s-era editor could only have dreamed of. But what do we mean by personalization, by source or by topic, what is the technology that drives it, and who, or what, will pay for it?

When we execute a search on Google, Bing or another search engine, the result we receive is "personalized" to our inquiry. The search services tune it not only by the request, but by our geographic location and even considering other things we have searched on in the past. If we have a Facebook account, and we type "Facebook.com" into a browser, each of us sees quite a different result – our "Facebook page." These are the most popular Internet services on Earth. And they are also the most personalized. "Our goal is to build the perfect personalized newspaper for every person in the world," Facebook CEO Mark Zuckerberg declared Nov. 6 during an unusual public Q&A. "We're trying to personalize it and show you the stuff that's going to be most interesting to you." There is no doubt that people like to be served a personalized experience – just like in a restaurant, bar, casino, store, club or school. It feels good to know that someone, or something, knows you are special.

> "Our goal is to build the perfect personalized newspaper for every person in the world," Facebook CEO Mark Zuckerberg declared Nov. 6 during an unusual public Q&A. "We're trying to personalize it and show you the stuff that's going to be most interesting to you."

"If the 19th century was the age of the newspaper and the 20th century the age of radio and television, this century will be defined as the age of media personalization," former Reuters CEO Tom Glocer wrote in March, 2005.

"[D]elivering on the promise of personalization is tricky, both technologically, and culturally," Google Inc. Chairman Eric Schmidt said in an Aug. 26, 2011 speech in Edinburgh, Scotland. "As I've learned first hand, any online service that involves personal data will be a magnet for privacy fears."

> "For me, the lesson learned on the web-services side is the more personal it is the more likely people are going to be willing to pay for it," says Ethan Zuckerman, director of the Center for Civic Media at MIT.

"For me, the lesson learned on the web-services side is the more personal it is – the more you personally rely upon it to keep up with friends, for instance -- the more likely people are going to be willing to pay for it," says Ethan Zuckerman, director of the Center for Civic Media at MIT. "I don't really believe that personalized news content – in itself -- is going to be a big seller."

Bob Picard, the Reuters Institute researcher, says personalization means watching your behavior and giving you the information that you want. "It is not a matter of clicking a menu, because none of us really know what we want, it is a matter of watching behavior over time. That's personalization in my mind."

The media competition is over audience and whoever gives the best, most personalized, curated, relevant experience to the user, adds Ron Blevins, the VP-digital strategy at ad-agency giant Novus Media. " The best experience is going to win the eyeballs whether it is via desktop or mobile."

As users, we are able to select things of interest by choosing sources – a reputable national newspaper for traditional news, or a specialized information site for a particular topical interest. "We need to have a bundle of things we are giving people for their subscription price," says Neil Budde, publisher at the Louisville *Courier-Journal.*

"Most of our focus is on local but would it help us if through personalization we could include, along with what we are doing, national stuff on national on non-local topics based on someone's interest profile?" says Budde. "Then if someone comes to us and reads about needlepointing, is there other information elsewhere on that subject that we could easily give to them and make that experience richer? Information that we would never take the time to do ourselves? That intrigues me."

Budde was one of many news-industry executives interviewed for this RJI report who were intrigued by the prospect of personalization:

- At the *Jacksonville* [Fla.] *Journal*, owner Morris Communications is experimenting with user personalization and integration of user data from multiple services to a single identity, according to Kurt Caywood, vp-audience. He says they want to be able to make content recommends to individual users. He calls this content targeting. He heads their personalization subcommittee.

- "We've been talking a lot about personalization," says Martin Kaiser, editor and senior VP-digital content, The Milwaukee *Journal Sentinel*, and a former American Society of News Editors president.

- Mark Contreras, CEO of mid-sized newspaper chain Calkins Media, and a former board chair of the American Press Institute, says Calkins is spending a lot of time focused on personalization services.

- Personalization can encourage user engagement and help motivate people to accept an online paid subscription offer, says Kerry Oslund, senior VP, publishing, at Schurz Communications Inc. "Personalization is a huge opportunity for everybody and it is a really hard problem to solve. There is a role for human curators, no doubt. The machine part is the expensive, complex part. I think we're not doing enough and our partners are not doing enough and I think it makes perfect sense."

> "Personalization is a huge opportunity for everybody and it is a really hard problem to solve," says Schurz's Kerry Oslund. ."There is a role for human curators, no doubt. The machine part is the expensive, complex part."

What does it take to deliver a "personalized" service? The restaurant waitperson asks leading questions, or knows you from a previous visit. The store manager or clerk knows you personally. Google knows exactly what you're looking for because you've just typed or spoken a query. For news organizations to get personal, they must either have stored prior knowledge about your reading habits, or have access to some sort of an identity profile – a "persona" for you.

Knowing where you are and what you've read

"Whenever you talk about identity management and identity it is an immediate opening to personalization and that has the potential to be a compelling consumer benefit," says John Temple, president of Pierre Omidyar's [First Look Media](), and a former publisher of the now-defunct *Rocky Mountain News.* His idea of personalization is knowing what you've read. He says: "One thing for you to think about if you're starting to offer personalization: Say I go to *The New York Times* and it is four hours after the last visit, everything I've already read that hasn't changed -- its should be gone. I don't want to have to read that again."

Another vision about personalization comes from interviewee Jo Ellen Kaiser, executive director of [The Media Consortium,]() a group of progressive-left magazines, newspapers and new-media services. She wants personalization based on where she is located – and customizable by source. "In five years, I would like to have a choice of being able to share my location and some information about myself, sort of Facebook style, and be able to see all the news that is relevant to where I am, both my local news, my national news and news that's related to my interests," says Kaiser. "I would be interested in seeing it not just from the outlets I've chosen as ones that are of interest to me, I would like to see it from a broad range of players where I could choose on a day to day basis which I could take."

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Yet another approach is offered by RJI interviewee Bill Harvey, who spent most of his career in the advertising agency business in New York and in advertising trade organizations. Now a consultant and entrepreneur, he says he's working with a research psychologist on how to deliver personalized news.

Getting better over time

"My idea is how you would position a master recommendation app," says Harvey. "It would be as a discovery engine to discover stuff that is relevant to your life path, your mission, your passion, and you can actively give it clues by typing in words if you want, upload pictures, anything you want to offer as clues it will figure away on." Harvey continued: "But you don't have to do that, by just sitting back it will observe the content you use and by selecting stuff that's recommended you send an important signal that helps the thing learn more about you and by rejecting too, it will always get better over time even by what you reject."

> "And a person could have a standing order for what they want or they could go in and pick and choose things they want to read and pay for it on a per article basis. I think based on a lot of stuff I've been involved in I think there would be tremendous consumer acceptance of that idea."

A supermarket for news has a lot of appeal especially if it can be personalized and if the news organization brands it as theirs and can feature their own content, says Dan Cotter, executive director of the New England Newspaper & Press Association. "And a person could have a standing order for what they want or they could go in and pick and choose things they want to read and pay for it on a per article basis. I think based on a lot of stuff I've been involved in I think there would be tremendous consumer acceptance of that idea."

Is some form of personalization something that people might be willing to pay for? RJI interviewee Federic Filloux of *Monday Note* thinks the answer is yes. He says:

> "I think a mixture of curation and time savings. If I have on my device, mostly on my cell phone, a trusted brand of news that I like, trust, respect -- I'm affiliated to their views in society and public policy, a brand which is able to work the web for me and able to extract for me some use with a mixture of serendipity and customization. I can see some glimpses of that. If you take the application, *NYT Now*, I took it and I read it several times a day right now. And there is a tab in it which is a selection of the web and it might be getting close to what I am mentioning . . . I like the way that brand is going to propose to me some content."

These visions of personalization – of mass customization powered partly by machines and perhaps in part by human curators – in some ways offer a way for the news media to decamp from the mass-market, advertising driven 20th century and begin to examine their roots as new forms of pamphleteers and door-to-door community builders. That requires a deep understanding of individual users. Filloux, in a Feb. 1, 2015 Monday Note column, "From Trust in News to News Profiling," suggests everyone should have one user-managed "News Profile" built with some of the same techniques used to create unauthorized, advertiser-driven profiles.

"We are consumer marketing company now. That's what we are," says Rich Forsgren, the chief technology officer at Times Publishing Co., in Erie, Penn. "We were still selling mass audience. Now we're selling individual audiences. You need the tools to tell who your audience is. We need to know our audience inside out."

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6. Sharing users and content – rebuilding bundles

For many business people, the idea that it might be to your advantage to share user relationships seems counterintuitive. Isn't the point of competition to get the customer, and keep them? For the most part, that is true in the bricks-and-mortar world. But not always. What happens if you can improve the user experience – or make more money -- by collaborating?

- For most of the last half century in the U.S. airline industry, companies had interline agreements such that if your flight was canceled or rescheduled on one airline, a competing airline would honor your ticket. In the background, they would sort of the revenue split after the fact. This is less true now – carriers like Southwest and JetBlue don't participate. But it made sense for the consumer.

- When you make a phone call, it is likely your call will traverse the lines of more than just your carrier – AT&T to Verizon, or a long-distance carrier to a local exchange. But you get just one bill. The carriers sort this out behind the scenes – at the "wholesale" level.

> What happens if you can improve the user experience – or make more money -- by collaborating?

While the Internet has been fast growing and innovative, there has been little of this sort of accommodation to the convenience of users. The first mass-market example of this might have been iTunes for music – one account, one bill for purchasing songs from many labels and artists. But there are several issues with iTunes:

- Your only choice is to have your account relationship with Apple.
- The service has not extended much beyond music and video.
- Apple is deeply involved in the pricing of the content.

Why are bundles a good business proposition?

Much has been written about the value of the old newspaper "bundle" to consumers – once a superior mix of news, features, sports, opinion and commercial messages -- available before the instant, ubiquitous features of the web and now mobile devices. Readers purchased the bundle, because they had to – they couldn't purchase just the pieces of the paper they wanted. [11]

"A seller typically can extract more value from each information good when it is part of a bundle than when it is sold separately," two academic researchers -- Erik Brynjolfsson, of MIT's Sloan School of Management and Yannis Bakos, of the Stern Business School at New York University – concluded in a 1999 journal paper, "Bundling and Competition on the Internet." They added: "Moreover, at the optimal price, more consumers will find the bundle worth buying than would have bought the same goods sold separately."

The U.S. cable television industry figured out the value of bundling. It gets more than 20 percent of its subscriber revenue – a piece totaling $13.3 billion in 2009 -- selling premium-programming packages, according to government data. A subscriber is faced with the choice of purchasing a

> Bundling, says Wilson: "Is the marriage of that superior user experience with a wide variety of content available . . . to create an entirely new listening experience and user experience. I think that is almost by definition what any viable media entity is going to have to do in the future."

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tier with dozens and dozens of channels when they might only want one or two in particular.

The old bundles that subsidized journalism are breaking or broken, observers interviewee Kinsey Wilson, who was until October senior VP and general manager, digital media (and chief content officer) at NPR. Earlier, he was a senior editor at *USAToday, a* board member of the Online News Associa-tion and was to join *The New York Times* in February.

New bundles are needed, says Wilson, and the outlines are just forming. For the most part, the bundling innovation is coming from Silicon Valley and pure-digital startups, not from legacy media, he says. And it is organizations – not consumers themselves – who are doing the bundling. Key examples he cites are Flipboard with stories, and Stitcher with podcasts.

> But the problem with the failure to experiment with coordination is the consumer is losing, says Doc Searls. "The problem with all the subscription systems now is they are all siloed. They re not ours, they are theirs. And that's not working."

Bundling, says Wilson: "Is the marriage of that superior user experience with a wide variety of content available -- either under contract or negotiated. It constitutes an organizational effort to bundle and rebundling . . . to create an entirely new listening experience and user experience. I think that is almost by definition what any viable media entity is going to have to do in the future." Wilson believes that while big-brand media like *The New York Times* may be able to command subscriptions for their still-extensive staff-written bundles, siloed smaller media likely won't be able to – not to any great degree. Some kind of cross-entity bundling and revenue sharing may be necessary, he suggests. Adds Wilson: "It is not a natural act for any individual publisher and even for group news publishers as a category to assume they can act both in concert -- which requires a high degree of business coordination and entrepreneurship at the same time. It is tough."

But the problem with the failure to experiment with coordination is the consumer is losing, says Doc Searls, the former advertising executive, tech editor, Harvard privacy researcher and one of two original authors of The Cluetrain Manifesto "The problem with all the subscription systems now is they are all siloed. They re not ours, they are theirs. And that's not working really," he says.

Among the 85 people RJI interviewed for this paper, there were a half dozen or more who felt some optimism that a method of sharing subscribers made sense.

One of them is David Costello, chairman of the technology committee for PAGE Co-Operative – a buying group for hundreds of family owned U.S. daily newspapers based in Pennsylvania. Costello's family owns papers in Maine, and he is somewhat of a technologist himself. He likes the idea of a method to eliminate multiple subscriptions and logins.

Here is what he said:

> "I don't think our newspaper would have any trouble contributing at some level to a sharing network that would eliminate multiple subscriptions. But the problem is how do you compensate the people who are contributing? It would have to be some kind of a micropayment. We have a huge Somalian population in Lewiston, Maine, that migrated here from Atlanta and the Midwest. We have done a bunch of stories, some of which have been picked up nationally. If it were picked up and 40-50 papers used it, we would get compensated for that somehow. To me I think any newspaper in the country would love that type of solution. It doesn't matter from the smallest weekly to the biggest daily. That to me would be of value. There

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are a million ways you could do the content management aspect of it. The more automated you can make it -- RSS feed or some other automated way.”

A second optimist is Ethan Zuckerman, introduced earlier, who heads the Center for Civic Media at MIT's Media Lab. Here's what he said about his digital subscriptions:

“In paying for *The New York Times,* I can more or less guarantee that I'm not going to pay for *The Boston Globe* and I'm definitely not going to pay for *The Berkshire Eagle.* So the question is can these guys aggregate me? Would I be willing to pay a buck more if I was getting *The Times* and *The Globe*? Quite possibly. Would I be willing to go from $10 to $15 a month if I got a pass that would get me most major newspapers and magazines? Yea, I think so if you get the pricing right. So many brands have to understand they are not *The New York Times. The New York Times* is just able to do this. But if you are the Minneapolis paper, recognizing that -- there is a small hard core that's going to subscribe -- but that for another group if you can turn this into your one information subscription, it looks like a much more powerful and potent business model.”

> “What you are talking about is creating a system that allows the one thing public broad-casters need to do -- having some kind of a revenue-sharing agreement,” Fuerst said in an RJI interview. “ It would calm everybody down more than anything. Some would win and some would loose, but [now] all are afraid they're going to lose.”

A third was someone thinking not of newspapers, but of public broadcasters. He is Mark Fuerst, president/founder of Innovation4Media in Rhinebeck, N.Y. After a career running a major-market NPR affiliate in Philadelphia, Fuerst has been a key research consultant and conference organizer for public broadcasters. He also writes for the industry trade monthly, *Current.*

“What you are talking about is creating a system that allows the one thing public broadcasters need to do -- having some kind of a revenue-sharing agreement,” Fuerst said in an RJI interview. “ It would calm everybody down more than anything. Some would win and some would loose, but [now] all are afraid they are going to lose.”

Finally, Wilson, the ex-NPR exec heading to *The New York Times*, says there's another way to think of news sharing – bundles of information about what individual users are looking at across the web. “The other way the bundle is created is through user data,” Wilson says. The can do so by buying inventory on those websites and serving it – on behalf of an advertiser -- to their readers as they move across the internet. [They are] essentially selling user data and taking advantage of the programmatic buying to be able to extend your audience beyond the confines of your own website.”

Platform players – Google, Facebook, Yahoo -- happy with sharing status quo?

That kind of bundling and sharing of user data is already commonplace, but not yet so much among news publishers as among ad-tech platform operators, observes MIT's Zuckerman. “You might understand sharing information and targeting ads,” says Zuckerman. “But you might not understand the degree to which your data is being packaged and sold and how your behavior on one platform changes how you are treated on other platforms. The problem is the dominant players in the industry like the way it works. Google and Yahoo are reasonable happy.”

API's Tom Rosenstiel agrees there are many companies – from Google to Facebook to many others – “who are using information about people in ways they will never reveal.” He continues: “They say they don't share it -- but they share it dramatically within their own systems -- packing it into algorithms and essentially making money on it.”

> The news industry should not expect to rely on help from Google, Facebook, or Yahoo to create systems more beneficial to consumers or the news industry – at least not at the expense of their ad businesses, which together now dwarf ad sales of the print news industry and are closing in on broadcast, too.

The lesson from Zuckerman and Rosenstiel may be this: The news industry should not expect to rely on help from Google, Facebook, or Yahoo to create systems more beneficial to consumers or the news industry – at least not at the expense of their ad businesses, which together now dwarf ad sales of the print news industry and are closing in on broadcast, too.

7. Platforms and creating alternatives to Facebook Connect?

The growth of Silicon Valley has yielded a set of ubiquitous network "platforms" that aim to create silos of users for multiple services and products. While some might include others in the list, five key platform companies are Google/YouTube, Facebook/Instagram, Twitter, Apple and Amazon. Yahoo and AOL might also be included. Collectively, they hold accounts of billions of users. Apple and Amazon in particular hold hundreds of millions of credit-card-enabled accounts. Your Apple ID applies to any application on your Apple device – computer, tablet or phone. Ditto for Amazon. Increasingly, you can use your Facebook login through Facebook Connect to log into third-party services – which means Facebook can begin to watch you activity there, too.

"We are afraid of Google," Axel Springer chief executive Mathias Dopfner wrote April 17 in an open letter to Google Chairman Eric Schmidt at the start of a period during which the big German publisher forbade Google to link to its content. "I must state this very clearly and frankly, because few of my colleagues dare do so publicly." In a subsequent speech, he asked: "Will technology companies be the new and only distributor of content?" After months, Axel Springer caved – citing drastically diminished site traffic – and re-opened to Google search. Facebook allegedly wants also to encourage publishers to lodge their content right on Facebook's servers, to improve the user experience, something that the late *New York Times media critic David Carr suggested* would make publishers "serfs in a kingdom that Facebook owns." *(See Appendix M for an excerpt of Doepfner's speech).*

"There should be an alternative to Facebook in terms of a keeper of all of the information," says interviewee and media-venture investor Mike Wheeler, of Westerly Partners, in Connecticut. "I just don't know where it is going to be . . . the only frictionless consumer application I've seen – and it came long before the smartphone, Apple Pay and Near Field Communications (NFC) -- is E-ZPass. People know they stick their E-ZPass on their car and whatever tollbooth they go through, it works. No one has come up with the online, on air version of that."

> "The only consumer application that I'v seen that rivals Facebook, Amazon, Google and Apple in the consumer's mind is EasyPass," says investor Mike Wheeler. "People know they stick their EasyPass on their car and whatever toll booth they go through, it works. No one has come up with the online, on air version of that."

Facebook understood years ago that users didn't like multiple logins. And Facebook Connect was a way for the platform company to gather lots more data from different sources on what users were doing. It took publishers a long time to understand what was going on.

(See earlier section: "Facebook Connect as de facto web identity service?")

"The power balance between publisher and platform is extraordinarily imbalanced now because there are 10,000 publishers and five platforms," says David Gehring, previously noted as head of Guardian UK's Silicon Valley relationships, and a former Google manager. "The publishers need to organize so they can negotiate with those five platforms and start to get provider user data back. I think the platforms have gotten away with not giving the publishers what they deserve for a long time because as everything was evolving, no one knew what to ask for . . . And that is why the platform companies have stronger multiples -- Wall Street recognizes they maintain control over the user base. Media companies don't control the audience so they suffer weaker multiples accordingly."

So far, the Google Network is way behind Facebook Connect as a sole-owner proprietary identity service. After that are some nascent efforts. For example, a longtime "open-source" identity proponent,

> "The power balance between publisher and platform is extraordinarily imbalanced now because there are 10,000 publishers and five platforms," says David Gehring, previously noted as head of Guardian UK's Silicon Valley relationships, and a former Google manager. "The publishers need to organize so they can negotiate with those five platforms and start to get provider user data back."

Drummond Reed, has formed the for-profit Respect Network, which he says is supported by 75 companies, some of them name brands. The network, in the process of launching, uses OASIS XDI data-exchange protocol (a non-proprietary open standard) to allow websites to understand and respect the privacy needs and personal attributes of individuals as they log in across multiple websites.

"The reason I don't think it will be completely and desperately opposed by Google and Facebook is it will be difficult for them to take that position," says Reed, "because it will really expose the deep underbelly of concern. We are bringing the Respect Network to market because of that issue, because of how much proprietary control they have over that information."

It's important for the longterm viability of publishers to take some power out of the hands of Facebook and Google, says Marc Wilson, CEO of Town News Inc., which creates content-management systems and manages web services for hundreds of U.S. newspapers. Wilson says his company might be willing to participate in the development of a common identity and payment system for news organizations.

Wilson, who began his career as an Associated Press reporter and bureau editor and owned weeklies in Montana, goes further. "I really do think there is an issue right now that the Facebooks and Googles have gotten so big they don't really care if individual publishers or publications survive or not. It is just a grain of sand. I think there needs to be something there that more empowers the publishers."

> It's important for the long-term viability of publishers to take some power out of the hands of Facebook and Google, says Marc Wilson, CEO of Town News Inc. Wilson says his company might be willing to participate in the development of a common identity and payment system for news organizations.

Indications of collaborative spirit — for advertisers and users

There are indications that a spirit of collaboration is emerging among big media companies to counter the power of Google-Facebook-type platforms to either (1) Offer advertisers access to large groups of segmented users or (2) Offer public users a simple way to manage their identity on multiple websites. Two examples are a "persona" sharing initiative to improve advertising targeting between two of Britain's largest newspaper groups, and a grant-funded collaboration between *The New York Times* and *The Washington Post* to share digital identities for people commenting on stories.

- **For advertisers,** Britain's Guardian News and Media and Telegraph Media Group – two feisty editorial and business competitors in the London daily newspaper field -- joined forces to announce Oct. 17 their "Audience not Platforms 2.0" partnership, sharing subscriber and user demographics on roughly 43 percent of the UK's adult population for audience segmentation and targeted digital advertising. "The single biggest disruptive impact of the internet on advertising has been the ability of big websites and audience aggregators to offer access to huge numbers of people," MediaBriefing reporter Jasper Jackson wrote Oct. 16 of the alliance. "That doesn't just mean mass campaigns, it also means the ability to target smaller groups based on very specific characteristics." He wrote that the Guardian-Telegraph alliance "offers ad buyers the ability to target the combined audiences of their two publications . . . . "

- In mid-2014, the John S. and James L. Knight Foundation announced a multi-million dollar grant to the Mozilla Foundation – the entity responsible for maintaining the Firefox web browser – to allow it to extend the work of the Knight-Mozilla Open News Project. In an unprecedented collaboration among *The New York Times* and *The Washington Post,* the project is building a way for public users to see and link all their commenting activity across multiple websites – a persistent identity tool. At its core, the NYT-WashPost project is about building an identity ecosystem for the web and **for public users** to compete with Facebook Connect, says Dan Sinker, project director and a Columbia College of Chicago instructor. He says it will work like Twitter or Facebook to provide a network login across multiple news sites.

"We want to have systems that are actually open but also take user data and user privacy seriously and give the user control of that information," Sinker said in the RJI interview. " That's the big problem with Facebook Connect -- Facebook does not have a great deal of respect for the consumer and the user has almost no control over what Facebook does with the data -- Facebook has all the control."

Sinker says the project began by researching what users want in a single-login system. He said they found they want to "engage in ways where you want to have more control over user information so you can have persistent identity across a site or multiple sites without having an interloper." The project is "religiously" not pursuing any payment application, however. Sinker thinks that won't work, and here's what he says about why:

> "Can essentially you have enough publishers that agree to essentially lock out everyone such that people kind of have to pay to get in? Does that sound like something that is feasible on the web in 2014? It takes one aggregator to have a password into the uber paywall to write the aggregated version of that thing. That's the issue right now is you can't lock information down, information is going to move where it is going to move in good ways or bad ways. Is it fair that a news organization can put all this work in and then someone writes a six-paragraph summary and that gets more traffic than the original? No it's certainly not fair but it is the reality."

> "We want to have systems that are actually open but also take user data and user privacy seriously and give the user control of that information," Sinker said in the RJI interview. " That's the big problem with Facebook Connect -- Facebook does not have a great deal of respect for the consumer and the user has almost no control over what Facebook does with the data -- Facebook has all the control."

> "I don't believe -- if you did a survey – you'd find people that dissatisfied with Facebook, Twitter or Google as sign-ins . . . Facebook and Google would say we are enabling individuals to do incredible things because we support them in many ways and we do that by knowing what they want," says First Look's Temple.

Sinker's report about surveying user's interest in the value of a single signup was also a theme raised in the RJI interview with John Temple, president of First Look Media, the investigative-reporting startup funded by PayPal billionaire cofounder Pierre Omidyar. "I would start with the consumer and ask myself so what's the value that I get as the consumer, the user of the Internet, because the challenge is that I don't believe -- if you did a survey – you'd find people that dissatisfied with Facebook, Twitter or Google as sign-ins . . . Facebook and Google would say we are enabling individuals to do incredible things because we support them in many ways and we do that by knowing what they want."

As noted earlier, the news industry has to answer an existential question, says Tom Rosenstiel, the API researcher. "The question is: What business are you in? And the answer that we get close to is you're in the knowledge business, you're in the business of organizing information that helps people live their lives better and there are many businesses born out of that, lots of things you can do to generate revenues."

Doesn't Rosenstiel's observation require that the publisher – not Facebook – know their customer?

Let's look at some options.

THE NATURE OF A SOLUTION

This report is agnostic about where solutions for sustaining journalism will come from. Here is what we have learned through the 85 interviews and other study:

- If solutions are to come from traditional news organizations – print or broadcast—they must involve a competitive advantage over new entrants.
- The organizations must want to continue to be in a business which has journalism at its core.
- And they must change their culture.

"Legacy media protects its legacy business, and in doing so misses opportunities for new-market creation and innovation," says Kinsey Wilson, the ex-NPR and *USA Today* news executive who was to join *The New York Times* in February. "They are focused on keeping systems in place and running rather than testing or failing fast. By contrast, the culture of Silicon Valley is to innovate, disrupt and invent new markets, and they are backed by funders who expect and bet on that. So being legacy may confer no inherent advantage."

> Legacy media "completely lack conviction about what it is that they should be doing that is something different," says Mutter. "They are simply saying we are moving this print to a digital delivery system and they're not really re-examining what that product is. They don't want to change. They don't now know to change and they don't know what to change to."

Legacy media is risk averse, says Alan Mutter, the curmudgeonly ex-Chicago and San Francisco daily newspaper editor who later made a small fortune in the early cable industry. "They ask, 'well, who else is doing it'?" Mutter has spent most of the last two decades trying ventures and consulting to help newspapers. "The first thing is they are about preservation," Mutter continues. "The other thing is they completely lack conviction about what it is that they should be doing that is something different. They are simply saying we are moving this print to a digital delivery system and they're not really re-examining what that product is. They don't want to change. They don't now know to change and they don't know what to change to."

Could any of these factors be considered inherent advantages for legacy print newspapers, and if so, how can they be exploited? Or, would it be better for institutions such as RJI to provide hospice for legacy media and focus instead on helping new organizations to see the value of including the values, principles and purposes of journalism? In considering the question, one might consider these five advantages, and disadvantages, of legacy newspapers (and in some cases, broadcasters):

LEGACY ADVANTAGES?

- Paid, identified account relationships with millions of users
- Brand awareness in specific geographies
- A sense of history and place, access to archives
- Expertise at media production and communication
- Opportunity to share technology and expertise with similar businesses in non-competing geographies.

LEGACY DISADVANTAGES

- Culture of independence
- A manufacturing legacy of established, reliable processes
- No confirmed method to reach younger citizens
- Content knowledge confined to specific geography
- History of small investment in research and development

Thus the most-feasible solutions might be judged based on the likelihood they can capitalize on legacy strengths, and avoid reliance on legacy disadvantages. Otherwise, approaches to sustaining journalism might best be taken in collaboration with other parties besides legacy newspapers or media.

Attributes of success?

Screening on this principle, an ideal solution might have most of the following attributes:

- It uses an existing account relationship to either charge or reward users for their behavior, and to provide personalized services to personally identifiable customers.
- It appeals to a deep sense of community and culture.
- The service provided depends in part upon excellent speaking, writing and multimedia production skills.
- It involves a network of collaborators who support each other's businesses through common technology and business practices, and who can share rather than entirely compete for each other's customers directly in order to be successful.
- The individual, personalized services provide appeal to audience groups not presently well served by mainstream newspapers or broadcasters.
- The implementation of information-sharing standards saves development money and creates new-business opportunities in aggregation.
- Little research or capital investment is required.

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Legacy media management approaches – harvest, change, or both?

If legacy media organizations are to adopt a shared-user platform for identity, privacy and value exchange, which management approach might be most compatible and successful? Given the industry's strengths and weaknesses, and assuming a commitment to practice the values, principles and purposes of journalism, here are some of the options pursued by legacy newspapers. These are just obvious examples,; there are bound to be overlaps and nuances in each of these categories:

- Focus on the core business, maximizing profit by cutting costs, even if the result is declining customers (both readers and advertisers). Rationale: Harvest value for shareholders on the assumption (as asserted by Peter Winter) that there is "no prescription for newspapers" and yet good profits are possible for a extended period. For investors, this is a solution -- one pursued by most leveraged, group-owned newspapers.

- Exit the newspaper business, by selling to another party, or creating a pure-play newspaper spinoff to make its own decisions. For investors of the non-newspaper parent, this is also a solution and it has being taken by Gannett, Tribune Co. and other public companies. "This is a unique moment, because papers are now pure plays and have to innovate," observes Mike Wheeler, of Westerly Partners. "They have no other assets to sell to underwrite the core business."

- Proactively trim and eliminate aspects of the legacy newspaper business, focusing primary attention on other media services and on launching digital-only services that compete with and gradually overtake the commonly owned newspaper. This is the

solution being followed by privately held Conde Naste/Newhouse newspapers.

- Proactively try-and-fail, try-and-fail new approaches to meeting community information needs – both topical and geographic – attempting to alter and replace a manufacturing, stable-process culture while continuing to deliver service to legacy print customers. This approach is being followed by some private companies with unique ownership structures, such as Deseret Publishing Co. in Salt Lake City (owned by Mormon Church interests), Source Media Inc. of Cedar Rapids, Iowa, an ESOP-owned local newspaper-broadcast-print combination; and The Day of New London, Conn., owned by a non-profit trust.

"I don't think the existing institutions are going to make the shift," laments Chuck Peters, CEO of Source Media, the Cedar Rapids daily publisher. "We are still stuck in a content factory for articles and photos instead of a service provider to the community."

Peters sits on the boards of the Inland Press Association and Swift Communications. He was also a former a Newspaper Association of America board member. Before joining Source, he was CEO of Amana's appliance-making operations in Iowa. In Cedar Rapids, Peters is spending time and money on consultants such as Journalism That Matters Inc. to seek to rejigger newsroom community-building culture and goals. One piece of the work is WeCreateHere.net.

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"If the community wants context, understanding and connection – not calamities – how do we get that and how do we bring into our community things that are working elsewhere?" asks Peters. "You spend six hours in a room with media executives talking about doing a completely different thing with the community and service work -- that is very foreign to them. "

New ownership approaches – foundations, donors

The overwhelming majority of U.S. legacy media organizations are owned by conventional for-profit corporations. There are a small number of daily papers owned by foundations, schools or churches – one each in Alabama, Connecticut, Florida, Massachusetts, New Hampshire, Utah, and perhaps elsewhere. A relatively small number are owned by their employees. The operations of these papers are relatively similar to their standard corporate brethren, in some cases more innovative.

> Ironically, the idea of foundation or non-profit ownership of newspaper services is not new. Almost 100 years ago, in 1916, Victo S. Yarros wrote "A Neglected Opportunity and Duty in Journalism" in the American Journal of Sociology.

With the rise of the Internet, another class of news organization has cropped up – non-profit organizations focused primarily on digital publishing to the web or mobile. Examples include ProPublica, the Center for Public Integrity, the Center for Investigative Reporting, and others regionally. In addition, there are now hundreds of local online news services, many organized as non-profits and others nominally profitable and operated by individuals.

The non-profit Investigative News Network formed several years ago as a trade association for the approximately 100 national and state-focused investigative nonprofits. Its board is preparing to change its name to the Independent Non-Profit News Network. And the Local Independent Online News Association formed in 2012 to help the local outfits.

Ironically, the idea of foundation or non-profit ownership of newspaper services is not new. Almost 100 years ago, in 1916, Victo S. Yarros wrote "A Neglected Opportunity and Duty in Journalism" in the American Journal of Sociology. He wrote:

We have various "foundations" for education, for research, for progressive philanthropy, for certain social and industrial reforms. They are indispensable. We know that higher arts, the higher music, could not exist without liberal endowment. Is it not sufficiently clear that sound, clean and dignified journalism cannot hope to take root, to establish itself in modern cities, without at least temporary endowment . . . . "

Eric Newton, senior advisor to the president of the John S. and James. L. Knight Foundation, the major philanthropy funding U.S. journalism scholarship and experimentation, in 2012 joined others and called for a "teaching-hospital approach" by journalism schools, effectively turning the education establishment into a generator of quality news.

And on Oct. 14, the Shorenstein Center at Harvard University published a plea by investigative journalist Charles Lewis for "hybrid" models of journalism support that involve both universities and existing media outlets. "These worlds are merging, and we need to acknowledge it and we need to tap it," Lewis was quoted a saying in a Cambridge, Mass., talk.

U.S. non-profit public broadcasters – radio and television – have managed for nearly a half century to grow through voluntary donations from users solicited over the air. This "membership" approach has helped buffer them from declines in foundation support. Now, their national service organizations – National Public Radio and the Public Broadcasting Service – have collaborated with American Public Media (APM), Public Radio International (PRI) and the Public Radio Exchange (PRX) to form the Public Media Platform Inc. (PMP) – a remarkable effort to coordinate the sorting, indexing, formatting and use of audio, video and print archives initially among the broadcasters – ultimately to the public.

> "We are now looking at people who want to get content into public media," says RJI interviewee Kristin Calhoun, executive director of PMP, a former banking industry worker who switched to software development. "Could it be a model like your electric bill or your cell-phone bill, where you pay X amount and get unlimited access or tiered access?"

A new collaboration: Public Media Platform

"We are now looking at people who want to get content into public media," says RJI interviewee Kristin Calhoun, executive director of PMP, who worked for banks in college but switched to software development. "Could it be a model like your electric bill or your cell-phone bill, where you pay X amount and get unlimited access or tiered access?"

Calhoun made these points about PMP:

- After 18 months and $10 million, public broadcasting has an interconnection for audio, video, text and images via a hypermedia application programming interface (API). First year of operations are to be 100% funded by the Corporation for Public Broadcasting through Aug. 2015, then declining share through Aug. 2017.

- It doesn't host content, it is like a library card-catalog system for all public media content. The indexing and user interface is done by PMP, but when it comes time to actually download a story or multimedia, the downloading comes from the server of the public-media member which created and owns it.

- There is no monetization or ad serving layer built in right now. Their current business model is now built on membership dues. But they will be looking for ways to make money commercializing the system. The system includes four layers of rights management.

"The PMP is open for business," says Calhoun. "We have a technical committee that's developing standards and best practices (see http://support.pmp.io web site) and we're currently defining

collaborations with several of the organizations you reference (e.g., Center for Investigative Reporting, INN).”

The idea of forming a collaboration like the PMP for his members appeals to Kevin Davis, executive director of the Investigative News Network. INN wants to find a way for members to share users and content across the web, emphasizing the brands of its members, not INN. “INN is interested because that is somewhat part of our mandate,” says Davis. “We have taken the strategy that the INN brand is nonexistent with consumers and what we are really are trying to build is trust with the individual members themselves.”

When broadcast licenses and big-iron presses created barriers to market entry, and we lacked a ubiquitous network, the aggregation of ownership in a few large news organizations serving market made sense. But times are different. City University of New York Prof. Jeff Jarvis, in an August, 2009 Aspen Institute presentation and report, described an idea for independent local news organizations operating collaboratively. “The important thing from a business perspective is no one owns the whole thing anymore -- no one can afford to own the whole thing anymore,” he said.[12] He asked, can you have a business now without domination? His question will be relevant in Part 2 of this report.

A solution that takes advantage of census vs. sample – and the network

Across the unique products and ownership forms described above there is a common thread – whether advertising, donorship or philanthropy. It is a failure to recognize that the Internet introduced a new dimension to media.   Broadcasters could survey viewers and listeners, but could never identify each unique user. Newpapers have always had a significant percentage of newsstand sales, where the buyer is unknown to the publication.

> Across the unique products and ownership forms described above, there is a common failure to recognize the Internet introduced a new dimension to media -- Every user can be uniquely identified . . . census vs. sample.

On the Internet, every user can be uniquely identified. The user – reminding us about a famous New Yorker cartoon, may be a dog, but she is an identified dog – with a unique Internet Protocol (IP) address and a unique computer – at least at a given moment in time. This introduces into the media world the idea of “census” taking rather than sampling of users.

> I think we are all going in the same direction,” says LaCroix, of MediaID. “We are going to personalized information more and more and that means we need more information about users. And users have more rights and they need to be capable of withdrawing consent.”

Internet server logs record every single access, or “hit” to a page, with information about date, time, where it came from and what web page the user was on immediately before. When publishers began putting content on the web in the mid-1990s, they didn’t focus on this aspect of the web. They thought they would sell mass-market advertising as on television. Today, Silicon Valley understands well the opportunities to target advertising and other messages to unique users.

“I think we are all going in the same direction,” says Patrick LaCroix, of the Belgian consortium MediaID. “We are going to personalized information more and more and that means we need more information about users. And users have more rights and they need to be capable of withdrawing consent.”

So the first opportunity is to take advantage of the “uniqueness” and ability to have an accurate census of users. There is a second thing to take advantage of. The second opportunity stems from the elevation of the network to a premier business-strategy position. If a new service can bring together millions of users

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[12] -- Remarks of Jeff Jarvis, Aug. 17, 2009, Aspen Institute Forum on Communications and Society, as streamed live and transcribed by the author.

with millions of products, the efficiency of the public Internet makes large-scale commerce possible at low incremental cost. But how do you build a network from scratch?

Tom Evslin worked at Microsoft Corp., started AT&T's pioneering WorldNet network, and then ran and sold for millions a voice-over-IP telephony company. Now living in Vermont, Evslin joined "Blueprinting the Information Valet Economy via Skype on Dec. 4, 2008 at the Donald W. Reynolds Journalism Institute to explain why the newspaper industry might then have a shot at being the next big network. "Newspaper have been and can be in the future, a network kind of business," Evslin said in 2008. (PODCAST) "As the number of people on the network goes up, the network becomes more valuable to each of them as well as more valuable to many more people."   "Although big networks are worth a lot, small networks are almost worthless . . . think what it was like to sell the first telephone."

Evslin said newspapers were experienced at building local networks of reporters covering various subjects in various interest areas. They should, he said, be able to start with that network base online. "Those who have an existing basis for a network have a head start, and I'd argue that newspapers in a sense have always been a network business long before we used that word." And he said they could still be the basis for starting a network, because they have a base of users – if those users are shared across the network.

"There really is tremendous opportunity to transfer the network that lived with your print product to a network that lives around the print product and the online product, a network that is more empowered." The reason said Evslin, is this: A phone system with 100 users scattered across the globe who don't know each other is worthless to each user. A phone network with 100 users in the same neighborhood who know each other has a lot of value. Evslin saw opportunity for newspapers to start by building their local network, and then linking those networks together with a common service.

> I'd argue that newspapers in a sense have always been a network business long before we used that word," said Evslin. And he said they could still be the basis for starting a network, because they have a base of users – if those users are shared across the network. Evslin saw opportunity for newspapers to start by building their local network, and then linking those networks together with a common service.

Skepticism about the newspaper opportunity

Two other voices aren't sure of the opportunity for newspapers.

"I think a more interesting thing would be to spend time trying to help independent startup publishers share content and find customers," says former newspaper editor, cable entrepreneur and industry blogger Alan Mutter.   His comment dovetails with the observation of Kevin Davis, of the Investigative News Network, some of whose members fit within the disruptor category cited in the next paragraph.

The local information networks that Evslin saw newspapers presiding over in 2008 may be about to disappear, warns Robert Picard, the Reuters Institute researcher. " You are seeking local activity by players who aren't in the newspaper industry. If newspapers don't get in and move quickly they are going to lose out."

So the nature of a solution might involve:

- Using the strengths and protecting against the weaknesses of the legacy news infrastructure

- Working simultaneously with new and non-profit news entrants

- Building on the ability of the web to be a census-based, individualized medium

- Stringing together local and topical networks on a common platform

THE CHALLENGES

Creating a collaboration across legacy and new news organizations is a deeply challenging task.   To complete this narrative situation analysis, we asked many of our 85 interviewees to express what they thought would be a key problem or essential feature and we've summarized some of them below. Each reflects an important challenge or opportunity to consider. The collective view of RJI's 85 interviewees was decidedly positive about the opportunity and need to move forward – because the status-quo alternative can't hold. "What I say is: Who is the coalition of the willing, who wants to get something going," asks Kristin Calhoun, of the Public Media Platform? "I am not going to give up. I'm going."

> The collective view of RJI's 85 interviewees was decidedly positive about the opportunity and need to move forward – because the status-quo alternative can't hold. "What I say is: Who is the coalition of the willing, who wants to get something going," asks Kristin Calhoun, of the Public Media Platform? "I am not going to give up. I'm going."

IS THE NEWS INDUSTRY STILL RELEVANT? -- When Evslin spoke to RJI in 2008, event participant Elizabeth Osder, already at that time a experienced online news executive at The New York Times, Advance Internet and Yahoo! Inc., said building an audience for the network happens one person at a time, getting them to carry your message, employing an integrated marketing plan and running community services. "It's just hard work and it is different work than we've been doing in the past."

Interviewed in August for this paper, Osder, who parlayed her online publishing pioneering into a digital-media strategy, product and interactive content consultancy, now sees the news industry as "completely irrelevant as a framework for what's going on. It is a buggy-whip industry. What does it matter how you make buggy whips when people are driving automobiles? The question is how are people getting around, what are they doing and how do you facilitate that." Osder thinks people are more informed than ever because of the Internet, but do they understand the value of their personal information? "I would like to have somebody learn more about what is going on in privacy," she says. She also thinks there would be value in convening discussions about the meaning of the word "trust." Finally, she believes the term journalism no longer has a clear meaning. "Journalism has amarket problem," she says. "It is converging with other disciplines – marketing, business. There is a land grab underway among PR firms, ad agencies and publishers."

> But you've got to find the guy in the back room who will be the champion and will put his or her career on the line to fight for it through the organization that doesn't want to change and you have to hope that that guy isn't more focused [on retiring].

FINDING NON-RETIRING INTERNAL CHAMPIONS -- Finding the right champion is cited as a barrier by Mike Wheeler, of Westerly Partners, the Connecticut- and New York-based media venture-capital firm. "You're absolutely right there is a lot of buzz around the four problems (trust, identity, privacy, commerce) that you articulated and you might find a lot of CEOs who say: 'You know you're right we need to do something.' But you've got to find the guy in the back room who will be the champion and will put his or her career on the line to fight for it through the organization that doesn't want to change and you have to hope that that guy isn't more focused on just getting through the next five years so he can be in Boca or Boynton Beach and this is somebody else's problem."

REACHING ENTREPRENEURIAL TIPPING POINT -- A key challenge is convincing elements of the news industry to put up some money, to behave entrepreneurially, and to accept the idea of a shared-user network, says Picard, from the Reuters Institute.   He continues:

> "It has to be seen as really clear step-by-step process. Think of it as a business plan, basically and first page sells the idea, then you explain it just walk through the process of how this work, why it makes money, why it scales up and why it works for small and big publishers. It also has to be there to show why it is that consumers going to the sites of these people are going to benefit from this and why are they are going to want to use it more than they are using it now. You've just got to lay that out really clearly. And then there is this technical infrastructure, this is the expense, it is hugely expensive and the best way to build that is to have a tipping point of people on board to have others to invest."

Kahle thinks a shared-user collaboration should be lead by a non profit organization: "I think the nonprofits are a much better structure for things that sit between organi-zations." He thinks the most critical thing is to have widely dispersed user

DISPERSE THE USER 'OWNERSHIP' -- Brewster , a tech entrepreneur, built and sold two businesses in the Internet boom days before putting personal money into the San Francisco-based Internet Archive, an effort to preserve like a digital Library of Congress a copy of all web pages from the start of the web. He now is collecting archival copies of old books as well. Kahle thinks a shared-user collaboration should be led by a non profit organization: "I think the nonprofits are a much better structure for things that sit between organizations." He thinks the most critical thing is to have widely dispersed user ownership. "I would try to keep the customer relationships in a large number of people's hands," he says. "That's way there are lots of opportunities for people to shape deals that would make people feel like they are connecting with a broader system. Generally, I would like to see more distributed systems work."

BALANCING USE OF DATA – PRIVACY VS. MARKETING -- Finding a balance between the desire of publishers to have and use customer personal data, and giving customers – users – control over that data is an unsolved challenge so far, says Sascha Meinrath, a technology privacy activist and researcher for the New America Foundation, in Washington, D.C. "Yes, we need some online identity and mechanism for having some cross-platform, cross-media identification," he says. "But under the current regime that would be an epic disaster because it would be so privacy invasive." Meinrath continues:

> "Without it being tied to meaningful privacy safeguards, people would be able to link together stuff that I have kept deliberately separate. We keep running up on those rocky shoals because we are trying to do one without the other. We are trying to perfect profile analysis and predictive algorithms without providing consumer protections, which creates this huge incentive to obfuscate your identity, to provide data that is wrong in order to not have your identity and your privacy violated. What we keep coming down to is you cannot have all the upside and all this power of identifying and targeting without some sort of safeguards as well. Without government mandates about what is acceptable behavior, there will always be more money made on the other side of that wall. We are facing a classic tragedy of the commons problem."

A CROSS-SITE USER IDENTITY AND LARGE USER BASE -- A consumer identity that works across multiple platforms would be a great thing, said interviewee Reg Chua, executive editor, editorial operations, data and innovation at Thomson Reuters.   He says getting enough people on it to make it valuable is a challenge. Research questions could include what people are willing to pay for content on such a network, and is there any upper limit on the scale of the system.

ATTENTION – TO TECHNOLOGISTS, CODE -- "It seems to me you would have no shortage of shops that would build the actual platform and run it on the promise of a revenue share from the transactions that pass users from site to site," said interviewee Jay Small, president of the Informed Interactive subsidiary of Evening Post Industries Inc., of Charleston, S.C. He said one approach would be to talk to makers of news content web servers to build code into their services that supports network identity and transaction sharing. But he is concerned many newspaper companies are too cost conscious and too unfocused on digital commerce (rather than advertising and subscription revenues) to pay attention.

> "It seems to me you would have no shortage of shops that would build the actual platform and run it on the promise of a revenue share from the transactions that pass users from site to site," says interviewee Jay Small.

INDUSTRY POLITICS, POLARIZATION -- At Calkins Media, CEO Mark Contreras likes the idea of a federated authentication and payments system at a conceptual level. "But I'm at a loss," he says. "The political scientist in me is saying it is too high a mountain to climb. But I think you are right to think this is a different moment than it was a couple of years ago and I wish I could document that for you. The other thing swirling around in my head is how do you do this in such a polarized environment."

> "Standards are a tough thing to do," Schultz says. "They only work if the body has enough clout. It is very unlikely that a nonprofit is going to be able to define a standard. It might be able to build a system that is intended to be elegant, powerful and simple enough to become a standard. That's possible."

DON'T ASSERT A STANDARD – LET MARKETPLACE DO IT -- Arguing from the start that something contractors for an Information Trust Exchange build is a standard won't work, was Dan Schultz, a former RJI Fellow, Boston Globe Open News Project fellow and MIT Media Lab technology graduate. "Standards are a tough thing to do," Schultz says. "They only work if the body has enough clout. It is very unlikely that a nonprofit is going to be able to define a standard. It might be able to build a system that is intended to be elegant, powerful and simple enough to become a standard. That's possible. But to present it as a standard would be at this stage an effort in futility." Schultz says prototyping a solution in a short period, then allowing people to test and comment on it leads to results faster than focus groups and conversations and could make it easier to garner collaboration. "Once you have proven it is valuable then there is an incentive to collaborate," says Schultz, adding: "It will be much easier for the collaboration to occur."

SILOED CORPORATIONS; "WE'LL BUILD IT" MENTALITY -- Stick your neck out in the corporate work and it gets chopped off, says Jo Martin, former chair of American Newspaper Digital Access Corp. and a retired executive of Times-Citizen Communications of Iowa Falls, Iowa. "If you're going to get that critical mass you are going to need that buy-in of all the companies like Gannett and McClatchy and the others," she says. "They are all so siloed that they feel they are the only ones with the answer and it certainly couldn't come from beyond them. And I fear for this -- that you may run into the very same thing again. And it is to the detriment of the industry."

PROPRIETARY ATTITUDE AMONG 'BIG GUYS' -- Josh Stearns, the former Free Press activist who now works with the Geraldine R. Dodge Foundation, thinks consumers will understand the value of a one-bill, one-account access to content, but it will be a decade before they understand the system's other benefits of identity and privacy management. His concern? " I worry about the potential for ever getting the biggest big guys to buy into a system like this because they are so proprietary about their data and user information and I don't know if they would ever go for it."

OVERCOMING THE NON-NETWORK CULTURE -- Former Cox executive and forthcoming book author Peter Winter says there are two things a consortium effort would have to accompany: First, convince news organizations it is no longer in their best interest to provide content to aggregators and, second, replace the aggregators, or invite them to join, a sanctioned aggregation network for news content.   Can this be done? "The answer is it is entirely cultural," says Winter. "Newspapers have never seen themselves as a network of anything, whether it is advertising or cooperating digitally. They have never been able to overcome the culture."

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LEARNING TO THINK ENTREPRENEURIALLY -- "Thinking entrepreneurially is tough," says Kinsey Wilson, former senior VP and general manager, digital media and chief content officer, National Public Radio, who was to join *The New York Times* in February. "It is not a natural act for any individual publisher and even for group news publishers as a category to assume they can act both in concert --- which requires a high degree of business coordination.

DEMONSTRATING REVENUE POSSIBILITIES -- Tom Slaughter, is executive director of the Inland Press Association, and was a participant in RJI's June, 2012 "Pivot Point" gathering in Chicago. He is a former vice president of U.S. Newspaper Markets for The Associated Press who created AP Digital. "I think the concept is sound -- I can't think of an argument against the concept. The idea of being able to access through one login content from a variety of publications or sources tied to some sort of revenue transfer between buyer and seller is an interesting one but I think to get the kind of commitment that you'd need to actually make the technology happen you'd have to be able to paint a picture for the participating companies about how it would drive revenue in a meaningful way."

INDUSTRY POLITICS – "I just think that politics is the only thing that can kill this thing," says Steve Fisher, publisher of the *Dubuque Herald-Telegraph* in Dubuque, Iowa. "The non-existent relationships between competing media companies. [But] the [state press] association executives can perhaps help weave through that web to at least book you 50-60 significant newspapers that could get this going."

> "My experience with newspapers is we're not able and ready and we're not the ones to make it happen. But I think we should all get together and buy the company that is. But I don't think we ought to build it."

CONNECTING WITH MILLENIAL USERS – "For people aged 50+ there is an argument," says Kerry Oslund, senior vp-publishing at Schurz Communications Inc. "For anyone 30 or under they don't relate to newspapers in the same way. Ask them who they trust and I doubt our brand is going to be on the top of the list. They are probably going to say they trust their friends. But there is a large market for 50+. My experience with newspapers is we're not able and ready and we're not the ones to make it happen. But I think we should all get together and buy the company that is. But I don't think we ought to build it. I don't think we are equipped, we move so slowly and it is so hard for us to collaborate." Oslund says he wants a one-click buying system for digital products that links to the subscription files and credit cards their papers and broadcast stations already have. "If there was a collaborative that put that together, we'd be interested in helping with that."

ABILITY OF NON PROFIT – Oslund (above), also doubts the ability of a nonprofit to pull off anything comprehensive and does not believe newspapers will collaborate. However, he thinks identification, authentication and micropayments are collectively a huge problem to be solved and they would like to be part of a group aiming to solve it.

SUMMARY / NEXT STEP

In Part One of this report, we have offered an analysis of the situation faced by news providers, in the words and observations of some of more than 85 experts interviewed representing journalism, advertising, technology, academia and other fields.

- We reviewed RJI's 2011 report, **"From Paper to Persona,"** which described the need for news organizations to shift from a focus on a physical or legacy product – newspapers or broadcasts – to a focus on understanding the interests and needs – the "personas" of individual users.

- We identified and discussed **six problems** confronting news organizations, as expressed by our interviewees: A culture of independence, not collaboration; advertising competition and fraud; audience migration to multiple platforms and niches; relatively little traffic to news home pages; managing and sharing anonymous yet unique user "personas" -- and lack of a shared identity system enshrining Facebook Connect.

- We looked at **seven remarkable opportunities** available to news organizations because of technological disruption and the power of networks: Create special-interest topical communities, and especially for millennials; establish privacy and trusted-information standards in the user's interest; use ad-exchange technology to price/sell content; explored the promise of personalization; sharing users and revenue and create an alternative to Facebook Connect.

- We described **the nature of a solution** – that it must overcome the tendence of legacy media to stick with legacy processes, that it might involve new forms of collaborative or non-profit ownership, and that it should take advantage of network economics and "the census" – perfect measurability and trackability.

- We documented expressions of perceived change barriers from 17 of our interviewees.

For at least since 2006 (See, for example: "Newspapers must become information valets and gateways, not silos; 'newshares' "), a consensus has been building that the systems which sustained journalism are collapsing. This is seen in regular recitations of declining print circulation, newsroom layoffs and plummeting advertising revenue at newspapers, as well as several indications of a mass shift of broadcasting advertising to digital platforms. Some see the glass as half full, with the growth of serious journalism platforms in non-legacy operations. "There is, for good reason, more interest in what is occurring in technology companies that impact news, be it Google and Facebook or Twitter or at web-native publishers like Buzzfeed or Medium or Vox," API Executive Director Tom Rosenstiel said in an Oct. 28 interview with Capital New York. "These technology companies, if one were to generalize, don't have the same sense of transparency about what they do. They have a tradition of secrecy about products, mores and decision-making that goes along with Silicon Valley and trade secrecy, intellectual property and technology."

> "These technology companies, if one were to generalize, don't have the same sense of transparency about what they do. They have a tradition of secrecy about products, mores and decision-making that goes along with Silicon Valley and trade secrecy, intellectual property and technology."

Moving quickly to experiment, despite doubts

Whether you have a sense of optimism or dread, the main change since 2006 is a sense that change is happening rapidly. So any transformation for sustaining the values, principles and purposes of journalism must begin now for it to have any effect.   "We don't have much time left to manage the transition away from print," New York University Prof. Clay Shirky wrote June 17 in a personal blog post aimed at

journalism educators. "We are statistically closer to the next recession than to the last one, and another year or two of double-digit ad declines will push many papers into three-day printing schedules, or bankruptcy, or both. If you want to cry in your beer about the good old days, go ahead. Just stay the hell away from the kids while you're reminiscing; pretending that dumb business models might suddenly start working has crossed over from sentimentality to child abuse."

Adds City University of New York Prof. Jeff Jarvis in a Nov. 22 blog post:

> *"We have had 20 years to learn to serve people as individuals with relevance and value as Google does; and serve communities with tools to gather, share, and interact as Facebook does; and serve advertisers with greater efficiency as both of them do. And we didn't. Can we yet learn to create our own technology? We're not so young as Silicon Valley. Based on our miserable performance thus far, I have my doubts."*

In Part Two, we'll describe a next-step proposal -- Launch a non-profit, public-benefit effort to:

- Create a free, competitive market for the sale and sharing of digital information
- Enable the privacy-protected sharing of user profiles, largely controlled by the user.

--- END OF PART ONE ---

FROM PERSONA TO PAYMENT:

Could a public-benefit collaboration sustain journalism -- and privacy -- in a new market for digital information?

PART TWO: The Exchange -- Making a Market for Digital Information

AN ARGUMENT

This report presents problems and challenges for journalism. We have a responsibility to suggest a solution, too.

Part 1 of "From Persona to Payment" is based on interviews with more than 85 news-industry participants, analysts, academics, technologist and observers. In six sections and examples, we presented the challenges and opportunities faced by the industry – legacy and emerging – and briefly surveyed the solutions being taken. Collectively, they are helping sustain and morph journalism. But more is needed.

The average American household directly spent nearly $1,300 in 2009 on information services (They bought subscriptions or single copies of newspapers, magazines, books, video, film, music, cable and internet access and other services. How much of that $1,300 per year might be spent on services which provide – at least in part – trustworthy, appealing information about civic issues?

In Part 2, we offer a progressively more specific argument for an additional solution. We sketch the creation of a non-profit, trusted, privacy-respecting network of publishers and information-service providers that shares user identities and payments. We give this concept a working title: "Information Trust Exchange" (ITE). We have noted where data collection or analysis might be undertaken to support a business case for such a network. (For a proposed statement of the ITE's mission, jump to Page 63)

CONSUMER NEED

Consumers need a convenient, simple, secure way to access, share and pay for valuable information, multiple services and sources. They want to be assured that they have control over their privacy. Open societies need a media ecosystem capable of sustaining the values, principles and purposes of independent, fact-based inquiry and reporting -- journalism. Self government requires a public informed by accessible, trustworthy information.

The average American household directly spent nearly $1,300 in 2009 on information services (source: U.S. Census statistical abstract – See *Appendix G*). They bought subscriptions or single copies of newspapers, magazines, books, video, film, music, cable and internet access and other services.   How much of that $1,300 per year might be spent on services that provide – at least in part – trustworthy, appealing information about civic issues?

RESEARCH OPPORTUNITY: How much of consumer information spending would migrate to convenient, one-bill, multi-site, multi-platform subscription or pay-per-item services if such a network existed?

Network technology allows us all access to abundant information quickly. Increasingly, it also allows us to customize the acquisition and presentation of that information to reduce our feelings of information and attention overload.   Historical technology (presses, broadcast, books) required the creation of a fixed physical product and it was not economically feasible to either: (1) Create a unique product for each user or, (2) Allow the user the opportunity to pick-and-choose the content package as they might, say, assembling items at a supermarket. Digital technology makes both possible and the evidence is that popular services are capitalizing on it:

- Every Google search result is unique to the user requesting it
- Every Facebook user's news feed and home page are unique to that user
- Every Amazon purchase process includes recommendations for additional products presented uniquely to that user.
- Every Netflix movie selection includes customized suggests for others
- Lists of selections in a Pandora music "station" are unique to each user

"As people are using multiple platforms they are actually increasing their consumption of news but they want different formulations on different platforms at different times and they want people to follow them on this," says Robert Picard, of the Reuters Institute at Oxford. "We're having to learn that, that is really hard for us. We are so used to creating one product for everybody."

A SOLUTION

As they move to the digital world, news organizations would like to once again be the best-possible way to receive a daily diet of information that matters. Publishers and other "content producers" also need a way to share value – to be compensated – with dynamic, variable pricing of "atomized" bits of content, remixed into services we can't today imagine. *(See Exhibit O).* Now, people on the go want to efficiently access the broadest range of multimedia content customized to their needs -- in a few, simple actions. Achieving this simplicity will require the coordination of publishers, content licensors, aggregators and usage trackers, a range of stakeholders currently unfocused on this collective activity.

One possible solution could be a public-benefit, shared-user network enabling trust, privacy, identity and information commerce – a free market for digital information. It would speed development of consensus and guide use of standards for how journalism may be sustained and delivered. It would encourage innovation on the application of those standards, and ensure a plurality of voices.

> **ITE a glance: Convenience for users**
>
> - Choice of providers
> - Trustworthy sources
> - Deep personalization
> - One ID, multiple services
> - Manage 'personas'
> - Persona/privacy control
> - One account, one bill
> - Subscriptions, per click

Without encroaching on individual news franchises, ITE would be an information-industry collaborative connecting news enterprises and news consumers. It would define and govern a layer of network protocols for sharing user authentication, profile sharing, copyright payments and billing. Similar to the

bank / credit-card system, the network would be overseen by a non-governmental authority on behalf of private -- and competing -- parties. The ITE makes rules for the competitive exchange of both content and users' identity information.

ITE could help multiply the time spent with content from participating publishers, enabling revenue streams via data-driven, membership-oriented business models around news. Going beyond news and print, these streams can provide products, entertainment and services, including affinity group "clubs," special events, purchase discounts, special member access to services, contests, and referral fees for transactions.

An independent, non-stock organization could lead creation of this free (as in "open") market for digital information. It could raise money through grants, gifts, memberships and loans, and then contract with or acquire entities providing information-commerce operating services, realizing program-related income. The entity must be agile and unencumbered in negotiating and implementing relationships and it's fiduciary obligations must be solely to advance the interests of its members, and the public. It should:

- Initiate and build on standards for trust, identity and information commerce
- Ensure consumer choice and trust
- Enable price and service competition at all levels
- Guide the marketplace with a global perspective
- Benefit journalism, democracy and freedom ahead of private interests

An "Information Trust Exchange" (working title) should establish consensus on minimum necessary open protocols to transfer information about usage and charges across a network (either the public Internet or some controlled subset). An ITE could facilitate emergence of an open user-sharing and payment protocol – either by developing the standard, or endorsing an open standard developed by an incumbent willing to share it.   It could foster continuous innovation leading to collaboration around open standards. It might focus on developing the minimum necessary protocols for enabling information commerce -- protocols which do not leave a single player in a blocking position. The Information Trust Exchange can solve problems – has value propositions -- for publishers, advertisers and the information-consuming public.

> **ITE at a glance: Platform for publishers**
>
> - Single-signon facility
> - Data exchange for user-identity information
> - Payment exchange for advertising and content value
> - Rules exchange for privacy standards
> - Ensures market competition on price, service, terms
> - Exchange itself is a marketplace, not a competitor.

- For the public, it creates the opportunity for access to lots of information resources with a single ID, password and account. But unlike proprietary services such as iTunes or Facebook Connect, the customer will be able to choose among a plurality of service providers who can compete over financial and privacy terms.

- It also creates a platform for affiliates to respond in a customized, personalized way to information requests, because it makes it possible for the user to offer their preference information when making an information request.

- For advertisers, it solves the problem of multiple identities for the same person, without them having to maintain any personally identifiable information or be beholden to one or two huge platform operators who hold master user accounts.

- For publishers, it creates the possibility of subscription networks through background "microaccounting" for cross-site exchanges of value and payment.

Each of these brings a large constituency of potential support and interest; each are possible in an integrated approach to the sharing of data about users and transactions. A system to do any three, strategically designed, can do the other one as a byproduct.

DISTINCT FROM EARLIER COLLABORATIONS

The U.S. news industry has had limited success at collaboration. In fact, small groups of newspaper owners have co-owned modest successes, including Classified Ventures. But two efforts to build digital-era content exchanges have failed:

- In 1995, nine of the largest U.S. daily newspaper publishers formed the New Century Network and hired Cox Enterprises executive Peter Winter to run it. Their goal was to create a central aggregation site for newspaper-generated content and also an advertising-sharing network. Some progress was made on advertising, and a "portal" with some topical news went public. But the NCN did not create any technology for pricing or sharing payment information content and in 1998 it shut down when the partners couldn't agree to added investment beyond $25 million spent.

- In January 2012, The Associated Press, Business Wire and 26 newspaper publishers of varying sizes capitalized NewsRight LLC. Initially, publishers thought they were creating a service that would police copyright infringement and collect content royalties. But management quickly saw that as impractical and not a good business model and attempted to move in a different direction – aggregate audience and share content with dynamic, real-time pricing competition among participating publishers. They obtained the tacit antitrust clearance from the U.S. Justice Department. *(See Appendix A)* Some big publishers didn't buy into the new plan and NewsRight liquidated without launching.

- In about 2005 , a substantial group of U.S. daily publishers formed the Yahoo Newspaper Consortium and aligned with Yahoo! Inc. The idea was to use Yahoo's advertising technology and the feet-on-the-street sales muscle of newspapers to share revenue from small-market local businesses that were not otherwise being enticed online. There are various assessments on what happned, but in 2013 much the same group of publishers retitled themselves the Local Media Consortium, added broadcasters, and negotiated a non-exclusive, new deal with Google Inc. to use Google's advertising platform. Participants seem happy with the new arrangement; it's unclear whether it will expand beyond programmatic advertising.

> The Information Trust Exchange, whether chartered as a non-profit association or a co-operative, would not compete with its members in news or advertising, because it is proposed not to be a direct operator of anything – rather, it will develop standards, protocols and business rules, and license operation of authen-tication and logging services – data exchanges – by one or more private, for-profit operators.

There are at least two other examples of effective collaboration in the U.S. newspaper industry and both of them are co-operatives, rather than for-profit ventures such as NCN and News Right. They are The Associated Press and the PAGE Co-operative. The ubiquitous AP is owned by the U.S. dailies who have joined it. PAGE is a Pennsylvania-based buying co-operative comprised mostly of smaller, family-owned newspapers. Typically, co-operatives do not compete with their owners by the nature of their business, and that was true of The AP for most of its 168-year existence. But The AP began selling its news report to non-member broadcasters in the middle of the 20th century, and in the mid-1990s it started selling its report to online services like Google and Yahoo, effectively strengthening the ability of digital platforms to outpace newspaper websites as online purveyors of news. Today, less than a quarter of The AP's revenue is said to come from newspaper member assessments.

By contrast, The Information Trust Exchange, whether chartered as a non-profit association or a co-operative, would not compete with its members in news or advertising, because it is proposed not to be a direct operator of anything – rather, it will develop standards, protocols and business rules, and license operation of authentication and logging services – data exchanges – by one or more private, for-profit operators.

ROLES FOR AN ITE ORGANIZATION:

- Establish governance structure
- Facilitate board formation, membership
- Fund protocol and standards development
- Research, test, commission key technologies
- Create voluntary privacy, trust, identity standards
- Protect privacy: Anonymous, yet trusted users
- Sanction protocols for sharing users/content and license their use
- Sanction multi-site user authentication services
- Facilitate web-wide microaccounting/subscriptions
- Support "atomized" content, wholesale/retailing pricing *(See Exhibit O)*
- Broaden "deep web" access; not on web today
- Enhanced-CPM, precisely-targeted marketing
- Enable consumer choice for commerce, privacy
  - o One account, one bill, one ID, purchase anywhere.
  - o But no single owner of all users

PROPOSED ITE STRUCTURE

- Not-for-profit association, as open as possible
- Staggered board, (say, 27 seats allocated by 7 types)
- Founding members (foundations);
- Publishing members; technology members; public members
- Can own, partner with for-profit operating entities

DELIVERING FOR THE PUBLIC

- PRIVACY: Protect, share demographic and usage data
- PERSONAL: "Persona" yields custom information
- CHOICE: Many "info-valets," price/service competition
- RELEVANCE: Ads more effective, direct compensation
- CONVENIENCE: Easy sharing, selling, purchasing of online content; one ID, one account, one bill
- Result . . . TRUST.

Personalization: Expressed and inferred

Clearly personalization is popular for search, social, entertainment and purchasing applications. Less certain is the appeal to individual users of services that give them the ability to carefully define their news information interests. And it's not clear if this will work best if it is expressed directly by the user -- or inferred by the user's behavior and then fed back to that unique user. You can "thumbs up" a song to help Pandora's algorithms in order to more frequently present songs with similar voice, instrumentation, period, mood, or genre that might interest you. That's an example of "expressed" interest. Google tailors search results based on inferences it draws about your interest using data from your previous searches. That's "inferred" personalization. Personalization is likely to involve a great deal of mixing and matching

between inferred and expressed preferencing. These will vary for different applications – and different consumers have a greater of lesser appetite for being "programmed" by inference as opposed to self-selecting and expressing their interests.

Dan Sinker, Chicago-based director of the Knight-Mozilla Open News Project, says news organizations need to spend time finding out what their users want – especially potential new users such as teens and young adults. "These kids are getting information," he says. "How are they getting it? How are they learning about the smaller community they live in? You need answers to those questions. And then you begin to build prototypes around that."

Jo Ellen Kaiser, executive director of The Media Consortium, says such a survey could be conducted in physical places with questions such as: How do you get your news? What would you be willing to pay for? Would you use this example? "The problem with the news industry is we kind of never ask those questions," she said in an RJI interview.

> "These kids are getting information," Sinker says. "How are they getting it? How are they learning about the smaller community they live in? You need answers to those questions. And then you begin to build prototypes around that."

RESEARCH OPPORTUNITY – Create a prototype for a news-personalization service and test which features most appeal to users. Test across age and other demographic parameters. Determine if interest in stronger when the user can conveniently chose and routinely receive reports from multiple sources and topics not available from a single publisher.

Building a user "persona"

Each of the services cited above (Google, Facebook, Amazon, Netflix, Pandora) is able to customize and personalize because they record and save information about unique users between visits. They assemble a profile, and create what amounts to a commercial *persona* for the user.

The assembly of personas is nothing new. Personas are now being controlled by the marketing industry in many and varied ways, and to some degree by the news and magazine industries – through subscription management and third-party ad targeting. The ITE protocol would create the opportunity for a new kind of entity which would help consumers manage their personas across a variety of information services – some paid and some that pay, or reward. The success of all kinds of loyalty programs are a proof-of-concept for this kind of information persona management.

> The ITE protocol would create the opportunity for a new kind of entity which would help consumers manage their personas across a variety of information services – some paid and some that pay, or reward.

An ITE framework, architecture or protocols would likely allow the transfer of that personalization information across multiple services and uses, so your persona is not siloed in one place and is able to be shared across the web as much -- or as little -- as you choose.

The notion of a network with millions of personas – distributed, but shareable with user consent -- could be enabled by an ITE that establishes opt-in rules and protocols. These would permit thousands of "information valets" – or identity service providers -- to operate as competing, trusted brokers, agents, advisor or curators of information for consumers. These are places where you can lodge your persona – or one of your multiple personas. You might have one persona with your health insurance, another with the social-security administration, another with your news purveyor, you might have another with a particular retailer and one with your bank or financial-service provider.

"Newspapers need to get registration systems in place, profile users and then deploy technology which allows for self-selection and high-tech selection of interests," says Greg Schermer, vp-strategy for Lee Enterprises, of Davenport, Iowa, one of the nation's newspaper chains. "What's important is the profile and the use cases. The profile can be kept anywhere. You have to have a core profile of typical things. You've got to create profiles that have interests. How do you do that?"

Besides newspapers, cable, phone or other publishing companies could serve a second role as your infovalet – a trusted custodian of a persona you control. The only thing the network protocols might specify is a common set of rules for exchange of persona attributes -- rules within the control and purview of the consumer and enforceable by the ITE. The ITE may exercise an ultimate sanction of kicking an infovalet identity service provider, or a relying party – the content provider – off the network if they are not meeting the requirements of the system. The 600 pages of exchange rules developed by the Visa International Service Association and other credit-card card networks are an example of this concept of network-self-governance. These force merchants to toe the line or get thrown off the network. If access to the network is vital to business, then the ability to cut somebody off the network is a strong rules-enforcement stick, rivaling the effectiveness of government regulation.

> "Newspapers need to get registration systems in place, profile users and then deploy technology which allows for self-selection and high-tech selection of interests," says Greg Schermer, vp-strategy for Lee Enterprises, of Davenport, Iowa, one of the nation's newspaper chains. "What's important is the profile and the use cases. The profile can be kept anywhere.

THE NETWORK EFFECT

 In Part 1 of "Persona to Payment" we introduced the network effect. The utility of a service can be multiplied when it is part of a network of users -- who are able to more conveniently connect or share -- than when operating independently. It's useful to think about the phone industry, the electric-utility industry, the credit-card and cell phone industries as reasons why collaboration around network protocols ends up being a win-win for consumers and operating participants. This concept was well-explained by Tom Evslin, ex-Microsoft executive and creator/CEO of AT&T WorldNet, (via Skype) to our "Blueprinting the Information Valet Economy," summit Dec. 3-4, 2008, at RJI, near the beginning of this writer's Reynolds fellowship.

A phone that only calls to a few phones of unknown users globally is of little value. A phone that calls known neighbors is of more value. A phone that calls around the United States and globally to identifiable, known recipients is of tremendous value. A cell phone which connects to one cell tower is useless. If power grids had different cycles and some were AC and some DC so they couldn't interconnect, you wouldn't be able to move electricity easily around the grid and send it to where it is needed. It's important to have those collaborations. Think of digital information the same way. If it can't be sold across a grid – a network – then it is locked in a silo and its commercial potential is limited.

> If one power grid was AC and the other DC, you wouldn't be able to easily move electricity to where it's needed. Think of digital information the same way. If it can't be sold across a grid – a network – then it is locked in a silo and its commercial potential is limited.

A bank debit card that only works at the ATM machines of your bank isn't nearly as useful as one that works across a regional network or even across the country. Even though you may be annoyed that a "foreign" ATM gets a $2 commission when you draw out money far from home, the value of convenient cash outweighs the financial pain. A BankAmeriCard that only worked at BofA branches or merchants with BofA accounts was of some use, but it didn't scale very fast – that's was before the BankAmeriCard morphed into the non-stock association – the Visa International Services Association – and the Visa card – the world's largest collaborative network for the exchange of value.

An Internet with hundreds of thousands of groups of individuals with identities that are opaque to each other is, similarly, of limited value. "There is a problem in the industry when we try to maximize the potential of an audience when it is spread out across so many user profiles," says David Gehring, of the Guardian UK. "It is hard to know how to monetize them."

DISTRIBUTE BENEFITS, COSTS

"Network-effect" benefits become more valuable as the size of the network increases, Evslin noted in his 2008 talk at RJI. So what's important to ask, is what is the minimum requirement to (1) get protocols and the rules established so that then commercial parties can (2) create the network infrastructures and spend the money to connect it all? How quickly does the planning and build effort have to pay off for the participants to make it worth undertaking?

RESEARCH OPPORTUNITY: Develop a model for the scaling of revenues for participants in an shared-user network exchange, and relate that in time to the projected launch costs. How fast is the payoff? Can technology providers and network operators be expected to front it in exchange for contractual transaction fees over a 2-, 3-, 5- or 10-year contract?

If you were to start today and say, "Let's create the internet!" and you envisioned that task without any understanding of TCP/IP or how pack switching works, or the domain name service, you would certainly see that as an almost insurmountable challenge. But that's not how the folks responsible for what has become the Internet started with their thinking. They simple tried to create a simple, "dumb" network protocol and then allowed first academic, and then business, to build upon it. They didn't mastermind the possibilities. They just created a universal pathway around which all kinds of networks swarmed.

The ITE premise is to define an architecture, create protocols and interfaces, and accompanying business rules. Then contractually partner with technology companies prepared to build ITE-compliant networks that share user data, content and payments. As the profit from the system is designed to go to the operators and affiliates rather than the ITE, we believe operators could feasibly finance their technology and infrastructure investment and pay network fees to the exchange. Thus our premise is that infrastructure and other startup project planning work born by the ITE will be less than $2 million.

"The thing is if you get this up and going one could actually turn to venture capital firms to expand the market once the idea is well put together," says Robert Picard, of the Reuters Institute. "That is not an impossible idea. The infrastructure that goes behind it could be completely commercial. It could be newspaper and news organizations or media investors."

Tiffany Shackleford, executive director of the [Association of Alternative Newsmedia,](Association of Alternative Newsmedia) and a former tech-industry marketing executive,

> As the profit from the system is designed to go to the operators and affiliates rather than the ITE, we believe operators could feasibly finance their technology and infra-structure investment and pay network fees to the exchange. Thus our premise is that infrastructure and other startup costs born by the ITE manager will be less than $2 million. "The thing is if you get this up and going one could actually turn to venture capital firms to expand the market once the idea is well put together," says Robert Picard, of the Reuters Institute. "That is not an impossible idea. The infrastructure that goes behind it could be completely commercial. It could be newspaper and news organizations or media investors."

supports Picard's view. "Getting the technology providers on board is the easiest part. I could get six or seven technology providers to work out a deal like that. That's actually not scary for them. if you can get somebody who is visionary enough to understand what you are doing and most of them are."

Thus the Information Trust Exchange may have the potential to be a largely self-funded effort with the potential to facilitate revenues and profits for operators. Commercial entities can make their own business decisions about how much to spend to enable and connect to the network. They can't do that now is because there is no interconnect -- a private, yet public-benefit, system of unified policy, governance and sanctions. There is no non-profit exchange facilitator which, like the Internet itself, transcends any single government or enterprise.

OUTSOURCING TRUST

The idea of trust being outsourced is intriguing and worthy of brief discussion. We largely outsource trust to Facebook when we use Facebook. We outsource trust to Google. And we are in effect building personas, but those personas are fragmented and spread like breadcrumbs across hundreds of websites. They are not in any coordinated place, yet. There is some indication that both Facebook and Google are attempting to respond to both regulatory pressure and potential consumer interest in creating a persona dashboard. This is a promising development -- but only if those persona silos are able, one day, to be shared, disconnected and moved, all under the consumer's purview and control.

Inherent in the word trust is usually the need for an intermediary. In human communities, I trust somebody else in the community either because I have direct personal interactions with them (which I judge to be favorable), or because they're vouched for by some third party, like a bank or social-service entity, an affinity group, school or mutual friend. Because the web is virtual, and face-to-face interactions impossible, trust has to be built either through those third-party references or through some method of direct though virtual interaction such as friends in Facebook.

Engineer turned accidental entrepreneur Craig Newmark, founder and principal owner of Craigslist, has been saying since 2010 that a distributed trust network – to help people manage their reputations and privacy, is the "next big thing on the web." He told GigaOhm's Matthew Ingram in a video interview that as a society we needed to "get our act together and make this happen."

Knight Foundation vice president John Bracken and engineer turned accidental entrepreneur Craig Newmark, founder and principal owner of Craigslist, has been saying since 2010 that a distributed trust network – to help people manage their reputations and privacy, is the "next big thing on the web." Newmark told GigaOhm's Matthew Ingram in a video interview that as a society we needed to "get our act together and make this happen."

Patrick L. Plaisance, a Colorado State University journalism professor, has written about the Trust Project at Santa Clara University, which has adopted a sub-focus on journalism through leadership from a Google Inc., executive, Richard Gingras. "Journalists across the country are taking trust seriously," writes Plaisance. "Historically, journalists have done a lousy job explaining themselves to the public they serve, resulting in a chronic disconnect between newsroom culture and what audiences expect."[13]

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[13] -- See, "Online Chaos Demands Radical Action by Journalism to Earn Trust," by Richard Gingras & Sally Lehrman, at Medium.com, (accessed Feb. 1, 2015)

In an increasingly virtual and global society trust is almost always outsourced. It's increasingly rare that trust is based upon direct, face-to-face, one-to-one relationships. The Visa network is really more a trust network than a financial network if you think about it. It allows me to walk into a bank in Prague and withdraw or borrow money by presenting my Visa card. The Prague bank has no basis to trust me personally, it's just that I have an account with a bank that is a member of the Visa network, and that means they know they will be paid back – if they give me some cash. They are trusting a third party – Visa – and extending that umbrella of shared trust to me.

In one context, trust can refer to trustworthy information, such as news. In another context it can imply the trustworthy *use* of information. In Bellevue, Wash., former Microsoft Inc. executive Craig Spiezle has helped for the Online Trust Alliance, a 501(c)3 nonprofit backed by Microsoft, Price Waterhouse Coopers, Verisign, Constant Contact, Symantec, Publishers Clearing House, American Greetings, comScore and a set of other technology and marketing companies. Its mission is "to enhance online trust and user empowerment" and protect users' security, privacy and identity. OTA supports collaborative public-private partnerships, benchmark reporting, meaningful self-regulation and data stewardship. "We represent businesses that want to do the right thing and consumers who want a more safe experience," says Spiezle. There is lots of room for improving trust in the advertising world, he says. The voluntary "do not track" initiative is a failure, because few advertisers are respecting it. "Users are setting it, but no one is honoring it." Former FCC official Fred Campbell agreed in a December 2014 *New York Times* op-ed.

| "You've got the title right. This is going to rise and fall on trust," says Bill Schubart, founder of the Vermont Journalism Trust and a former New York-based publisher, music-industry and media entrepreneur. | The point of a shared-user network for trust, identity, privacy and information commerce is to create that kind of third-party trust infrastructure for information commerce. It is not to overcome or supplant the investment in sharing and persona management that existing institutions already have. What's necessary is to create a framework that allows the existing institutions to leverage the trust relationships they've already built with their users – to enable additional commerce across additional platforms and in other areas – and to share that trust and those relationships with other parties. |

"You've got the title right. This is going to rise and fall on trust," says Bill Schubart, founder of the Vermont Journalism Trust and a former New York-based publisher, music-industry and media entrepreneur. "When I looked at that the first thing I thought of was an organization that defines and establishes journalistic integrity. That was the first thing I thought of. I didn't think about data trust, I didn't think about commerce trust. I thought about an association that said you have been branded as a trustworthy journalistic enterprise based on your standards. Antitrust never entered my mind. In fact, when you raise it lower in your piece, I thought it was irrelevant. It didn't even occur to me."

PRICING – WHOLESALE-RETAIL

A frequent question posted by interviewees involves pricing. If news organizations are going to share users, and share content, who is going to be in control of pricing? *(See Exhibit O)* The answer: No one person or entity. Some examples:

- Airlines benefit from a common air-traffic control system and they share airports. They fly similar aircraft made by the same companies. But they compete on pricing, many routes, and most aspects of service.

- Thousands of companies float their stock on major exchanges. The price of their stock is subject to near absolute competition for investors' dollars. Yet they also use common bidding, trading and settlement systems.

And imagine, as with the advertising exchanges, that this happens instantly. The originat-ing publisher, if it knows something about you, might vary the offer (price and terms). Your home-based publisher, the retailer, might chose to give you some of the items as part of a subscription bundle. Your home-based publisher, the retailer, might chose to give you some of the items as part of a package, and ask you to pay for other pieces a la carte.

- Online advertising exchanges work in milliseconds with demand-side and sell-side platforms to match willing advertisers with willing publishers and aggregators to deliver "impressions" to interested consumers. Prices range dramatically, as do the content and form of the advertisements.

> When you click on that article as a *New York Times* user, the exchange should record a payment to *Le Figaro* of five cents and record a charge to *The New York Times* of five cents. But whether you as a consumer ever pay anything other than that extra $1 -- ought to be up to *The New York Times.*

But what if you added to the mix the idea of wholesale-retail pricing, just like in the real world? If General Electric Co. makes a toaster oven and sells it to Wal-Mart Stores Inc., Wal-Mart then decides how to price the toaster. Think of the Internet market for information as like a Wal-Mart store. The retailer – your preferred publisher or service provider – is responsible for billing you and paying for what you buy from his or her store. Then, they go pay the originating publisher – the wholesaler – for the items you purchased -- to make up your personalized information bundle. And imagine, as with the advertising exchanges, that this happens instantly. The originating publisher, if it knows something about you, might vary the offer (price and terms). Your home-based publisher, the retailer, might chose to give you some of the items as part of a package, and ask you to pay for other pieces a la carte. Unlike Wal-Mart, the inventory of a digital information retail store doesn't need to be shipped or stored in bricks-and-mortar fashion. It can be sought, priced, sold and consumed in milliseconds.

All that's needed to make such a system work is a standardized method – a set of protocols – for exchanging information about users and logging -- to a common place -- the cost of what is purchased. A useful feature might be the ability to aggregate many small purchases that are charged periodically – making efficient use of financial-transaction networks like the bank Automated Clearing House (ACH) networks and avoiding relatively steeper credit-card interchange fees.

Imagine this scenario: *The New York Times* might send you an email and say for an extra $1 a month, you get 10-15 clicks per month from a set of French language publications. It's just $1 a month and you'll have that Francophile bonus. What would happen when you click to an article at *Le Figaro*? They would have some price they had set on that article – maybe it is five cents (converted from Euros). When you click on that article as a *New York Times* user, the exchange should record a payment to *Le Figaro* of five cents and record a charge to *The New York Times* of five cents. But whether you as a consumer ever pay anything other than that extra $1 -- ought to be up to *The New York Times.*

If you have a system where the parties on a business-to-business basis agree to pay the cost of people surfing within the system, then all it becomes is a strategic business exercise how much *The New York Times* should charge you per month. *The Times* might do this for awhile and find they are losing money by just charging you $1 a month, so they might come back to you and raise the package to $2 a month. Or maybe it has a cap on it of 30 clicks per month -- then you have to pay more.

One can't presume to guess how all those things will work out. What we need to create is a system that enables all of that and then allows the free market to operate as it does so well –- which is to have pricing and packages find their equilibrium. What is described is a free market for digital information – a economic libertarian's delight! But don't we need to start by enabling those kinds of capabilities? *(See Exhibit O).*

> Apple is not going to play in a new ITE ecosystem if that ecosystem requires the company to shut down the iTunes store or alter how it operates. Ditto with Amazon and with Facebook Credits and Connect. The ITE protocols have to be additive to these business – a way for them to expand from their three-party services into a true, four-party trust network.

COLLABORATING WITH SILOS

 An important design criteria for the protocols – nothing should stop a participating affiliate or publisher from continuing to operate within their silo. A good analogy might be to a department or big-box store that accepts Visa or Mastercard, but also continues to offer its own store revolving credit card.

To be blunt about it, Apple is not going to play in a new ITE ecosystem if that ecosystem requires Apple to shut down the iTunes store or alter fundamentally how it operates. Ditto with Amazon and with Facebook Credits and Connect. The ITE protocols have to be additive to these businesses -- a way for them to expand from their three-party services into a true four-party trust network.

Worth noting again here is Google executive Chairman Eric Schmidt's comments in May, 2011, when interviewed by Kara Swisher and Walt Mossberg. Generally Internet infrastructures are open and multiple players can participate, Schmidt said. In that context he saw it as not a good thing that the identity space is practically being managed at this point by Facebook Connect. And he observes that it would be a good idea if that was done in an open networked, collaborative way with a bunch of companies doing it. (See: http://tinyurl.com/43g3xyo) So here you have one of the biggest web players understanding the need for a collaborative approach to identity.

If this were a business plan, it would likely start with a statement of mission, and then some idea of a project timeline. That's were we next turn. Then we'll move on to a brief conclusion, and a set of appendices.

MISSION AND STRUCTURE IDEAS

> *The mission of the Information Trust Exchange will be to help sustain, update, advance and enrich the values, principles and purposes of independent journalism through collaboration among news media, the public and public-focused institutions and through owning, managing, overseeing, operating or licensing-related products and services.*

ITE should be supported by major technology, publishing, advertising, consumer and philanthropic organizations. It should guide the creation of new standards and a platform for exchange of user authentication and transaction records which enables a competitive market for information, respecting and enabling consumer privacy and choice. Some of the same entities – especially those whose businesses will benefit – could also capitalize an ITE Operating Corp. , with the possibility of an investment return.

Making a new marketplace for digital information -- and attention – suggests creating a unique ownership and governance framework, specifying the required technology to be built by for-profit licensees, and assessing the impacts on law, regulation, advertising and privacy.

It might be a non-stock association, owned by its membership, whose interests may not be divided or sold except pursuant to the bylaws and whose assets, upon dissolution shall be contributed to charitable or education institutions in furtherance of journalism in conformance with the laws of its state or incorporation.

Any individual could apply to join the Information Trust Exchange upon payment of annual dues established by the Board of Directors and approval of their membership application by the Board of

Directors. Members shall be entitled to attend and vote at any Annual or Special meeting called by the Board of Directors or by petition of at least one-third of the membership.

Corporate or institutional members might be divided into classes, with varying voting rights in order to assure governance of the ITE shall not be dominated by a single class. Classes might include publishing members, contributing members, technology members, participating members and supporting members. The board will be composed of members from various membership classes.

At the discretion of its board, the Information Trust Exchange might form or acquire one or more operating companies to operate services related to the ITE's mission.

PROJECT PHASES

Phase 1 (COMPLETED)

LANDSCAPE RESEARCH – Review literature, conduct interviews and prepare a report assembling a picture of what's needed and what's possible given a coordinated, collaborative, public-benefit initiative.

Identify candidates for an ITE steering committee.

Phase 2

FOUNDING MEETING – Gather collaborating individuals and institutions for two-day summit.

BUSINESS PLAN – Complete business plan for adoption at founding meeting. Among issues to be covered in the plan:

- Desired corporate form of ITE and capital operative company (if needed)
- Estimates from tech/financial/network partners about development costs
- Minimum publisher affiliate participation for launch viability
- Minimum brand interest for launch viability

FOUNDING MEMBERSHIP –Recruit founding membership and raise funds sufficient to achieve objectives. Accompanying this effort would be preparation of financial projections and pro formas, not only for the ITE by for the elements of the shared-user network for trust, identity and information commerce it would enable. Member classes might include, among others:

> Diverse public stakeholders in future of journalism
> Foundations
> Newspapers, magazine, public radio, book publishing
> Niche/speciality/med-sci-tech publishing
> International representatives
> Universities/NGOs related to journalism
> Technology and telecommunications companies
> Digital-media entrepreneurs & public representatives
> Individuals
> Others (see Page 41 of "Paper to Persona.")

GOVERNANCE – Establish membership rights and dues and start signups.

DEVELOPMENT – Contract for building/licensing of core technologies that support ITE specifications and protocols for authentication, data sharing, logging and billing aggregation.

LEGAL – Put all corporate bylaws, rules and governance documents in place; including terms of membership and use, and guidelines for antitrust, anti-monopoly and competition.

LEADERSHIP – Recruit founding board members (board if new organization, advisory board if part of an existing organization), as well as an advisory board.

- Begin conceiving working task forces on standards for:

  Identity – Managing, transferring user identity, authentication

  Privacy – requirements/obligations of services

  Trust – Rules for compliance with ITA service standards

  Exchange – Protocols for exchanging dynamic pricing/service terms *(See Exhibit O)*

  Tagging – Tagging, managing content exchange

  Logging/sorting – Methods for tracking, sorting, logging net-wide activity

Settlement – Gateways to banking networks for charge settlement

COMMERCIAL RELATIONSHIPS

During Phase 3, the ITE – or a spinoff public-benefit company it controls -- would begin to seek to license for-profit affiliate members who will provide these services at a Tier 1 level of authentication, to seed the network in the publishing space:

- Enable web users to access, share, sell or buy paid content from multiple sources by means of a secure account with a single ID, password, account and bill. (Higher tiers of authentication might be added later and would involve collaborations within the health-care industry, banking industry and government, among others.
- Provide web/mobile users with absolute control over a digital identity with respect to accessing, sharing and purchasing news and information content, and other uses.

Find, spotlight, aggregate and share content.

- Create a news social network that operates through news and information content web sites at all levels from local to international.

- Create a means to deliver contextually-relevant content recommendations to network members

- Provide easy, low-cost, copyright-respecting access to "Deep Web" and other content stored behind pay, registration, membership and once-proprietary barriers.

- Enable the delivery of precisely-targeted advertising and other commercial content relevant to a reader's expressly shared demographic profile, social networking connections, ad content preferences and browsing history.

- Enable a system allowing site users to earn cash or rewards for engaging in a variety of potential interactions with commercial entities.

TECHNOLOGY

We now propose the Information Trust Sharing Architecture (ITSA). It draws significantly upon the proposals of both Buzz Wurzer and Bill Anderson[14] in 2012 and 2013. In some ways, it is conceptually similar to Clickshare Authentication and Logging Service, described in two United States patents.[15] It begins with a set of value propositions continues with functional specifications, and ends with build-out steps.

The ITSA should facilitate:

- Technical protocols for sharing users, content and payments
- Control for users over their demographic, financial and personal data
- Other features proposed at "Blueprinting the Information Valet Economy."

(For a narrative Q-and-A description of the value of the Information Trust Sharing Architecture (ITSA) to news providers, please see Appendix A.)

A. THE ITSA ARCHITECTURE – BENEFITS

Buzz Wurzer's bullet-point summary of features and benefits may be found here:
http://newshare.com/wiki/index.php/Rji-pivot-project-new-network-approach
The architecture involves four parties: The (1) End User, the (2) End User Service Provider (USP), the (3) Content Provider (CP) and the (4) network operators collectively operating authentication, logging, and settlement services.

1) Key benefits of the ITSA architecture:

- Scalability via a plurality of providers
- Choice of services, yet universal access for users

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[14] -- Buzz Wurzer is a retired Hearst Corp. executive; Bill Anderson is a retired Seattle SeaFirst bank CTO.

[15] -- http://tinyurl.com/2wtlpu / http://tinyurl.com/2ukwj4 / http://tinyurl.com/csc-patent-2013 / http://tinyurl.com/csc-patent-news / http://newshare.com/disclosure

- A free-market for value exchange
- A middleware connection between POS and legacy financial services and advertising networks.

2) Key benefit of ITSA middleware

- User-centric, privacy-enabling service
- Allows independent silos to connect when desired

3) Key benefit of exchange (or association)

- Establish protocols and rules for network
- Ensure price and service competition
- Avoid government control of network
- Avoid private-investor control of network

4) Unique selling proposition

- Make money sharing users, content, advertising
- Enable incremental growth of ASCAP model

5) Benefits to users

- One account, one-ID, one-bill
- Privacy-protected purchasing
- Control over "persona," ability to seek offers
- Choice of service providers

6) Benefits to media companies

- Keep control of (but share) user bases
- Deeper relationship with users
- Ability to aggregate users, content

7) Benefits to advertisers

- Standardized, non-proprietary "persona" management
- Ability to simply target users
- Ability to respond to "offers" from users
- Audience measurements by identified user

-

B. FUNCTIONAL SPECIFICATIONS

Technically, ITSA might consist of two general components:

- ITSA PROTOCOLS -- A set of technical protocols and business rules which govern the transfer of specific information across the public TCP/IP network (Internet) among and between (a) diverse point-of-service (POS) devices, such as laptops, smartphones and tablets and (b) network members, including content providers (CP) and end-user service providers (USP).

- ITSA NETWORK -- A special-purpose network that securely transfers information among and between network members, including content providers, end-user service providers, network operators and network service providers.

Here are key requirements of the protocol and the network:

C. PROTOCOL REQUIREMENTS

The ITSA protocol must support:

- Standardized transfer of a unique, non-repudiable user identifier, assigned by a USP, in real time, when a user makes an HTTP request to a CP across a TCP/IP public network, for a unique resource.

- Standardized transfer of a set of end-user attributes, along with the above request, sufficient to permit decisions to authorize or deny access to resources based on a variety of parameters, such as a subscription, ability or willingness to pay, age, membership or the like.

- Ability to support a real-time query and reply to confirm desire of the end user to acquire the resource based upon its cost, value or other attributes.

The ITSA network should support:

- Real-time authentication back to their USP of a user's credentials and rights upon making a resource request of a CP and prior to serving the request, whether the request is to the CP's servers or to the Network Content Repository (see below).

- Logging of services provided by unique user, resource provided, and any negotiated and confirmed value of the event. The event could involve serving news content, or sponsored content ("advertising") with the value exchange recorded in either direction.

- A provision (internal or outsourced) for storing and indexing news content uploaded by members in a Network Content Repository.

- The ITSA network services includes programs that store and index news content, distribute messages about the content to the members, control access to the content, allow for news search, account for each individual access, account for the due-from and due-to payments cycle and act as the intermediary to an all-new internet payments system.

Access identifiers, subscription numbers, financial transaction numbers, member addresses and identifiers are all new and have no equivalent in today's internet environment, rendering any sort of tracking by unauthorized spy programs impossible.

Information about end-user identities are known only to the end-user's service provider (USP). The network system only knows users by a standardized unique alphaneumeric identifier. Financial information and content access are protected by impenetrable security measures accompanied by extra strong encryption, thus protecting them from external disclosure as well as internal disclosure.

> In summary: The end user becomes a subscriber to an individual exchange member's news service and from then on the consumer can access any content in the exchange's repository or on the servers of other exchange-member content providers.

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The ITSA infrastructure takes care of all the accounting needed to get the payment from the consumer to the original content owner (or the payment from the advertiser to the end-user's service provider) with all of the intermediaries along the way getting their pre-agreed-to cut.

D. COMMERCIAL RELATIONSHIPS

During Phase 3, ITE would begin to seek to license for-profit affiliate members who will provide these services at a Tier 1 level of authentication, to seed the network in the publishing space:

o   Enable web users to access, share, sell or buy paid content from multiple sources by means of a secure account with a single ID, password, account and bill.

o   Provide web users with absolute control over a digital identity with respect to accessing, sharing and purchasing news and information content, and other uses.

o   Find, spotlight, aggregate and share content.

o   Create a news social network that operates through news and information content web sites at all levels from local to international.

o   Create a means to deliver contextually-relevant content recommendations to network members

o   Provide easy, low-cost, copyright-respecting access to "Deep Web" and other content stored behind pay, registration, membership and once-proprietary barriers.

o   Enable the delivery of precisely-targeted advertising and other commercial content relevant to a reader's expressly shared demographic profile, social networking connections, ad content preferences and browsing history.

o   Enable a system allowing site users to earn cash or rewards for engaging in a variety of potential interactions with commercial entities.

Higher tiers of authentication would involve collaborations within the health-care industry, banking industry and government, among others.

CONCLUSION

Sometimes the words of others carry the most impact.

In a September, 2010, essay for AdWeek entitled, "Papers Aren't Going Anywhere," veteran advertising industry executive Rishad Tobaccowala, chief strategy and innovation officer at the VivaKi unit of Publicus Groupe, wrote:

> "In a world where people are inundated with information as they try to make decisions, where local and community and mobile are growing, and where trusted brands and roots matter, the newspaper brands have a bright future if they follow this vision: To lead and partner in facilitating and re-aggregating community information, history and voices for civic, commercial and retail purposes."

So what will sustain journalism in service of democracy? The forms that convey its values, principles and purposes are changing. The Information Trust Exchange -- focused on trustworthy sharing of identity, respect for privacy, and easy sharing of value -- can provide a new platform for a new embodiment, even as those who publish newspapers and cherish journalism move beyond print and broadcast. Two years ago, former Seattle SeaFirst Bank technologist Bill Anderson, who had studied the news industry's plight and early ideas about the ITE, wrote:

> "Much of what you'll need is already available and relatively easily adaptable for your use. Micro-accounting systems used by cell-phone companies are very mature and easily adaptable. Clearing and settling systems are well-established in the banking system. Inter-operability between web sites is well established. [So] the challenge facing the news industry is not a technical challenge, nor is it a challenge of a lack of customers. The challenge is facing the fact that no one is going to solve your problem for you. The time for debate is over. Unless you ACT now you will lose the opportunity to determine your destiny."

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For 20 years, the news industry has largely stood apart from Silicon Valley, and watched as a new generation of entrepreneurs and investors brilliantly devised new and remarkable applications for ubiquitous networks. As Axel Springer's Mathias Döpfner, says *(See Appendix N): "*It is just about the question: What do we do with the data. Are there transparent and fair rules and do we -- journalists and entrepreneurs -- really shape the opportunities?"

 The inventions raise vexing questions about the impact of networks on democracy and social networks. It is time for the news industry to lead rather than follow. As the Public Media Platform's Kristin Calhoun, quoted earlier, said: "Who is the coalition of the willing, who wants to get something going? I am not going to give up. I'm going."

--- END OF PART TWO / END OF REPORT ---
(Appendices follow)

QUESTIONS ABOUT ANTITRUST

U.S. media executives may appropriately raise a question about the potential for illegal collusion when it is proposed that they consider working together.

An argument can be made that formation of an Information Trust Exchange could potentially involve competitors in a common affiliation. Such affiliations are actually commonplace -- trade associations are a typical example. In general, legal precedents in the U.S. may find collaboration legal if its effect is unambiguously pro-consumer. An example might be setting standards that make for a more efficient – and more competitive – marketplace.

Being accused of violating antitrust laws impeded newspapers in the 1990s from talking about collaboration, recalls Martin Kaiser, editor and senior VP-digital content at the *Milwaukee Journal Sentinel.*

"Until now there has been a reluctance of the news industry to do anything collaborative, except with Yahoo, because of antitrust concern," agrees John Temple, president of Pierre Omidyar's First Look Media and a former publisher of the *Rocky Mountain News.* "There were always antitrust concerns. But as print advertising collapses, these concerns are sort of going away because the reality is that newspapers are not as powerful today. Now it's the ATTs and Verizons of the world."

In the United States, antitrust law generally need not inhibit the formation of a standards or protocols group, says Todd Eskelsen, a Washington, D.C. attorney was central legal advisor in the organization of the BlueTooth Special Interest Group (SIG), Inc., a not-for-profit, non-stock corporation. The SIG owns the Bluetooth® trademarks and oversees development of the Bluetooth standard which allows computers, phones, car radios, ear buds and other electronic devices to "handshake" and work together wirelessly across short distances. The Bluetooth SIG does not make, manufacture or sell Bluetooth enabled products. It publishes Bluetooth specifications, administers a qualification program, protects Bluetooth trademarks and evangelizes Bluetooth wireless technology. It also manages licenses royalties for patent-holders of Bloothtooth technology.

"The Bluetooth people tried market their respective interactive products independently and couldn't and then they came together and negotiated among themselves, starting with the largest folks," Eskelsen explained. ""A new cooperative technology protocol was created with common standards that revolutionized communications and user interactivity with electronic devices, thereby empowering and enriching product manufacturers, software developers, service providers and individual users far above and beyond what could have been accomplished by any one of them individually or in traditional groups. The common Bluetooth standards have also created needs and uses that were not previously even dreamed of and that are still being developed, all to the profit and benefit of the different classes and types of interested users and society as a whole."

Scholarly analysis

In June, 2010, the Information Valet Project asked Thom Lambert, a University of Missouri law-school professor, to described the basis of U.S. antitrust law and enforcement, in the context of potential collaboration amount newspapers.

Lambert cited the key cases decided by the U.S. Supreme Court. Lambert addressed approximately 30 publishers, industry executives, researchers and academics on June 24, 2010, during the conference, "From Blueprint to Building: Making the Market for Digital Information," at the Donald W. Reynolds Journalism Institute, at the Missouri School of Journalism. (see: http://www.infotrust.org)

In his talk, Lambert (LINK TO SLIDES AND AUDIO) said it is often considered within the law for competitors to agree upon technical standards which will facilitate market expansion where pricing and service options are not considered or shared. Standard-setting is usually pro-competition, he said, where it reduces transaction costs and increases choice for the public and were the total marketplace is more valuable to the public interest than the sum of its parts.

Lambert said a threshold question a court might consider is: Are the standards necessary to make the market work? Competitors need to be certain they do not seek to discuss or agree on anything that isn't necessary to make the market work.

The AP News Registry letter

In 2009, The Associated Press sought guidance from the U.S. Justice Department when it lead the creation of on effort by news publishers to manage the use and sale of stories from a common database. The result was a "business review letter" made public by the Justice Department on April 1, 2010. In the letter, the Justice Department said the effort "would consist of a centralized digital database containing news content from multiple content owners. It would allow content owners to register and list individual items of news content, specify the uses others may make of that content, and detail the terms on which such content may be licensed. The registry would enable content users to determine quickly the licensing and use terms applicable to a specific content owner or to individual items of registered content."

The Justice Department, in a statement released with the letter, said:

> "The registry would be a non-exclusive method of accessing, licensing and using content on the Internet. It would be open, on nondiscriminatory terms, to all owners and users of Internet news content. Content owners would be free to select which, if any, content to include in the registry. They would be allowed to offer registered news content outside of the registry. They would also be free to join other competing Internet registry services.

> "Content owners, including the AP, would not set, formulate, benchmark or suggest any licensing terms for any other content owner's news items listed in the registry. Each participating content owner would set unilaterally the licensing terms for its own content, without the involvement of either other owners or the AP.

> "The AP also would institute and maintain firewalls to prevent the registry from being used to disseminate revenue, use, traffic and transactional information among participating content owners. In addition, the AP intends to limit public information sharing among competitors by allowing only registered content users to access public licensing terms."

RELATED LINKS:

THE AP'S REVIEW REQUEST:
 http://www.justice.gov/atr/public/busreview/request-letters/302119.pdf

JUSTICE DEPT. REPLY:
http://www.justice.gov/atr/public/busreview/257318.htm

FREQUENTLY ASKED QUESTIONS ABOUT THE INFORMATION TRUST EXCHANGE IDEA

Q: What do we mean by a "shared-user network"?

In Dec., 2008, a group of 45 news-industry experts met at the Donald W. Reynolds Journalism Institute and collaborated on this definition:

> A computerized, community-based ecosystem that enables consumers to opt-in to convenient, secure and private information exchange with trusted providers of online content, products and services where the relationship value of the consumer is captured and married to optimized positioning of seller offerings.

Components:

- Enrollment/registration processes that screen (and protect) users
- Creation of secure credential with user-set privacy levels
- Downloadable(?) single sign-on capability for participating sites
- User-created and updatable profiles of preferences, interests and demographics
- Certification of trusted providers and participants
- Ability to match dynamically-specified buyer interests with customized seller offerings
- Transparent payment capability with user-specified ways to pay
- User-defined rewards that can be collected among user-specified provider participants
- Visa-like payment engine/network/capability to slice-and-dice payments, establish and enforce rules, handle problems, service customers, provide reports, administer licenses/IP, etc.

Networks tend to develop as silos and then interconnect because of the resulting efficiencies for their users. Railroads developed a standard gauge and connected their tracks so freight and passengers could move in an uninterrupted fashion. Continental power grids use the rate of phase change of their alternating current (60 cycles) so they can share electricity back and forth.

Banks who once had independent ATM networks now allow their users to withdraw funds globally (OK, for a fee, but the technology is standardized) because getting at your dollars in Massachusetts converted to Euros when you are in Prague is a real convenience, even if it costs $3.00 to do so.

These are "shared-user" networks – railroads, power grids, bank ATM networks – because they allow the sharing of goods and services without technical barriers – and in the case of the ATM networks, the sharing of users.

But right now, when you log into a website to transact, it's a one-off relationship; each site with a different account. That's not so bad for commerce, but when it comes to buying information of small value, it's a terrible impediment. We have a separate log-in for each news or timely information source we visit, if they require a subscription. That's just not user friendly.

So on the web, a shared-user network will allow users to have one account, one ID, one password (or set of authorizing identity credentials) and one bill, and have access to multiple resources from different sites or applications. The network will have rules which govern:

- Trust – So you know the service you're using is reliable and credible.

- Identity – So the information providers you access know enough about you to be able to provide you the right information at the right time for the right price.

- Privacy – So you can be in control of how information about you and your interests is stored, shared and used, and by whom and for what purpose.

- Information Commerce – So that participating information providers can establish their own pricing for their services, and can sell those services on the network without having to establish a one-to-one relationship with you as user. Your credentials will be vouched for by the network and the network will assure payment.

Q. How would a network be created?

By forming or identifying a public-benefit entity to develop business rules and operating protocols for exchanging information about users and actions, including ad views, page views or purchases. A number of existing entities might help, or even manage the creation of such rules and protocols.

Q. Is anyone doing something like this now and how is your project different?

No. Network identity services like Facebook Connect are proprietary. OpenID doesn't address commerce or user-persona sharing. The Shibboleth Consortium, which provides single-sign on services for Internet2 research universities, is open, but does not envision commerce or real-time bidding/selling features. A possible approach would be to add extensions to Shibboleth 2.0.

Q. Describe the network

A federated-authentication network would allow end-users to have an account at one web service with which they can authenticate to a plurality of other services, optionally sharing persona information and accruing debits or credits for information services that are periodically settled. This creates opportunities for delivering personalized, trustworthy news, and relevant, targeted advertising, commercial messages and offers.

Q. Why will it work?

As U.S. newspapers rapidly adopt siloed approaches to registration and subscriptions, consumers face a broken experience of multiple logins and accounts to access information. For an historical analogy, see: http://tinyurl.com/85mt5ev Applications creating exceptional user experiences such as FlipBoard require access to "atomized" content at a plurality of sites. A shared-user network will permit publishers to be paid, users to access valuable content and aggregators/curators to continue to operate.

Q. Who is working on it?

The Reynolds Journalism Institute has funded study of this idea. See: "From Paper to Persona." http://www.rjionline.org/news/paper-persona / RJI could be asked to join in convening a founding meeting for an Information Trust Association -- especially if joined by a critical mass of publishing, information-technology and foundation collaborators. (See Page 41 of "Paper to Persona" for an

aspirational list). The idea of an identity-managing service for the Internet not owned by a single company is advocated by i Eric Schmidt, chairman and former CEO of Google Inc. (See: http://tinyurl.com/43g3xyo) The Obama administration's NSTIC initiative is addressing identity, but not commerce.

Q. Why does this have to be nonprofit?

The shared-user network is not intended to be nonprofit. In fact, the idea is to enable a vast new digital marketplace for information sharing and sale. But this author came to the conclusion several years ago that there wouldn't be any one stock public-stock company that would be able to mount a credible managemnt of this solution in the environment -- because everybody would want to compete with it. Nobody wants to go through a gatekeeper who has the ability to destroy their business. And so it makes it clear that what's needed is a system that allows multiple user owners and multiple and facilitates multiple subscription and payment schemes.

Q. What part of the project may already exist?

Clickshare Service Corp. prototyped from 1994 a shared-user network for microaccounting, user identity and profile transfer, obtaining U.S. Patent No. 7,324,972. (See: http://tinyurl.com/2wtlpu) Bill Densmore, the author of this report, is a stockholder of Clickshare Service Corp. (see: http://newshare.com/disclosure) Today, Clickshare provides user authentication, registration, content-access control, integrated multi-platform subscription management and credit-card services to network information services, particularly news organizations.

Q. How would you sustain the project after the funding expires?

A broadly-used shared-user network which enables a commercial exchange of value for advertising, news and other content could institute interchange fees similar to the Visa or MasterCard model which would readily sustain the oversight role of the Information Trust Exchange. Commercial operators of the network infrastructure, authorized by ITE, would be free to establish in the free market appropriate charges for their services. At no time would the ITE be involved in pricing or service offerings of the users of the system. It would only require income sufficient to maintain its business-rules and operating-protocols oversight role.

Q: What is required to build a shared-user network for the web?

Building the shared user network will require three activities, running in parallel, taking perhaps a year. This work could be coordinated by a contractor to the Information Trust Exchange.

Establish business rules and technical protocols governing the exchange of information among four parties to the network – (1) information seekers and their agents, (2) information providers, (3) marketers or advertisers and their agents; and, (4) The network operator or operators. The convenor of Information Trust Exchange could be funded to do this work.

Build and deploy an authentication and logging service that will allow parties to (1) exchange credentials about information seekers (2) Exchange transaction offers and acceptances (3) record and aggregation transactions for periodic settlement. Vendors could be asked by the convenor of the Information Trust Exchange to bid on this work, in exchange for a multi-year system operating contract.

Build and market software to operate on the servers of information providers as well as the agents of information seekers that is compliant with the business rules and technical protocols of the network as defined by the ITE. Vendors would do this work on a business basis.

Q: How will this shared-user network meet the needs of key stakeholders?

There are three distinct customers of the shared-user network ("network"): :

1. Information seekers (and their agents) – The network gives information seekers the ability, in a trustworthy environment, to acquire information, or be paid for their attention, conveniently and without having to manage multiple accounts, passwords and interfaces. It gives them the choice, however, to affiliate with as many information agents ("InfoValets") as they like, just as we may have more than one credit card.

2. Information providers – The network gives information providers the ability to make money by selling their content to a universe of users beyond their own, without the expense and time of enrolling each of them. It's like a store that accepts a Visa or MasterCard instead of having to establish their own siloed charge-card system. In addition, they can have a uniform means to acquire demographic and preference information about users in real time as a part of a digital-information sale (assuming this is authorized by the information seeker).

3. Advertisers and marketers – The network provides an efficient, common gateway to serve native-format advertising to anonymous yet demographically targeted users, where these users are known across a plurality of websites and the targeting of them is permissioned, transparent and governed by industry rules rather than the government regulation feared by many, including former Grateful Dead lyricist and Electronic Frontier Foundation co-founder John Perry Barlow in his "Declaration of the Independence of Cyberspace."[16]

Q-and-A
for Newspaper publishers

Q: What is the value of an Information Trust Sharing Architecture (ITSA) to newspapers?

The ITSA takes your existing relationships with your print and digital subscribers and allows you to share those relationships out to a larger network. As your users develop relationships, and complete transactions beyond your own web, mobile and tablet services, you can learn about and share in those transactions. You can help your users to compile an intelligent knowledge-base of their activities, interests and needs, and then help them fulfill those needs.

Q. How could such a service complement vs. compete with my current sales efforts?

ITSA could open dynamic new selling opportunities. It allows you to present new opportunities and new information to your advertisers. You can help them to develop affinity-marketing programs -- managed by you. Your have new opportunities for consultative sales. And new ways of participating in transactions and commerce.

Q. What incremental costs come with this service?

You should make a commitment to training sales staff. Costs are scaled to your size, level of participation and new revenues achieved. Membership in the ITSA service involves an annual fee based upon enabled-users served, and fees when transactions occur. A setup fee is negotiated.

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[16] -- In Nov., 2014, Perry recorded a video reading of his 1996 "declaration" at Davos.

Q. How is this service integrated with my front end and back end software systems?

ITSA's web-based protocols would be written to allow vendors to integrate with the most common circulation and subscription management systems and content-management systems.

Q. How do I integrate my current database information with this system?

An ITSA vendor will work with you to either create a real-time interface with your current databases, or migrate your data to a cloud-based service.

Q. How does this system integrate with current paywall or registration systems I have in place?

Major vendors of web user authentication and content access-control systems will participate in the ITSA specification-develop process with a goal of interoperability.

Q. What kind of content is in this service and who provides it?

Initial content is expected to come from participating news organizations as well as a select group of specialized content providers. While prototyping has generally involved news content, we intend that the ITSA protocols could be engineered to work well with multimedia entertainment, medical, science, technology and educational resources.

A BRIEF HISTORY OF THE IDEA

HISTORICAL BACKGROUND ON
THE INFORMATION VALET PROJECT

The idea of an Information Trust Exchange grew out of the Information Valet Project, launched in fall 2008 by the Donald W. Reynolds Journalism Institute at the Missouri School of Journalism. InfoValet laid groundwork for the ITE concept through three events and ongoing conversations with dozens of thought leaders within the news and technology industries:

> • "Blueprinting the InfoValet Economy," Dec. 3-5, 2008:
>   PROGRAM LINK   /   PARTICIPANT LINK / IDEA SYNTHESIS
>
> • "From Gatekeeper to InfoValet," May 27, 2009:
>   PROGRAM LINK   /   PARTICIPANT LINK
>
> • "From Blueprint to Building," June 23-25, 2010:
>   PROGRAM LINK   /   PARTICIPANT LINK

- In December, 2009, RJI Fellow Bill Densmore provided testimony about the ITE idea at a Federal Trade Commission public symposium. The testimony posted on the IVP wiki pages, has been accessed more than 134,000 times since it was posted: http://www.newshare.com/wiki/index.php/Jta

- On April 27, 2011, Densmore presented a summary of "From Paper to Persona," draft and invited a Q&A discussion at the Fred W. Smith Forum at the Donald W. Reynolds Journalism Institute. See: http://tinyurl.com/rji-briefing

- On Aug. 4, 2011, RJI published "From Paper to Persona: Sustaining Journalism in the Attention Age." The white-paper called for a "non-profit collaborative to share technology, users and content [that] could help news organizations find new revenues and become better at serving the public."
  See: http://www.papertopersona.org

Key points raised in the April 27, 2011, Q&A:

- RJI Fellow Mike Fancher, retired executive editor of *The Seattle Times* and frequent consultant to the Aspen Institute, suggested a next step should be a face-to-face convening of founding members of an Information Trust Exchange, lead by a skilled conflict-resolution facilitator, designed to assure ITE's vision and supporting goals are not skewed to the interests of a particular group. In addition, the convening could be preceded by survey of precedents of cross-industry collaboration supplementing the examples in "From Paper to Persona."

Selected comments about
"From Paper to Persona"
(see: **http://www.newshare.com/wiki/index.php/Category:Persona-comments**)

"Can Densmore's vision work? It has to. The two billion people in the world who are now connected to the Internet have already moved beyond the notion that information is a scarce commodity, even if a lot of news publishers still haven't. The information-consuming public understands that today's problem is not lack of knowledge but lack of trust. News organizations are actually in a pretty good position to deliver on the trust equation, but they have to discard the notion of propriety and exclusivity."

■ *Paul Gillin, social media consultant, former editor, ComputerWorld*

" . . . [Y] ou've made terrific progress since we first discussed this. Please keep me posted, and thanks for letting me see the draft. We are certainly thinking about the same issues."

● Andrew Heyward, ex-president, CBS News

" I think this model has a lot o appeal in its logic. I think it pulls all the right elements together. I do wonder if the industry incumbents and current business models will be open to a total re think of the way the world works on the net -- Apple, publishers, etc. I worry this could be somewhat utopian."

● *David Hiller, chairman,*
McCormick Foundation, ex CEO, Tribune Co.

"I have read the white paper, some parts twice, and I deeply resonate with the message. We are building a trust framework for the STM publishing industry and making significant progress. Our narrow focus allows us to take advantage of the peculiar aspects of the economy of science that is both enabling and disabling. I believe that online trust is the magic mojo sauce that will enable the emergence of improvements we have yet to imagine. If you see ways we can plug into your larger framework for the publishing industry we would be most interested in doing so".

● *Hal Warren, advisor, Open Identity Exchange and publishing*
innovation director, American Psychological Association

"Will try to react to the white paper. API might not be ready to take on a role right now but that could change. With that said, I really appreciate your update. I personally remain intrigued."

● *Tom Silvestri, 2010-11 chairman, American Press Institute; publisher,*
Richmond [Va.] Times Dispatch

"I don't know if this helps, but I am a huge fan of simplicity. I have waded around in the same swamp as you but come up with an idea that is not a b-to-b thing, which is cool, but something that would help consumers directly. My idea is a fairly focused -- that people should by law have access to their market profiles the same way they now have access to their credit score information, and also the ability to modify those. What's a credit score? It's information collected by business based on things you do that is used by business to make decisions about people, including offering or not offering goods and services. What's a market profile? It's a larger amount of information collected by business based on things you do, and used by businesses to offer you goods and services, etc. If you can have access to one, why can't you have access to the other. The thresholds would need to be figured out -- how "big" does your profile need to be, how would you get at it, etc., and I'm sure the experts think can't be done -- but I think giving people control over their cyber profiles is a big deal."

■ *Eric Newton, senior advisor, the Knight Foundation*

"Looked at your paper and all that maybe couldn't give it all the attention it deserves, I intuit it has a lot to do with automated information curation, maybe doing that on a somewhat automated basis and finding ways to automatically curate and present information from multiple sources . . .I think it's related to curation what you're doing and that's a big deal and I'm looking to hear more."

■ *Craig Newmark, founder, CraigsList*

"I'm really fascinated by what I'm understanding. The idea of the ITE is fascinating. Using descriptive terminology from computer security, it would be a "trusted 3rd party", but here for information rather than cryptographic keys. It's an idea worth trying. I think [the "aha" moment was] when you make the comparison with Underwriters Lab, the stock market, etc. Then I "got it". Or got something, anyway . . . Whether it can succeed or not, I don't know. But it relies on a model that has worked in other contexts, for sharing of other things. I'm thinking we should have you up sometime in the fall to give a talk. This has links to economics, privacy, information trust, complex systems."

■   *David Nicol, director, Information Trust Institute, Univ. of Illinois*

"In my mind, trust has always been the essential ingredient of publishing, and as your brilliant white paper makes clear, that is the ingredient that must be rebuilt, defended, isolated, protected and replicated in the new digital age in order for media companies to thrive. Thanks for the time, the effort and the insight it has taken for you to piece together "From Paper to Persona". I'm sure you white paper can be a beacon to help us sustain journalism."

■   *Peter Vandevanter, founder, Personalize Media Conference*

"I agree with you that the key to making the information valet process successful is the gatekeeper role played by the neutral, non-profit standard-setting organization. The key is how to get the major players to understand how it is in their interests to establish and fund the standard setting entity. Bluetooth did it with a gang of nine Founding Members who controlled and funded 95% of the process in exchange for getting their engineers, programmers, product people, etc. on all of the planning and development committees, while also having other categories open to the general technology community and even the public at little or no cost with varying levels of participation. Are there 5 - 10 big players who would do the same for the information economy?"

■   *Todd Eskelsen, attorney, organized BlueTooth SIG*

"This project needs support and funding to move our industry forward on this important front. Community newspapers by the dozens, soon hundreds, are going behind paywalls in self-defense of their print circulation numbers. Local ownership – a key to community journalism – is at risk unlesss the industry can develop a strategy that allows small publications to become part of an easy-to-accewss network. It's complicated and challenging.

●   *Jeb Bladine, president, News Register Publishing Co., McMinnville, Oregon / former director National Newspaper Assn.*

"Bill Densmore has recognized that the only way for the news industry to survive is to join together and form an association of competitors (the ITE) and develop your own network. I don't mean that you have to buy a lot of expensive equipment and spend hundreds of millions of dollars developing software. Much of what you'll need is already available and relatively easily adaptable for your use. Micro accounting systems used by cell phone companies are very mature and easily adaptable. Clearing and settling systems are well established in the banking system. Inter-operability between web sites is well established. The challenge facing the news industry is not a technical challenge, nor is it a challenge of a lack of customers. The challenge is facing the fact that no one is going to solve your problem for you. The time for debate is over. Unless you ACT now you will lose the opportunity to determine your destiny. Bill Densmore has painstakingly and eloquently laid out a pathway for you."

■   *Bill Anderson, retired banking CIO, Seattle, Wash.*

"Densmore points out an important and undercovered element of the Attention Age, the idea that people are in control of their interpersonal presentations of the self but not of those mediated online. This is an essential revelation and creates, as Densmore argues, an opportunity for news companies. His argument for the Information Trust Association is novel, provocative and thoughtful. I like the [association] examples on pp. 44-46 quite a bit. I think they are an essential part of the argument actually and perhaps should get even more play in the larger document."

■   *Rachel Davis Mersey, professor, Medill School of Journalims and rsearch director, Media Management Center*

TWO PEW PRIVACY SURVEY HIGHLIGHTS
http://www.pewinternet.org/2014/11/12/public-privacy-perceptions/

. . . [T]he majority of a scientific sample of 607 U.S. adults questioned January 10-17, 2014, by the Pew Research Internet Center felt their privacy is being challenged along such core dimensions as the security of their personal information and their ability to retain confidentiality.

- 91% of adults in the survey "agree" or "strongly agree" that consumers have lost control over how personal information is collected and used by companies.

- 88% of adults "agree" or "strongly agree" that it would be very difficult to remove inaccurate information about them online.

- 80% of those who use social networking sites say they are concerned about third parties like advertisers or businesses accessing the data they share on these sites.

- 70% of social networking site users say that they are at least somewhat concerned about the government accessing some of the information they share on social networking sites without their knowledge.

Yet, even as Americans express concern about government access to their data, they feel as though government could do more to regulate what advertisers do with their personal information:

- 80% of adults "agree" or "strongly agree" that Americans should be concerned about the government's monitoring of phone calls and internet communications. Just 18% "disagree" or "strongly disagree" with that notion.

- 64% believe the government should do more to regulate advertisers, compared with 34% who think the government should not get more involved.

- Only 36% "agree" or "strongly agree" with the statement: "It is a good thing for society if people believe that someone is keeping an eye on the things that they do online."

In the commercial context, consumers are skeptical about some of the benefits of personal data sharing, but are willing to make tradeoffs in certain circumstances when their sharing of information provides access to free services.

- 61% of adults "disagree" or "strongly disagree" with the statement: "I appreciate that online services are more efficient because of the increased access they have to my personal data."

- At the same time, 55% "agree" or "strongly agree" with the statement: "I am willing to share some information about myself with companies in order to use online services for free."

In a second opt-in online survey of 2,511 Internet experts released Dec. 18, 2014, Pew found 55% of respondents said they do not believe an accepted privacy-rights regime and infrastrucure would be created in the coming decade, while 45% said one would be created by 20215. At GigaOm, reporter Matt Ingram culled what he thought were the best comments from the Pew report. Ingram wrote: The shifting sands of online privacy are not going to solidify any time soon, judging by the responses to a recent survey of technology experts, internet pioneers and prominent sociologists done by the Pew Research Center's Internet Project."

APPENDIX F

Trust associations that established beneficial networks: Nine examples

(adapted and updated from the 2011 RJI report, "From Paper to Persona")

The infrastructure that will allow for trust, identity and information commerce – the just-in-time sharing view – will not just happen. It will take a thoughtful effort by publishers, technologists, scholars, lawyers, governments, banks, entertainment companies and the public. How might this happen?

In thinking about how you create that universal web trust, identity and commerce infrastructure, its useful to think about analogies in other industries. Here are nine: (Can you think of more?)

- Marketplace trust assurance – Underwriters Laboratories for electrical equipment
- BlueTooth SIG (association) for making mobile devices able to communicate wirelessly
- ICANN for making the Internet's domain name service work
- CableLabs for engineering that benefits the cable industry
- Continental railroads deciding on uniform track widths for interconnectivity
- The U.S. bank ACH network rules for electronic funds transfers
- The Associated Press, a non-profit cooperative owned by U.S. dailies
- Visa, once a nonstock association of the world's banks (now a publicly traded company)
- The New York Stock Exchange, until a few years ago, a nonprofit formed so that brokers and investors could make money.

DETAILS

1. In the United States, electrical cords you might buy at a hardware store all have a tag on them certifying they have been checked for safety by Underwriters Laboratories. That's one example of an industry collaborating in a way that has nothing to do with pricing or serving or competition. It's around creating an important consumer benefit – this cord is not likely to cause a house fire.

2. We might also think about the BlueTooth Special Interest Group. The way your earbud communicates with your cell phone, or the way your laptop communicates with a wireless keyboard, is via the BlueTooth protocol. It's a very complicated set of voluntary industry rules about how wireless radio devices handshake and connect with each other. There were multiple companies that had patents in that area and they were all competing just the way Sony and VHS video recording formats competed until VHS effectively won.

   The industry, with appropriate advice on antitrust oversight, formed a non-profit association that cross-licensed all of those rights and developed protocols. There is still competition on the price of earbuds and they each have different features. But one earbud knows how to connect uniformly with other BlueTooth devices – regardless of manufacturer.

3. Another example is the non-profit, public-benefit Internet Corporation for Assigned Names and Numbers, (ICANN). It's the core entity that owns the root domain name servers on the Internet. It makes sure when we type in infotrust.org or RJIOnline.org, we all go to the same place and addresses are uniformly propagated. ICANN has no way to require participation in the domain-name service, but the system is so useful at creating a seamless network of connections anywhere that virtually all nations and services do – except those bent on fraud or political control.

4. [CableLabs](#) is the non-profit development laboratory that works with cable television operators globally to create new business opportunities based on innovative technologies.

5. Think about when railroads got started. Some of them had different gauge tracks – and still do on different continents. The United States standard is different from Europe. At least in North America, if you've got a boxcar, you can build it with the same width wheels as all other boxcars and run it across the U.S., Canada and Mexico without a problem.

6. The [National Automated Clearing House Association](#) is an affiliation of U.S. banks that lets you do electronic funds transfers and electronic bill paying by establishing standards.

7. [The Associated Press](#) is another example of a non-profit cooperative. U.S. publishers formed it in 1848 as a newsgathering cooperative and have continued to govern it under the Membership Corporations Law of the State of New York, without stock and without profits, raising "assessments" each year to match the operating requirements of the service. It organized because newspapers had a technical problem – there wasn't enough bandwidth on the telegraph network to get multiple reports from the battlefronts of the Mexican-American War. Publishers pooled and shared factual reports sent by a reporter via telegraph to all points. Individual newspapers then embellished factual reports with their own perspective into their own news stories.

8. Visa: [Dee Hock's](#) story about the formation of Visa is chronicled in his book, ["The Birth of the Chaordic Age."](#)   He was head of credit-card operations at a small bank in Washington state in the 1960s. His bank was working with the Bank of America, then in San Francisco, when Bank of America had a card called the BankAmericard. Bank of America owned that. About 200 banks around the country were issuing "BankAmericards" to their customers but were losing money because of operating inefficiencies. A secondary issue was that some licensee banks didn't want to promote the brand of another bank – Bank of America.

   By 1970, the BankAmerica had spread but Bank of America didn't feel it was making enough money on it and growth of the card was nearly a plateau. Hock convinced B of A it could make more money on the card by giving it away and just being one of a group of owners. Within a few more years, he said, in effect: "Let's give it a new brand, a brand of its own not connect with Bank of America." As the card spread internationally, the use of the "BankAmerica" brand became more problematic. Finally, in 1975, the card became "Visa" – growing to become the most phenomenally successful network for the exchange of value in history – dwarfing a competitor, MasterCard, and overtaking the growth of the American Express model, processing $3.3 trillion in transactions in 2010. That business model is this: If you have an American Express card, your account is with American Express. But if you have a Visa or MasterCard, your account is with whichever bank you signed up with – it's not with Visa or MasterCard. Those are acceptance brands only. They run the system in the background for the benefit of their bank members. It's the wholesale in the background.

   The vision of associations run for the benefit of member banks lasted for 33 years and established the worldwide convenience of credit and now debits cards. An industry took a situation where no one was winning – consumers, banks, merchants – and created a new idea, or network in which everyone began winning. In terms of the ubiquity of a card that works anywhere on the planet, in terms of the convenience and trustworthiness of that card system – unbeatable. "The form of the organization allowed the emergence of a strong 'network effect,' – which was not broadly understood at the time. It massively shifted the acceleration of Visa's growth," says Joel Getzendanner, who has studied Visa under Hock *(See Appendix P).* On March 19, 2008, the banks that formed Visa [took it public in](#) the largest initial public offering in U.S. history, raising $19.1 billion, ending its unique non-stock structure.

9. The New York Stock Exchange. Formed [under a buttonwood tree in 1792](#) by a group of brokers, for most of two centuries it was the world's premier marketplace for the exchange of corporate equity. Yet while brokers, banks and investors – its members -- grew and prospered, the NYSE did not – it stayed a non-profit, member association until March 2006. Until then, its only mission was to make and govern an efficient marketplace.

ESTIMATE OF U.S. CONSUMER SPENDING ON
INFORMATION ACCESS/CONSUMPTION, 2009
(source: U.S. Statistic Abstract, 2012, accessed online)
(all figures in billions of dollars)

Category	Year	Amount
Newspaper, general, subs and single copy	2009	$8.1
Periodicals, subscription and single copy	2009	$6.2
Online (consolidated)	2009	$2.9
Books, print, adult trade only	2009	$5.9
Online books, all	2009	$1.3
Cable basic programming packages	2009	$49.8
Cable premium programming packages	2009	$13.3
Pay-per-view programming	2009	$3.7
Internet access services (via cable)	2009	$19.3
Internet access services (via phone/wireless)	2009	$10.1
Internet Publisher/Broadcast consumer revs	2009	$4.8
Motion picture/video distribution	2009	$13.2
Record production/distribution (audio)	2009	$8.7

TOTAL CONSUMER MEDIA SPEND, 2009:		$147.3
TOTAL U.S. HOUSEHOLDS, 2009 est.		114 million

Average media spend/household: 2009		**$1,292.1**

FOR COMPARISON ONLY:

Category	Year	Amount
Wireline phone companies (includes business)	2009	$116.4
Wireless service providers (includes business)	2009	$128.3
Web search portals	2009	$18.7

ALPHABETICAL LIST OF 64
INDIVIDUALS INTERVIEWED AND QUOTED IN
"FROM PERSONA TO PAYMENT"

1. Penny Muse Abernathy, Knight Chair Digital Media Economics, University of North Carolina, Chapel Hill, N.C. / pennyma@email.unc.edu

2. Bill Anderson, consultant, retired CTO, Seattle Seafirst Bank (now BankAmerica Corp.) / wlanderson@quest.net

3. Julia Angwin, Reporter, ProPublica, New York, N.Y., author: "Dragnet Nation" / julijulia.angwin@propublica.org

4. Ron Blevins, VP-Digital Strategy/Local Media, Novus Media Inc. / Omnicom Media Group, Minneapolis-St. Paul. / ronblevins@novusmediainc.com

5. Scott Bradner, office of the CTO, Harvard University, Cambridge, Mass. / sob@harvard.edu

6. Neil Budde, Publisher/Editor, Louisville Courier Journal, Louisville, Ky. / neil@neilbudde.com

7. Kristin Calhoun, Executive Director, Public Media Platform Inc., Washington, D.C. / kristin@publicmediaplatform.org

8. Kurt Caywood, VP- audience, Jacksonville Journal / Morris Communications, Jacksonvile, Fla. / kurt.caywood@jacksonville.com

9. Reg Chua, Executive Editor, Editorial Operations, Data & Innovation, Thomson Reuters, New York, N.Y. / reginald.chua@gmail.com

10. Mark G. Contreras, Chief Executive Officer, Calkins Media Inc., Levittown, Penn. / mcontreras@calkins-media.com

11. Dave Costello, Tech Committee Chair, PAGE Co-operative, Lewiston Sun-Journal, Portland, Maine. / dcostello@sunjournal.com

12. Dan Cotter, Executive Director, New England Newspaper & Press Association, Needham, Mass. / d.cotter@nenpa.org

13. Kevin Davis, Executive Director, Investigative News Network, Los Angeles, Calif. / kevin.davis@investigativenewsnetwork.org

14. Mike Depp, Editor, NetNewsCheck.com, Ardmore, Penn. / mcdepp@newscheckmedia.com

15. Tom Drouillard, CEO/President/Managing Director, Alliance of Audited Media, Alington Height, Ill. / tom.drouillard@auditmedia.com

16. Todd Eskelsen, Attorney / Partner, Schiff Hardin LLP, Washington, DC / teskelsen@schiffhardin.com

17. Lnda Fantin, Director, Network Journalism / Innovation / American Public Media, Saint Paul, Minn. / lfantin@mpr.org

18. Frederic Filloux, Managing Director / Digital Operations, Group Les Echos, Paris. And Monday Note columnist / frederic.filloux@schibsted.com

19. Seve Fischer, Publisher, Dubuque Telegraph Herald, Dubuque, Iowa. ANDAC board president. sfisher@wcinet.com

20. Rich Forsgren, chief technology officer, Times Publishing Co., Erie, Penn. / rich.forsgren@timesnews.com

21. Mark Fuerst, principal, Innovation4Media, Rhinebeck, N.Y. / markfuerst@gmail.com

22. David Gehring, Global Alliances/Partnerships, Guardian UK, Palo Alto, Calif. / davegehring@guardian.co.uk

23. Joel Getzendanner, director, Fourth Sector Network, Olympia, Wash. / joelgetz@joelgetz.com

24. Bill Harvey, Principal, Human Effectiveness Institute, Gardiner, NY., / bill@humaneffectivenessinstitute.org

25. Mandy Jenkins, Open News Editor, Storyful.com (News Corp.) , New York, N.Y. / mandyjenkins@gmail.com /   http://www.linkedin.com/in/mandyj

26. Brewster Kahle, Founder/Director, The Internet Archive, Richmond, Calif. / brewster@archive.org

27. Marty Kaiser, Editor & Senior VP, Digital Content, Milwaukee Journal Sentinel, Milwaukee, Wis. / mkaiser@jrn.com

28. Jason Kint, CEO, Digital Content Next, Washington, D.C. / jason@online-publishers.org

29. Patrick LaCroix, Founder/Director, MediaID, Antwerp, Belgium / Patrick.lacroix@mediaid.be

30. Rick MacArthur, Publisher, Harper's Magazine, New York, N.Y. / jrm@harpers.com

31. Jo Martin, director and former president, American Newspaper Digital Access Corp., Okabojee, Iowa / jmartin@iafalls.com

32. Sascha Meinrath, VP, New America Foundation's Open Technology Institute, Washington, D.C. / meinrath@newamerica.net

33. Jordan Mitchell, Interim CEO, DigiTrust Inc. (501-c-3), Seattle, Wash. / Jordan@digitru.st

34. Alan D. Mutter, Principal, Tapit Partners, San Francisco, Calif. / alan.mutter@broadbandxxi.com

35. David M. Nicol, Director, Information Trust Institute at the University of Illinois, Urbana, Ill. / dmnichol@illinois.edu

36. Elizabeth Osder, Principal , The Osder Group, Los Angeles, Calif. / elizabeth@osder.com

37. Kerry Oslund, Senior VP Publishing & Emerging Media, Schurz Communications Inc., Mishawaka, Ind. / koslund@schurz.com

38. Chuck Peters, CEO, The Gazette Company/Source Media, Cedar Rapids, Iowa / chuck.peters@sourcemedia.net

39. Robert G. Picard, Research Director, Reuters Institute for the Study of Journalism at Oxford University /   robert.picard@robertpicard.net

40. Drummond Reed, Co-Founder & CEO, Respect Network, Seattle, Wash. / Drummond@connect.me

41. Thomas Rosenstiel, Executive Director, American Press institute, Arlington, Va. / tom.rosenstiel@pressinstitute.org

42. Greg Schermer, VP of Strategy, Lee Enterprises Inc., Davenport, Iowa / greg.schermer@lee.net

43. Bill Schubart, Founder, Vermont Journalism Trust, Middlebury, Vt. / bill@schubart.com

44. Dan Schultz, Reynolds Fellow and independent software engineer, New York, N.Y. / slifty@gmail.com

45. Doc Searls, Author / Director, Project VRM, Berkman Center, Harvard Law School, Cambridge, Mass. / doc@searls.com

46. Wendy Seltzer, Policy Counsel and Domain Lead, World Wide Web Consortium, Cambridge, Mass. / wseltzer@w3.org

47. Tiffany Shackelford, Executive Director and CEO, Association. of Alternative Newsmedia, Washington, D.C. / tiffany.shackelford@gmail.com

48. Daniel Sinker, Director, Knight-Mozilla OpenNews, Chicago, Ill. / dansinker@gmail.com

49. Tom Slaughter, Executive Director, Inland Press Assn. & Foundation, Des Plaines, Ill. / tslaughter@inlandpress.org

50. Jay Small, President, Informed Interactive division of Evening Post Industries, Saint Paul, Minn. / jay@jaysmall.com

51. Thomas Smolders, International Strategist, Blendle, NL, Utrecht, Netherlands / Thomas@blendle.nl

52. Craig Spiezle, founder-executive director, Online Trust Alliance, Bellevue, Wash., craigs@otalliance.org

53. Joshua Stearns , Journalism and Public Media Campaign Director, Geraldine R. Dodge Foundation, Morristown, N.J. / jcstearns@gmail.com

54. Greg Swanson, General Manager / Strategy & Development, 10/13 Communications LLC, Reno, Nev.. / itzgreg@gmail.com

55. John Temple, President for Audience and Products, First Look Media, New York, N.Y. / jtemple@firstlook.org

56. John Taysom, private media-tech investor, former head of Reuters Venture Fund, London, U.K., john@taysom.com

57. Andy Waters, president & general manager, Columbia Daily Tribune, Columbia, Mo. / awwaters@tribmail.com

58. Mike Wheeler, Partner, Westerly Partners LLC, mike@westerlypartners.net

59. Marc Wilson, CEO & General Manager, TownNews.com, Moline, Ill./ marcus@townnews.com

60. Kinsey Wilson, media consultant / former EVP and chief content officer, NPR, Chevy Chase, Md. / KINSEY@kinseywilson.com

61. Peter Winter, consultant and author, "Choosing to Loose: Inside the Collapse of America's Newspers," Georgetown, Maine / peter@pwinter.com

62. Steve Yaeger, VP Marketing & Communications, The Star Tribune, Minneapolis, Minn. / steve.yaeger@startribune.com

63. Tom Zeller, Audience Development Manager, The Toledo Blade, Toledo, Ohio / tzeller@toledoblade.com

64. Ethan Zuckerman, Director, MIT Center for Civic Media, Cambridge, Mass. / ethanz@gmail.com

INFORMATION TRUST EXCHANGE
(in formation)
INTEREST IN STEERING COMMITTEE PARTICIPATION

Through early 2015, the following 34 individuals expressed willingness to consider participate as founding steering-committee members for envisioning and planning the Information Trust Exchange. This list is evolving and will be updated as changes are made at <u>http://informationvalet.wordpress.com/steering</u> *All affiliations are as of Jan., 2015, and for identification purposes only, not implying endorsement of the Information Trust Exchange by the entitties cited.*

Alphabetical order

- Abernathy, Penelope Muse, Knight Chair Digital Media Economics, University of North Carolina.
- Anderson, Bill, retired CTO, Seattle SeaFirst Bank (Bank of America)
- Blevins, Ron, vp, Digital Strategy Novus Media division of Omnicom
- Calhoun, Kristin, Executive Director, The Public Media Platform (NPR-PBS)
- Chua, Reginald, Executive Editor, Editorial Operations, Thomson Reuters
- Contreras, Mark, Calkins Media CEO, ex-American Press Institute chairman
- Costello, Dave, technology committee chair, PAGE Co-Operative
- Cotter, Dan, Executive Director, New England Newspaper & Press Association
- Davis, Kevin, Executive Director, Investigative News Network
- Eskelsen, Todd, attorney, legal counsel / strategist for the organization of Bluetooth SIG
- Filloux, Federic, Monday Note columnist and digital-operations director, Group Les Echos, Paris
- Fuerst, Mark, Innovation4Media (public broadcasting consultant)
- Gehring, Dave, global alliances/partnerships, The Guardian, U.K., Silicon Valley
- Getzendanner, Joel, Board Member, Fourth Sector Network, Olympia, Wash.
- Hamilton, Jay, Stanford University journalism program, author: "All the News That's Fit to Sell"
- Houston, Brant, Knight Chair in Investigative and Enterprise Reporting, Univ. of Illinois U-C
- Kaiser, Jo Ellen, Executive Director, The Media Alliance
- Kaiser, Marty, Executive Editor, Milwaukee Journal Sentinel
- LaCroix, Patrick, Founder/Director, MediaID-Belgium
- Miller, Linda (Fantin), Director, Public Insight Network, American Public Media / MPR
- Mulligan, Miranda, NG Digital, National Geographic, formerly Knight Media Lab at Northwestern Medill
- Nicol, David, Director, Information Trust Institute at Univ. of Ill.
- Oslund, Kerry, senior vp, publishing/emerging media, Schurz Communications Inc.
- Peters, Chuck, CEO, Source Media / The Gazette Co., Cedar Rapids, Iowa
- Picard, Robert, Research Director, Reuters Institute for the Study of Journalism at Oxford Univ.
- Raine, Lee, Director of Internet, Science and Technology Research, Pew Research Center
- Reed, Drummond, Founder & CTO, Respect Network; co-founder Open ID Foundation, co-chair, OASIS XDI Technical Committee
- Schubart, Bill, Founder, Vermont Journalism Trust; retired publishing & fulfillment entrepreneur
- Seltzer, Wendy, Policy Counsel / tech/society domain lead, World Wide Web Consortium at MIT
- Shackleford, Tiffany, Executive Director, Association of Alternative NewsMedia
- Small, Jay, President, Informed Interactive division of Evening Post Industries
- Stearns, Josh, Journalism Public Media Campaign Director, G.R. Dodge Foundation
- Taysom, John, private media-tech investor, former head of Reuters Venture Fund
- Trevethick, Paul, founder Bitsteam, Higgins Project and Azigo, Inc.
- Wilson, Marc, CEO /Founder, TownNews.com affiliate of Lee Enterprises Inc.

SHARING NEWS, SHARING USERS:
Washington Post experiment with regional dailies raises intriguing questions about intent, value and opportunity

Since U.S. newspapers began in the mid-1990s to market news on the World Wide Web, they have searched for new revenues to support the practice, initially focusing on advertising. By 2012 many papers began seeking online subscription revenues as well. Efforts at collaboration have been spotty.

But a possible breakthrough occurred on March 18, 2014 when *The Washington Post announced* it would begin providing selected online news products as a free premium for subscribers of selected regional newspapers. The move marked experimentation by a key U.S. publisher with the concept of a shared-user network. By September, news-industry analyst Ken Doctor wrote the program involved 120 U.S. dailies and 200,000 print newspaper subscribers. In October, Poynter Online said it was 165 papers.

> "This program is a way for us to work with newspapers and other print and digital partners around the country to both add value to their subscriptions and expose *The Post* to a wider audience than ever before," Stephen Hills, president and general manager of *The Post*, said in a March statement.

For the Post, the "Newspaper Partner Program" is an opportunity to get hundreds of thousands of news-interested digital readers, at a minimal acquisition cost. The relationship is unlubricated by cash: "No money changes hands," said in one account. "What we're doing it for is to get the promotion and increase the national exposure of *The Washington Post*." Hills told Poynter it has "opened the possibility of talking about lots of different ways we could partner" with other outlets.

Ordinarily *The Post* charges at least $100 a year for digital access after 20 free online articles per month; for the partner papers' print-only subscribers, it's free for at least a year.

The move fit *The Post* strategy under new owner (and Amazon founder) Jeff Bezos to increase its national and world footprint of influence, where in recent years it has lagged behind *The New York Times. The Post* has had almost no digital subscribers as it pursued an open-web policy and only non-paying registered users until 2013. In launching this experiment, therefore, "*The Post* didn't have anything to risk," observes Mark Contreras, CEO of Calkins Media and a former chairman of the American Press Institute. "*The Times* would have $250 million in digital circulation revenue at risk."

In October, *The Post* made public via a set of slides results of a survey of 1,299 of its free regional subscribers solicited via the emails the Post collected under the new program. The survey showed strongly favorable reactions from the subscribers who responded, who said the free added feature increased their opinion of their local paper and their desire to remain subscribers.

"I thought it was a great added bonus for our readers and so far has been really successful," says Martin Kaiser, editor and senior VP-digital content at the *Milwaukee Journal Sentinel*, which joined the Post experiment from the start.

"It's the smartest thing Bezos has done so far," says John Temple, president of First Look Media and a former top editor at *The Post*. "He's finding high-value customers all over the country and world."

In August, more than 12,000 of the Minneapolis *Star Tribune*'s 40,000 paid digital-only subscribers had opted to include access to *The Post* at no extra charge, said Steve Yaeger, vp-marketing and public relations at the paper. "We have simply emailed our qualified digital subscribers a very simple email. It simply describes the benefit and click here to activate, it takes it to a clean landing page where they create their Washington Post credentials and away they go."

"*The Post* is just a win for everyone," says Michael Deep, editor of NetNewsCheck.com, who has followed and written at least twice about the *Post* experiment. "The *Post* gets the unique visitors it needs and everyone else gets to offer another layer of benefit for their subscribers."

Some concerns: What will the Post do with user info?

A feature of the *Washington Post* experiment concerned some of the RJI interviewees – the fact *The Post* is gaining email addresses and names of users of the regional newspaper partners. Analyst Ken Doctor explained the possibilities for *The Post* in a [Sept. 4 post](#) on the Nieman Lab website:

> " . . . [Y]ou must "authenticate" your subscription with *The Washington Post*. Once you do, you become a known, and trackable, customer of both the *Post* and the local paper. While the program's first priority is simply building reach, the *Post* will be able to monetize all those new readers via digital advertising. Down the road, we can expect the exploitation of e-commerce opportunities, likely connected to Amazon, which the *Post* apparently experimented with in August. Regional publishers aren't worried about *Post* incursions into their audiences; the deal seems like a fair balance to them — for now."

"If people just added *The Washington Post*. If that is all it is -- no new subs -- I would consider it a failure," said Andy Waters, general manager and president of the *Columbia* [Mo.] *Tribune*. "If you pick up no new subscribers and you've just given away all your customer data, what have you gained? *The Post* gets access to all the newspaper customers for all kinds of subscriptions or whatever else."

"You are talking about a business model for the *Washington Post*," says Elizabeth Osder, principal of the Osder Group of Los Angeles, Calif., and a former digital media executive at Yahoo! Inc., *The New York Times* and Advance Media. "They want to gather an email address that they can monetize . . . The folly is getting access to content -- what else is it that is going on there?"

Drummond Reed, founder of Respect Network, provides user identity management and trusted data sharing services. He has a strong background in privacy research and helped developed the OASIS XDI data-exchange protocol supported by more than 75 companies. He saw *The Post* initiative as a "particularly interesting experiment" and wonders if next step couldn't be networked subscriptions.

"We are not exchanging any lists," explains Guy Tasaka, chief digital officer for Calkins Media, which is a regional participant in *The Post* experiment. "They just give our subscribers login information to create an account."

At the *Toledo* [Ohio] *Blade*, managers were well aware that *The Washington Post* was going to get the email addresses of their customers when they signed up at *The Post*, said Tom Zeller, audience-development manager. "We discussed and decided we were OK with it," he said. "They become *The Post's* customers, too." About 2,000 *Blade* digital subscribers had signed up by early August. It means *The Post* can market to those 2,000 Blade customers. Said Zeller: "At that point they now own the data because they are *The Post's* customer as well . . . the content doesn't interfere with what our strengths are which is strong local reporting. So we didn't see it as a conflict but rather as a complement."

Zeller says The Post is now talking to its regional partners about an email newsletter *The Post* would create which would include links to regional-partner stories "which would link directly through to the partner's content," said Zeller.

 "Where is Bezos going?" asks Bill Schubart, founder of the Vermont Journalism Trust and public-media funder and entrepreneur. "Is he going to want to create a journalistic Amazon?"

Bezos' motivation for the regional collaboration is to increase the chances of *The Washington Post* selling and showing national digital advertising to premium customers of the regional papers, observes Penelope Muse Abernathy of the University of North Carolina. She has just a completed a book and companion interactive teaching site, ["Saving Community Journalism: The Path to Profitability."](#) She is UNC's Knight Chair in Journalism and Digital Media Economics. She sees no direct revenue benefit for the regional partners. "The only thing they can hope is increased engagement with their own readers on their content," she says. "Because once they've gone to that *Washington Post* website they are gone."

Could local 'authentication' be accepted by Washington Post?

In the current experiment, local-paper subscribers in effect create a second user account at *The Post,* therefore identifying themselves to *The Post*. But what if an account at, say, the Milwaukee paper, was 'accepted' by *The Post* as a valid login to *The Post?*

See Appendix K, "Academic is ahead of business, news media in establishing one account that works at many websites -- and the government is trying to get there too."

"It would be a lot better if when you went to *The Washington Post* you were already logged in through your local paper," says [Matt (Sokoloff) Broffman](#), a former RJI fellow and daily newspaper digital-media editor who now runs the local news blog [Bungalower.com](#) in Orlando, Fla. "How can we set up a way so that newspapers can make deals with each other that work in real time? So let's describe how we do authentication and if you want to do a deal you can. As an example: Is this your user, and what subscription rights do I want to offer?"

To take it a step further, Sokoloff suggests what he calls a "one-stop shop for information content, not just news content" similar to the Netflix approach as an central source for moves from most all studios and filmmakers. "Even if you don't own the user, you are getting paid," he says.

The Alliance of Audited Media has been involved and consulting with *The Post* since it began its regional news-sharing experiment, says Tom Drouillard, president, CEO and managing director of the trade group that includes publishers, advertisers and ad agencies. "They want to make sure they can monetize it appropriately -- either change the established rules or fit within the established rules. I get that, that's a business opportunity."

In-depth content value -- for public broadcasters, too?

"They are trying to make their play quickly to be the national alternative to *The New York Times*," says Chuck Peters, CEO of Source Media and The Gazette Co. in Cedar Rapids, Iowa and a member of the Inland Press Association board. Peters -- whose small daily was not part of the first round of participants -- thinks few of his readers would be strongly attracted to additional national and world news. He believes in the concept of offering access to deeper topics, such as in-depth farm news beyond what the paper can develop itself.

The idea of one news organization adding value for its users by giving them convenient access to other quality content would make sense among public broadcasters too, according to Mark Fuerst, a former public radio general manager who has consulted for years to NPR, PBS, CPB and ran an industry trade group. "I think public broadcasting is going to have to do the same. Now, are they there mentally?"

IDENTITY MATTERS:

The academy is ahead of business and news media in establishing one account that works for many websites -- and the government wants to get there too

Americans are bipolar when it comes to identity and privacy.

- We cringe at the idea that our social-number might be used as a national identifier, for fear it will enable the Big Brother state, and so we enact laws that limit how private industry may use the social-security number.

- And yet, because it is so convenient, we carry credit-cards with numbers which uniquely identify us across a globe-spanning, private commercial network.

- We reject the idea that police may enter our house or our car without a warrant or probably cause.

- But we allow marketers to store and retrieve files on our computers and devices without our knowledge or consent, building a *sub-rosa* file of what we're reading and view, and connecting ith with data about our family, our income, our education and our location.

The cost of identity theft is rising, Ian Glazer, senior director, identity for SalesForce.com tallied in an [Aug. 4 conference presentation](). A total of 11.6 million U.S. victims in 2013 – up 13 percent year to year, and a cost of $37 billion, his presentation asserted based on Javelin Strategy research.

Now, on the grounds of making transactions and exchanges safer and more secure, the government, academia and marketers all have initiatives underway to change the way were are identified – or not – on the Internet and on mobile devices. Meanwhile, the news industry has no coordinated approach of its own. Should it? And what should it look like?

Why does identity matter?

First, let's explain why identity matters, then offer a quick sampling of key government, academic and marketing-driven initiatives.

The technical debate is how networks like the Internet manage our "identity." Most of us think of our identity as how we appear, where we live, who our friends are, what interests us, and what we do. On the Internet those things are translated into data – called "attributes." A collection of attributes make up our identity for purposes of an online transaction or event. [Experts who study Internet identity]() systems call this collect of attributes a "persona." An individual might want to have different personas for different purposes – what you share with your health provider is different from what you share on your Facebook page or with your news provider.

 Internet and mobile services increasingly understand the opportunity to personalize relationships with individual users. Doing so means tracking their movements and actions, or asking them for information about their preferences. If, when and how consumers give permission for this tracking necessary to

personalization is the core of a policy debate labeled broadly, and sometimes emotionally, as about "privacy."

Facebook is a big factor in identity, because thousands of websites allow users to "log in" with their Facebook identity. What these sites receive as a result is some basic information about us, courtesy of Facebook. However, the idea that a single company – with over a billion user accounts – might become a *de facto* private registrar for web, raises important questions of competition, privacy and control, concerns discussed in the main body of this report.

So, if a portable, unique identity is needed, and we don't want that controlled by either the government or a single company, what is to be done?

NSTIC – a government plea to improve on passwords – with no Big Brother

Three years ago, President Obama signed an [executive order](#) which created the ["National Strategy for Trusted Identities in Cyberspace"](#) or NSTIC. The government, said Obama, shouldn't be in the business of creating a national digital identity system for individuals. But government agencies were increasingly troubled by the danger of identity theft from public use of user names and passwords to access private records in government systems like Social Security and veterans services.

NSTIC is described by the government as a private-public sector partnership to create an Identity Ecosystem, where all consumers could choose from a variety of credentials that could be used in lieu of passwords to enable more secure, convenient and privacy-enhancing transactions everyplace they go online. Officials say some private firms have started offering multi-factor authentication (MFA) to their customers, aiming to cut down on the most commonly executed, password-centric security attacks.

NSTIC called in a [55-page-document](#) for the government to support (with an initial $25 million in grants) development of competitive, private technologies that interoperate – with no single "Big Brother" type database of names and identity information. The vision was to allow consumers to choose among providers of [one ID, which works at multiple web sites and services.](#) "Other countries have chosen to rely on government-led initiatives to essentially create national identity cards," said U.S. Commerce Secretary Gary Locke in explaining the initiative and [why it's needed](#). "Having a single issuer of identities creates unacceptable privacy and civil liberties issues." The idea is to have multiple identity providers that are part of the same system. The government has sent up a portal site, [Connect.gov,](#) that explains the single-signon to government services idea. And there is at least one company, [ID.me](#) providing the service.

NSTIC represents a challenge to the private sector to create something better that user names and passwords and the government will pay to use it as the biggest first customer. But three years later and despite a half dozen more more public gatherings, and [government-funded trials](#), nothing has definitively caught on. There has been no obvious participation by news or publishing interests. For the most part, the ideas circulated and [trials undertaken](#) with grants from NSTIC are focused on more secure login, not payments. Thus NSTIC is a hybrid public-private effort –- spawned by a challenge from the government to improve on the security of passwords, and with a mandate not to create a central database (which Facebook has created through marketplace dominance).

There are at least three other "federated identity" efforts:

- The Mozilla Foundation, which maintains the Firefox browser, released in Sept. 2012 a beta cross-site login system it called "Persona." The system is designed to allow enterprises to manage logins across many resources using open-standard technologies in a competitive challenge to Facebook Connect and Google ID. However after two years, [informal project managers at Mozilla](#) reported the system is [no longer aggressively supported](#) by Mozilla and may be discontinued in 2015.

- For a decade, the independent, non-profit [Identity Commons](#) have convened meetings including individuals from companies such as Google, Microsoft, Facebook, Myspace, SUN, Oracle, Salesforce and Novell to explore ideas for the protection and sharing of personal data across the web. A core idea is to put more control over data in the hands of individual users.

- Google is also a supporter of the Open Identity Exchange, founded by the OpenID Foundation and Information Card Foundation. Some of the participants or supporters of both groups have been working with the White House and U.S. Commerce Department on roles for the government. All of this activity is taking part under the NSTIC, umbrella, and there are regular meetings. Largely absent from NSTIC and other collaborative identity discussions – Facebook.

Meanwhile, academic-led identity systems forges ahead

 Harvard University is one of more than 200 U.S. research institutions – mostly universities – that are part of Internet2 – an ultra-high-speed Internet backbone that makes collaboration easier on projects using massive amounts of distributed computing power. It's users need constantly to be logging into resources at different institutions. Keeping multiple sets of user names and passwords was becoming impracti cal.

For the Internet2 consortium, the solution began with an open-source technology called Shiboleth, according to Scott Bradner, who is liaison to the consortium's identity and access-management group for Harvard's chief technology office. Bradner is a long-time and well-know collaborator on key early Internet technologies.

"The Central Internet 2 management doesn't get the identities," says Bradner. "The whole point of federated identity management is you can go to your identity manager of choice."

As an example, Bradner points to the HathiTrust Digital Library, a massive database of academic research. The University of Michigan is the current host of the infrastructure where digital content deposited by Hathi partners is preserved and made accessible. But if a Harvard-affiliated Internet user (faculty, staff, student) goes to the HathiTrust website and seeks information, the HathiTrust server asks them to log in using their Harvard user-name password – on a page located at Harvard. The user logs in, the Harvard system checks their credentials and – behind the scenes -- informs the Hathi service they can serve content to a valid *Harvard* user.

"When I want to log into HathiTrust, there is a pulldown list that lists the institutions that it accepts identity comes from," Bradner says. "It is not to the scale one would like at some point. But it has a lot of characteristics which you should take a look at in terms of what you might want to do [for the news industry]."

One feature of Internet2's version of Shiboleth is that the Harvard user, in the HathiTrust example, doesn't necessarily have to be known by name to the HathiTrust server. All HathiTrust needs to know is that they are vouched for by Harvard.

There's another service spreading across U.S. academia that makes it easy to log into wireless networks if you have credentials on one university campus and are visiting a different one. It's called Eduroam. It began in Europe and has spread. Again, it uses largely open-source technology, requiring a RADIUS server at each participating institution. The RADIUS servers are able to exchange information about logins from different institutions.

Another organization, the non-profit XDI.org, offers help to organizations that want to share registration and other data. Its board president is Drummond Read, co-founder and CEO of the Respect Network.

As Bradner sees the opportunity for news providers, there could be multiple news providers, each with their own users, and each of them could be the source of billing to their individual subscribers, rather than a central service, "The Shiboleth technology would just do that out of the box," he says. "There is nothing special you would have to do."

And Bradner sees a privacy aspect to the service which could appeal to consumers. "One of the issues with payment systems has always been the privacy issue," he says. "If I'm reading articles about wife swapping, that can be a problem if it gets known. If those pieces are served anonoymously, which you can do with

Shiboleth, the billing service doesn't need to know what articles you're reading and the source of the articles doesn't need to know who you are."

Login to multiple services at newspapers – the SAML solution

Although U.S. daily newspapers do not yet share user identities they way Internet2 is doing with Shiboleth, they have been dealing with challenges of multiple logins for years – within their own systems. For example, the user name and password for access to a paper's website might be different from the login for online management of print subscriptions. Third-party content or advertising services may require other logins.

Jim Barnard, senior vice president of digital at the Minneapolis *Star Tribune* says they deal with nine or 10 services which need logins. To streamline it, they use another open-source technology called SAML – security assertion markup language, which specifies a XML-standard data format for exchanging authentication and authorization data between parties.

"Every party we talk to knows it, there is lots of stuff published about it, and it is totally understood," says Bernard. "SAML is the one we ended up solidifying around. And if there are two then the two of them will figure out how to cross authentication using SAML."

The promise of single-signon

The idea of one ID, one password, one account for reaching multiple information resources was the core idea behind pre-World Wide Web services such as Compuserve, The Source and AmericaOnline. When you logged on, those services knew instantly who you were, and they could watch your activity.

From the outset in the 1990s, the World Wide Web was different. Yes, you had a unique, personal log-on to your Internet Service Provider (ISP) and ISPs have gradually developed sophisticated means to track your activity. Many users of Facebook may not know that once they log into their Facebook account, Facebook is able to track their movements among all the sites that use Facebook icons for any reason (such as sharing, or liking).

Whether it is your ISP or Facebook, however, these services don't let you take control of your identity, and neither at present allows you to bundle access to your choice of digital content from many websites.

As with NSTIC, Internet2 and Facebook, perhaps it is time for the news industry to create a common identity system to make that possible. It doesn't have to invent new technology. It could simply look at the work done with Shiboleth, SAML and one other emerging protocol – OAuth (which is used by Twitter, Google and Facebook to support third-party logins – and decide which to support and extend.

"Oauth is finally gaining tranction after a long ramp-up period (eight years), and the ITE charter would be a natural evolution of that platform," observed Paul Gillin, social-media consultant and former editor of ComputerWorld Magazine, in comments to the draft of this paper. "The participation of RJI and any other reputable journalism organizations in Oauth would probably be welcomed by the members."

ADVERTISING AND IDENTITY

Google rules,but Atlas coming from behind; where does that leave DigiTrust and publishers?

The Identity Battle is underway – is the news industry in the game?

To understand what's at stake, let's go back to the mid 1990s.

Once upon a time there was an epic battle between Microsoft Corp., in Seattle, the reining king, and Netscape Communications Corp., the pugnacious upstart in Silicon Valley. It was called "the browser wars." In the 1990s, Microsoft was undisputed king of the desktop computer and it wanted to extend that position off the desktop and across the World Wide Web.

To access World Wide Web pages at that time, you needed a "web browser." Microsoft made Internet Explorer, and bundled it for free with its operating system. Netscape made "Netscape Navigator," tried to sell it, then realized it had to be given away for free, too. For awhile, it looked like Netscape was winning, but the two battled to more or less a draw, Netscape was acquired by AmericaOnline Inc. and eventually faded.

In the meantime, Google began making its own free browser, Google Chrome, and a not-for-profit, the Mozilla Foundation, took over the job of maintaining and update the Netscape browser after being given those rights by AOL. It renamed it Firefox. In the Apple world – which became increasingly independent under Steve Jobs, the Apple Safari browser shipped with all Apple products. Finally, in 2012, Microsoft [bought 800 patents](#) from AOL for over a billion dollars, including the Netscape [browser and cookie patents.](#)

The lines of battle in the browser wars continues to be how each entity manages the tension between a browser that has enough common functionality to render pages and multimedia gracefully to users, and yet have enough proprietary "hooks" to be able to steer the user toward other services of its owner/sponsor.

Today the four major browser makers have more or less battled to a draw. They have their supporters and users; all four do basically the same thing. Google Chrome may work best with Google's services and Internet Explorer with Microsoft services. But they are no longer products that differentiate and draw customers for other services.

The connection between the browser wars and the looming Identity Battle begins with a patent and a little bit of code invented in 1994 by Lou Montulli, then an engineer at Netscape Communications. It described a "state object" – we know know it as a browser "cookie." It described how a website server could send a tiny bit of information to a users web browser (IE, Firefox, Chrome, Safari) and have that browser store it. On the next visit to the same website, the browers software would be directed to send the code back.

This elegant approach solved a problem for the World Wide Web – how to tell that a particular computer has visited a website in the past, and give it some sort of a customized experience (such as recognize a user name). "Cookies" rapidly became a mainstay of the online advertising industry, used to track who was looking at ads and where. Wikipedia has a comprehensive entry about cookies which notes that "as of 2014, some websites were setting copies readable for over 100 third-party domains. On average, a single website was setting 10 cookies, with maximum number of cookies reaching over 800. U.S. Patent No. 5774670 for cookies ("persistent client state") was sold by Netscape to AOL and, in 2012, by AOL to Microsoft.

What's the connection between cookies and a new identity battle?   It involves Google, Atlas and DigiTrust – and the face that, for identity and marketing purposes, cookies are getting stale.

- Privacy regulators and non-profit watchdogs are wise to their actual and potential abuse.

- Newer versions of the Apple Safari browser block third-party cookies vital to tracking unique users across today's advertising ecosystem. Mozilla has talked about blocking third-party cookies, also.

- Microsoft ships a version of Internet Explorer with "do-not-track" enabled, what amounts to an instruction by the browser's users to advertisers not to apply or use third-party cookies.

- Because almost everyone visits a Google page, Google has first-party cookies on almost everyone's device. This makes Google's AdWords network and ADSense technologies fairly independent of third-party cookies. And anyone using an Android phone has a Google Ad ID.

- More than half of news consumption is now on mobile devices, and mobile devices do not all handle cookies. As many as half do not in Europe. Some carriers are also said to block cookies, preferring their own network tracking mechanisms. Apple, like Google and Android, has its own proprietary identity system for Apple iIOS devices called "identifier for advertisers, or IDFA.

"There are very many companies -- from Google to Facebook to many others -- who are using information about people in ways they will never reveal," says Tom Rosenstiel, of the American Press Institute. "They say they don't share it -- but they share it dramatically within their own systems -- packing it into algorithms and essentially making money on it."

All of these cookie challenges have lead industry analysts to predict both the decline of cookies as useful and common identity-tracking mechanisms, replacement with other sorts of identifiers, and, beyond that, the death of third-party ad servers.   This is leading elements of the advertising industry to search for a new common identity platform.   Some think the best identity system of all is registration –- and connecting a registration with known information about the user. Facebook isn't waiting, unveiling a service which Don Mathis, writing at *Advertising Age*, says "solves two big problems for marketers."

Facebook and Atlas: A shot across Google bow?

As Facebook grows and seeks to overtake Google's online advertising dominance, this was it's challenge: How to duplicate Google's network of ads placed on millions of other websites? Facebook until now has mostly only placed ads on its own service and applications.   But it has "Like" buttons on millions of websites, and each Facebook Like button provides the ability to track --- to set a cook on that user's computer and associate the same user across millions of sites – "crack rock for publishers in need of page views," wrote MIT Technology Review author Chirstopher Mims in June 2011.

So in 2013, Facebook acquired for $100 million from Microsoft a decade-old company called Atlas Solutions LLC. In October, it unveiled to the advertising industry an ambitious plan to likely try and replace cookies with a central database of user identity information culled from interactions with Facebook's website, apps and "Like" buttons – allow advertisers, in theory, to use a common identifier for

a target viewer/reader across all placement locations. Atlas will use Facebook ID instead of cookies to track and report user actions to advertisers across all devices.

Cookies are flawed when used alone, Atlas asserts: "Today's buyers move seamlessly between devices . . . but the existing advertising technology for ad serving and measurement – cookies – can't keep up," the Facebook subsidiary says in its web marketing. "Cookies don't work on mobile, are becoming less accurate in demographic targeting . . . ."

Picked as a partner by Atlas -- and advertising-agency giant Omnicom -- to test Atlas with two premier brands – Intel and Pepsi – was a little know suburban Washington, D.C., company, Neustar. Neustar has a lot of experience running real-time databases of billions of tiny transactions. It maintains a 680 million-entry U.S. number-portability database for the phone industry. But it may be about to lose that contract. Running a central identity database for Facebook/Atlas could be an attractive addition to Neustar's existing ad-tech business. "Identity matters to marketers," Neustar declares on its home page.

Testing with Omnicom and Neustar, Facebook has started an arms race to see who can develop fastest a proprietary across-all-plaforms digital ID that is cookie-independent so that it will work well in mobile and in apps. It already sells unique user data it has to Nielsen Corp., and with Atlas it could have a not more to sell. One ad-tech company is now working to integrate real-time bidding on display advertising with so-called "native ads" – content messages similar to stories, and testing with Omnicom.

DigitTrust – nonprofit ad-tech consortium counters Google, Facebook?

Not to be outdone, a non-profit consortium of 20 independent advertising technology companies has formed as DigiTrust LLC and says it hopes to create post-cookie identity technology "that will improve consumer privacy, reduce pixels on publishers' pages and allow third parties to provide rich, personalized experiences across the web."

As DigiTrust sees it, there are so many third-party advertising tracking cookies on publisher websites that are slowing down website response times, angering but users and publishers. The idea is to come up with a single universal identifer for a web users – or at least their device – that all advertisers, ad platforms and networks could read and work with.

In the current advertising ecosystem, your phone, tablet or computer may have hundreds of "cookies" on it from different advertisers and networks, each identifying you as a "unique user" to that network. Today, these networks trade cookie attributes furiously back and forth in the background, trying to "match" cookies and figure how many of those hundreds of cookies refer to the same person. It's worth reproducing a paragraph from DigiTrust's website to understand their argument: *("Pixel synchronization" refers to placing an invisible piece of code on a web page, so that an advertiser can then use a tracking cookie.)*

> "Real-time bidding (RTB) technology has been instrumental to the automation of digital ad buying and selling. Pixel synchronization is a broadly-deployed process that enables RTB suppliers to include each RTB buyer's cookie-based identifier in the bid request so that buyers can determine whether they wish to bid, and how much. However, this process results in excessive third party requests on Internet pages per day. Considering the growing number of Internet-connected devices used by each consumer, and the growing number of RTB partners integrated by publishers and marketers (each of whom uses a different identifier), the volume of pixel synchronization events is growing exponentially."

Google doesn't have that problem within its own vast network, and neither will Facebook, if its Atlas play works out. If DigiTrust launches with something (the consortium is still talking with constituencies and regulators, and considering technologies), the idea is that a single cookie (or something that works like a cookie) could be used by all ad networks to uniquely identity a web or mobile user, at least for commercial purposes.

What should news organizations do?

If third-party cookies diminish in importance, to be replaced by three or more competing, overarching market-driven identity systems, (Google, Facebook, DigitTrust) what do news organizations do? Contribute their user profiles to one of them? To all of them? Work with the government-inspired NSTIC initative? *(See Appendix K: "Identity Matters" for detail about NSTIC.)* Or create something of its own, focused not on advertising, or government logins, but on user privacy and interests?

One longtime news industry researcher says don't start by going to the big boys.

"You dare not get involved with Google, Amazon or the others because they are so hated," says Robert Picard, research director at the Reuters Institute. " It is one thing to say yes we'll work with you once we have it up and going but to bring them in directly -- one of those large ones -- would I think be a problem it would be better to bring in a second-layer player and use them and then the others can try to figure out how to get involved. You still have a lot of hatred among newspaper people about Google. Most newspaper people don't have that same feeling about Facebook because they don't know better yet."

An industry investor agrees with Picard: "There should be an alternative to Facebook in terms of the keeper of all of the information," says Mike Wheeler, a media-tech venture investor and RJI interview for this report. "I just don't know who it is going to be."

But for advertisers, Facebook is already meeting the need, observes Tom Drouillard, CEO, president and managing director of the Alliance of Audited Media. "Because Facebook has all this information." He continues: "If you look at how the online targetters build profiles, a lot of that is look alike modeling at the end of the day and look alike modeling (EXPLAINED) is less accurate than Facebook if you ask me. And when you think about Facebook's reach, there is nothing better."

Options for news organizations listed

So for news organizations that need to understand the interests and atttributes of their users in order ot deliver a personalized information service, here are the options:

- Align with Facebook, Omnicom and Atlas, adopting Facebook Connect as a standard for identifying user interests and attributes.

- Align with Google and its Android Google Ad ID, building and managing user profiles from there.

- Piggyback on the identity information collected by Apple's iIOS IDFA approach.

- Work with the DigiTrust consortium to develop a consortium-owned standard that is not controlled by a single platform and is aligned with the interest of advertising-tech companies.

- Collaborate to develop a new standard which focuses on consumer privacy protection and interoperates with Facebook, Google, Apple, DigiTrust and evolving NSTIC-compliant services, sharing useful aspects of the Internet2 Shiboleth single-signon service.

Text of message sent to interviewees consulted during the writing of this report:

<div align="center">

INFORMATION TRUST ASSOCIATION
BACKGROUND INFORMATION ABOUT THE
PHASE 1 – LAUNCH FEASIBILITY REVIEW
July 1, 2014 – Sept. 30, 2014

</div>

Since U.S. newspapers began in the mid-1990s to market news on the World Wide Web, they have searched for new revenues to support the practice, initially focusing on advertising. By 2012 many papers began seeking online subscription revenues as well.

Efforts at collaboration have been spotty. But a breakthrough occurred on March 18, 2014 when <u>*The Washington Post* announced </u>it would begin providing selected online news products as a free premium for subscribers to selected regional newspapers. The move marked experimentation by a key U.S. publisher with the concept of a shared-user network.

> *"This program is a way for us to work with newspapers and other print and digital partners around the country to both add value to their subscriptions and expose* The Post *to a wider audience than ever before," Stephen Hills, president of* The Post, *said in a statement.*

Has *The Post*'s experiment opened the way for consideration of a broader news- and information-industry collaboration? To find out the Donald W. Reynolds Journalism Institute is seeking answers to three questions:

> • Could a non-profit collaboration to share technology, users and content help set standards for convenient web information sale?

> • Could it provide the public with more trustworthy information choices, and better privacy control?

> • Is organizing such an effort feasible?

<div align="center">

<u>TEN QUESTIONS – ANSWERED</u>

</div>

1.Who is conducting this review and why?

Bill Densmore is conducting discussions and doing research for the Reynolds Journalism Institute (RJI) at the University of Missouri School of Journalism. The point is to see if forming a non-profit consortium could help create a more efficient marketplace for finding and selling news and other digital information valuable to civic life – and add another option for sustaining journalism.

2. What do you mean by a 'more efficient marketplace'?

The Internet has unleashed an exciting and unprecedented torrent of news and information from all kinds of sources. Where once the public relied upon a few publishers or broadcasters to mind the gates to information, now the public can range freely. The marketplace is open; it is also confusing. There is no simple mechanism for a public user to have a single account for multiple information purchases, or a single place to manage their identity and privacy. Publishers cannot easily be compensated when they share stories among their users and services. It is like a power grid running on different cycles, railroads on competing gauges of track, a phone system with no way to bill minutes -- or physical stores with varying and independent credit cards that don't interoperate.

3. What difference does it make?

Because users can now go anywhere for information, they also would like to be able to assemble personalized, custom packages of that news and information, much as they might assemble their groceries in a shopping card. On the web, there is no single store that carries small bits of information – articles – for purchase. Digital goods are spread asunder, and there is no common "checkout" method to pay for them if you want a personalized bundle. As a result, the only bundles available from aggregators are either free or have limited content choices.

4. What does this feasibility work entail?

We're reviewing the history and current state of news-industry collaboration regarding digital users, payments, advertising and content. We're interviewing and consulting individuals and organizations to assess the timeliness and feasibility of creating a non-profit, public-benefit, member association. Should develop protocols, write business rules, foster technology or govern a shared user network for trust, identity, privacy and information payments?

5. What if your outreach suggests industry and public interest in the idea?

Then we will start to identify legal, technical, management and philanthropic advisors with potential experience appropriate to creating an Information Trust Association. We'll consider how it could be governed, and connect with potential for-profit operating partners. We'll assemble a team to develop a mission, rationale and objectives for such an initiative consistent with the level and nature of support identified.

6. Ideas like this always raise questions about competition, monopoly and antitrust. Have you thought about that?

Certainly we have at a conceptual level and in discussions with antitrust experts. Legal collaboration is possible around technology standards. Antitrust jurisprudence and precedents provide ample guidance for avoiding any collaboration that would permit price-fixing or other types of collusion injurious to the public.

7. What will be the outcome of this inquiry?

RJI will evaluate the research, consult advisors, and determine if it makes sense to take the next step of helping lead formation of an Information Trust Association.

8. How can I stay informed about this effort?

Email densmorew@rjionline.org with a request to be added to our contact list to receive periodic updates and invitations, or to offer your input to our research. You can reach Densmore at 617-448-6600. Also watch for updates at http://www.informationvalet.org or http://www.infotrust.org

Excerpt of a speech by Dr. Mathias Döpfner, chairman and ceo, Alex Springer SE to Deutsche Welle Global Media Forum Monday, June 30, 2014, Bonn, Germany

(as transcribed from: https://www.youtube.com/watch?v=NO2vJtpIQ3k)

"Google, Facebook, Amazon and other tech monopolies control the world's treasury of personal data. At the moment, concerns about the improper use of personal data are still trivialized and considered to be a European strain.

"But I am absolutely certain that in the next five to seven years we will see a complete change particularly in how America values data security and privacy and that the Americans will react much radically to this emotional change than we Europeans. The same thing has happened when attitudes have changed, for example, about affirmative action. That means that growing sensitivity concerning data security and data misuse will -- I am convinced of this -- become a global trend, or at least characteristic of democracies. After all, only totalitarian systems want and can tolerate total transparency.

"Nowadays it is perceived differently, the issue is almost marginalized almost naively. But it can be explained. It is based on a terrible pact between a few technology giants and a huge number of consumers. And this pact goes something like this: We will provide you with our services, which are seemingly free, in return for your soul. And by your soul we mean your data. By your soul, we mean your behavior. We can monetize and manipulate your soul and your behavior. That's the deal.[17]

"What many people are realizing very slowly is the services which are perceived to be free of charge have a much higher price than money. Those who pay with their behavior, pay, in the end, with their freedom.

"Tech monopolies share value -- share value provides a good idea of the wealth of data. Google has a current market capitalization of more than $350 billion; at one point the Internet giant was even more expensive than Exxon-Mobile, measured in terms of stock-market value.

> "What many people are realizing very slowly is the services which are perceived to be free of charge have a much higher price than money. Those who pay with their behavior, pay, in the end, with their freedom . . . Data has become the new oil. The question is who owns this data and what does he do with the data? And this is in the end a political issue and not only an economic issue."
> - Mathias Dopfner, CEO
> - Axel Springer DE

"Data has become the new oil. The question is who owns this data and what does he do with the data? And this is in the end a political issue and not only an economic issue.

"As always, these developments bear threats. The threat is the mis-use of data. At the same time they bear tremendous opportunities -- you can do so many great things with data. It is not necessarily negative. It is just about the question: What do we do with the data? Are there transparent and fair rules and do we -- journalists and entrepreneurs -- really shape the opportunities?"

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[17] -- Also see: "Technology and the Moral Dimension," by Om Malik, at: http://om.co/2014/11/26/technology-and-the-moral-dimension/

Elements of a Content Clearinghouse: Some ideas

An Information Trust Exchange could undertake research related to the valuation and sale of multimedia digital content. Martin Langeveld, a former daily newspaper publisher and NiemanLab columnist, draws an analogy to ASCAP and BMI – the proforming-rights copyright organizations for music – in this short essay suggesting possible applications.

By Martin C. Langeveld
newsafternewspapers@gmail.com

Publishers have tended to try and confine news content to tightly controlled proprietary channels such as their own destination websites and apps, in order to control monetization via advertising and direct user payments. This is a narrowly focused approach that ignores the fact that content atomization means the content must be allowed to find its own audience.

However, by creating a pricing and payments clearinghouse, the news industry's focus on controlling access and preventing piracy could give way to the much larger revenue opportunity that can come from allowing unrestricted distribution of content across digital platforms. Rather than having to attract readers to websites or track down unauthorized users, publishers will be able to liberate content to travel the Web in search of readers, and still get paid for it. Some elements of the system already exist.

Such a "rights-sharing" system would echo in several respects the way in which performance rights organizations such as ASCAP and BMI have for nearly a century acted as clearinghouses to channel royalty payments from performance venues and broadcasters back to music composers and performers. In 1914 composers and musicians formed ASCAP (later followed by BMI and SESAC) so they could broadly distribute their music to performance venues, broadcasters and now to streaming services like Pandora, with royalties flowing back to them through these performance rights organizations, which annually collect about $2 billion on behalf of musical artists.

Specific tools and technologies may enable new ways for news to travel the Web in search of readers, expanding access to news content while protecting the ownership rights of content owners and creators, and directing new streams of revenue back to them. These techniques include:

- Semantic parsing and tagging of content to indicate the topics, people, places and ideas involved in each content unit — something that's already possible with microtagging systems including OpenCalais and hNews

- "Paytags," as described by journalism consultant Jason Fry: "Bits of code that accompany individual articles or features, and that allow them to be paid for."

- Real-time pricing algorithms, similar to Google's AdSense auction, to determine ad revenue shares and content pricing to end users or end distributors This sort of online, real-time pricing is already becoming common with physical goods.

Tagging techniques, coupled with robust rights protocols and pricing methods, could enable publishers to release their content to others for re-use, aggregation, or re-publication in many different formats and platforms. Revenue derived from advertising, user payments, or other sources would be shared, under the rights protocols to be established, between the original publisher or content creator and any re-publishers or "remixers" that make use of it.

ITE would need to:

- Study the economics, legal basis and technology of the idea

- Analyze the technical and legal feasibility of the network's components

- Begin to describe the organizational structures necessary for its implementation

- Explore the development requirements of the missing or not fully-developed components: Paytags, pricing algorithms and a clearinghouse

- Begin the work of developing standards and protocols that will help the elements work together.

Clearinghouse mechanics and strategy

There are a number of existing models for rights-sharing clearinghouses that deal with creative content and intellectual property (music, video, academic research papers, etc.). The mobile telephone industry also presents a relevant clearinghouse in that typical flat usage fees paid by phone users are allocated among service providers in accordance with locations, time of day and length of call.

A clearinghouse for news content may present complex challenges because it will entail large numbers of users supplying and consuming content, and many possible variables that could affect pricing and distribution.

The variables involved in any transaction may include amount of content accessed or reproduced (in time or page views), the depth of access (just top news or lesser stories, deeper analysis, opinion, statistics, archives, etc.), and the breadth of access (local, national, sports, niche, etc.).

Tagging techniques, coupled with robust rights protocols and pricing methods, could enable publishers to release their content to others for re-use, aggregation, or re-publication in many different formats and platforms. Revenue derived from advertising, commercial transactions, user payments, or other sources could be shared, under the rights protocols, between the original publisher or content creator and any re-publishers or "remixers" that make use of it.

Pricing and revenue strategies

As in any industry clearinghouse, pricing and revenue sharing methods are key components, and fine-tuning them will require expertise in economics, accounting and technology. Quite likely, pricing and sharing formulas will start simply and grow in sophistication, much as search-engine ranking systems and keyword advertising systems have become more complex as they evolved and became more effective. Factors may include the:

- Type of content item (news, opinion, statistics, photography, video, etc.); the size of the originating publisher (in user traffic terms);
- Type of the remixer (news site, aggregator, niche site, etc.); the size of the remixer (in user traffic terms);
- Value of the content item (taking into consideration its uniqueness, size, quality, cost to produce, etc.);
- Age of the content item (in which value may decay faster with some content types than with others);
- Nature of the end consumer, and so on.

New business opportunities

A wide range of new business opportunities may arise around a clearinghouse system:

- Distribution streams — larger, more robust aggregators of content streams. Channeling content flows through wholesaler portals of this kind helps ensure proper tracking of rights and payment obligations.

- Full content aggregators — new "remixers" or aggregators and niche publishers who take advantage of the ability to publish full content units (stories, pictures, video, graphics) created by others but republished in new contexts, in new markets and to new audiences.

- Hyperpersonalized news streams — content streams created by semantic contentmatching engines and presented in multiple formats on the Web, as browser add-ons, and as apps. Some of these will be highly specialized enterprise solutions with a subscription revenue models; others will target consumer interests such as sports, weather, cooking, recreation, style, entertainment, travel, pets, sci/tech, etc.

- Niche publishing — opportunities for individual journalists, professional or not, to find a wide audience for a very narrow niche. Those niches could be such topics as:

    o neighborhoods (or other geographical units up to and including individual small nations),
    o political campaigns, individual products, individual businesses or business niches,
    o individual colleges and universities, individual government agencies or programs, topical
    o areas of science, art or technology, etc. In each case, the Clearinghouse enables this
    o content to be repackaged by others with compensation flowing back to the originator.

- Curation — personally or socially curated news channels that could multiply and flourish by being able to supply full versions of news content rather than snippets.

- Content creation — many new content-creation opportunities for publishers. The remixers and hyperpersonalized news applications can be seen as akin to the explosion in cable channels since the 1960s, which resulted in a huge increase in video production and consumption. Far more local info can be fed into the content pools available to remixers and hyperpersonalized apps, because as consumers spend more time with these content providers, they will look at more specialized niche content just as they do on cable.

- Clearinghouses — there can be multiple clearinghouses, not just one, that would become major businesses in their own right.

- Clearinghouse optimization services — the equivalent of search engine optimization services: publishers could engage them to help maximize clearinghouse revenue by fine tuning the rights and pricing parameters, just as there are specialists in Google and Facebook ad marketing for retailers.

- Payment processing services — assuming an eventual expansion beyond business-to-business and into business-to-consumer transactions. This is a niche that most clearinghouses would outsource rather than do themselves, because of the complexities of interfacing with bank and credit card back-ends and later on with currency exchange issues.

- Usage metric services — new kinds of distribution will require new kinds of metrics; an opportunity for existing as well as new metrics services.

- Data-visualization services — these also can be used to provide insights into how content is flowing through the system, how the system may be optimized and how businesses that interface with it may use it better.

- Other service businesses — for example: businesses that semantically tag content including audio and video as well as text and photographs so they can be fed into the system; advertising networks that focus on supplying local as well as national ads to the remixers and content streams, including real-time priced ads.

- And the big unknowns — additional opportunities that are created as all of the above are impacted by the very rapid growth of mobile in all its forms, by location-aware services, by social couponing in all its forms, by the addition of item-level RFID tags to virtually all retail inventories (now beginning), the proliferation of QR codes (already saturating Asia), and the emergence of a viable mobile payment systems using point-of-sale proximity sensors or bump technology — all of which could be ingredients in turbocharging a direct commerce layer on digital platforms.

The news-sharing clearinghouse could also enable publishing participants to:

- Develop maps of the relationships and interactions between the various enterprises and organizations that may ultimately be part of the clearinghouse ecosystem

- Examine how affiliated businesses will interface with the system's technology

- Examine legal issues that may affect the relationships of entities operating within the clearinghouse ecosystems

- Explore the need for organizational structures that may be needed to govern inter-entity standards within the ecosystem

- Identify the development requirements of the missing or not fully-developed components: Paytags, pricing algorithms and a clearinghouse

- Identify needs for standards and protocols that will help the elements of the system work together opportunities.

Dee Hock and the creation of the 'Visa' card: Lessons for an Information Trust Exchange?

Advice from an authority of network and distributed enterprises

Appendix F cites the formation of the Visa International Service Association – and the role of banker Dee Hock in its creation -- as one of nine examples of legal collaborative action to create standards in an industry that benefit consumers. Joel Getzendanner is a leading authority in the design of "network" or "distributed" enterprises and has been a serial innovator in philanthropy, investing and social enterprise. After business school, Getzendanner worked in manufacturing, but then switched to philanthropy. He worked for Chicago's Joyce Foundation from 1987-1994 as a program officer, then with the Rockefeller family office in New York City, helping the F.B. Heron Foundation, which was then managed by Rockefeller interests. A decade ago, Getzendanner moved to Washington state, to work with Hock – by then retired from Visa – on a non-profit initiative then-called The Chaordic Alliance. He now works with a Seattle startup company seeking a solution to Internet identity management. Questions were posted by Bill Densmore in a Dec. 12, 2014 interview.

Q: In this conversation, I'd like to ask you some questions about your knowledge of the unique formation of Visa as a non-stock association for innovative value exchange, and ask you to compare that to the challenge of forming an Information Trust Exchange.

A: First, the banks were interacting with each other fairly intensely in terms of exchanging information and trying to clear the transactions. It was just the way they were going about it was very inefficient. They were losing money by trying to make money off each other.

Second, they had gone through a couple of iterations of trying to figure a way out of the problem and they were desperate. And they had the recognition that they couldn't fix this individually, it had to be fixed by Bank of America -- that was as far as their imagination went. But Bank of America knew they couldnt' fix it.

Dee had in his own mind that the particular way you solved this one problem could solve a million problems in rapid succession. The infrastructure to support the communication and interaction were not present. Visa created it.

Desperation helps. So does people imagining that they have a common stake. They don't have to imagine they have a stake in each other's success, but they have to have some sense they have a common problem that may be able to be solved if they do it together.

> "Desperation helps. So does people imagining that they have a common stake. They don't have to imagine they have a stake in each other's success, but they have to have some sense they have a common problem that may be able to be solved if they do it together."

Dee's approach was that rather than try to lead in the normal sense, he was trying to think how to get scale and effectiveness through self organization rather than through an individual's leadership. It is the industry organizing itself and for every action taken the people who are doing it have a stake in their success -- them doing it for themselves -- and we are creating the context where they can do it efficiently, quickly and effectively.

The challenge is how to think critically about common properties -- and for banking it was around at what point they could commonly guarantee value exchange. They were looking at it as a challenge of self organization. Following that kind of path it is exactly as you describe -- there need to be folks in the industry who see we need to do our business in a somewhat different way -- not that the business has changed, but how we go about it, how we relate to each other -- has to change in order for us all to succeed.

Q: How do you determine the seeds exist for a self-organizing process?

FIRST – CONFIRM PURPOSE, PRINCIPLES

A: First, get clear about your purpose and the principles involved. Visa was trying to create the premier platform for financial value exchange. That was the purpose, that was what was drawing them forward and they developed principles they would refuse to violate in pursuit of that purpose.

SECOND – CLARITY – AND VOICE – FOR PARTICIPANTS

Second, get great clarity around who the specific participants are -- the classes and types of participants that are likely to be involved in building the system over the long term. You need to think about is the classes of interest who need to be represented in the governance of the ITE. You have to make sure all the participant classes in the exchange have a voice, not just one.

Dee originally had just regulated financial institutions. But he realized that any business in the custody or exchange of bits or information could enter the banking industry. And 40 years later that is really hitting. He was right. But for the first 15-20 years of Visa's operation that fact he was right was irrelevant. Banks at the time had not imagined PayPal, let alone ApplePay.

Dee saw three obvious participants: Banks, merchants and individual card holders. You needed a distributed approach to effectively make the market. But Visa initially failed -- there was no involvement in governance for merchants or cardholders, it was all banks. Dee thought that meant the operation would eventually fail and be converted to a stock corporation, because it didn't have other key participants who were involved in building the system. And that is ultimately what happened. Visa is now a New York Stock Exchange-traded public company.

If you think about personal information in terms of the people who make the content, the people -- the users -- make their "identity"content. Therefore the people who have the primary interest -- who should own it -- are the individuals. From a content space, who is closest to the actual value creation? The publishers. So they need a governance stake, too. That needs to be thought through enough that you have enough of the participants there that it doesn't rebalance back to the conventional corporation.

> "If you think about personal information in terms of the people who make the content, the people -- the users -- make their "identity"content. Therefore the people who have the primary interest -- who should own it -- are the individuals."

THIRD – CREATING STRUCTURE

The third question, is how you structure the ITE – legally. How do you institutionalize that multi-stakeholder collaboration?

Up until a few months ago, I would have had the idea you create a non-stock organization -- the Visa model. But with the Fourth Sector work, I've learned that Delaware instituted their version of a benefit-corporation model. To be recognized as a benefit corporation in in Delaware you have to have a specific purpose that is a social purpose. And they aren't too precise about that having to be charitable. It can be a broader social purpose, it has to be in service beyond itself. And once you do that you can have investors that can get a return from the financial success of that enterprise, but they don't control it. The social purpose is still primary. And it is in Delaware, so you know there will be case law developing out of it.

So there are a couple of options in Delaware now, depending how you want to finance it. If it can be participant financed -- that is the ideal. Self organizing among a set of participants and those participants see enough value to make sure that those set of activities and values goes along and they support -- and they have a right to participate in governance. That's the best.

My instinct about governance is it needs to be multi-party owned, and then governance covers ownership. Ownership was held at Visa in the form of rights of participation of a common pool of resources. Then you can apply principles of governance, you want no one to be able to dominate. If you have a multi-stakeholder, multiparty governance but you don't have multi-party ownership it will not endure.

I would leave the detailed questions of structure to the end. You can say Delaware and structure it as a non-stock membership corporation, like Visa did, or as a benefit corporation with a clear social purpose and then draw in investors. Those are both opportunities -- both in Delaware. And you can start in one and move to others. It is fluid enough. When you get to wanting to really lock in assets, then you have to be specific.

Q: Can we talk a little bit about what could be unique about the media business?

A: So this issue of participant classes is important. If you are thinking about helping an industry organize itself – who is the industry and what are the challenges the industry is facing that can be solved by sharing in collective action?

If those participants have the ability to organize themselves in pursuit of something they all recognize as important -- that they could all benefit from if they succeeded -- what is keeping them from doing it? It could be they just hadn't thought about it -- they think if themselves just as competitors and they haven't thought, as Visa did, what can we do together that doesn't violate antitrust -- that is in front of what we compete about, or behind it? The clearing of bank transactions was not something banks wanted to compete about. There may be a lesson somewhere in that. Where are they currently competing and losing money on? Think about who the participants are and by letting go in one area can they can effectively compete in another area?

> "If you are thinking about helping an industry organize itself – who is the industry and what are the challenges the industry is facing that can be solved in collective action?"

Defining your media participants is a consideration. Where is the content coming from, where is it currently organized, how is it delivered? I think of Facebook as a media company in the same way I think of *The New York Times* as a media company. Facebook has successfully used advertising as a way to drive its growth, and The New York Times is on a downward slope as far as advertising. The editorial approach is structured by algorithms at Facebook as opposed to human judgment at *The Times.*

So one challenge point for you: Have would you describe the collection of folks that would include both *The New York Times* and Google and Facebook? Because Google has an interest in serving information that people actually want to look at and care about. It is not that there is no longer any editorial value. It's that it has been dispersed and you could argue it is not well served in the current structure of things.

> "As a consumer, I don't want to interact with just one company, I want to interact with hundreds of companies. So that is a many to many, that's a big distributed issue and if you are wanting that to work for all people then you need a Visa style solution, a clearing that is trustworthy for both parties -- the individuals and the content, good or service producer."

What has struck me over the last 20 years is this: Really smart people trying to solve these tough common, collective action problems come to very similar conclusions and they are all about self organizing and how to provide platforms and context and programs for self governance and organizing. In the business challenge that you are describing there are two clear participants -- one is advertisers – representing the people with goods and services they are trying to sell – and the other is individuals who may or may not be ready to receive the selling message.

As a consumer, I don't want to interact with just one company, I want to interact with hundreds of companies. So that is a many to many, that's a big distributed issue and if you are wanting that to work for all people then you need a Visa style solution, a clearing that is trustworthy for both parties -- the individuals and the content, good or service producer.

My sense in working with them is I see no technical limitations. It really is a business-model limitation and a failure of imagination -- about breaking old habits.

HOW DO MOVE FORWARD -- IMAGINATION

Q: How do you think an Information Trust Exchange idea might move forward?

> "Who are the 10 people or the 10 groups that if they agreed to move forward with something together or some meaningful proportion, that they would have the resources to do it and the capacity to get it done?"

A: I've funded and participated in so many sessions around papers that I have a knee jerk negative reaction to that notion. But I am a fan of thinking: "Who are the 10 people or the 10 groups that if they agreed to move forward with something together or some meaningful proportion, that they would have the resources to do it and the capacity to get it done?" I would prep and try to get to that. I tend to work this backward, thinking about who would need to be in a room to actually launch this -- then working back until you get to the point where you are now which is how you take a step in the next direction.

Many years ago, when I was a foundation program officer, I recall one session with an outfit we were funding and their executive director went through explain several initiatives they had in mind and in each case I said I couldn't imagine that working. And the executive director finally said to me in frustration: "Is that because those things are not possible or because of a failure of your imagination?" I never have forgotten that, and I made sure that organization and some of his ideas were well funded for a few more years.

> "And the executive director finally said to me in frustration: 'Is that because those things are not possible or because of a failure of your imagination? I never have forgotten that . . . . "