



## NOTES FOR A GATHERING OF NEWS EXECUTIVES

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I want to talk about risk, offense and defense.

Membership in ITEGA, and helping us to foster privacy standards, identity infrastructure and a information marketplace is both a defensive and offensive play for news companies.

### WHY OFFENSIVE

It's offensive because it's developing a first-party identity marketplace that is not dependent on the platforms. Silicon Valley has hijacked the user base, and it's time to earn it back.

That's audacious, for sure; there is high risk ITEGA and its membership won't meet the challenge of getting quickly to a scale at which brands and agencies -- and most importantly the public -- will pay attention.

We think scale is possible, however, if the service rolls out fast, gets lots of strong public notice in media and among privacy groups -- and if it becomes an operating standard that drives federal regulation.

### LOW COST

So high risk of failure, but outsized reward if successful -- and also low financial and low operational cost. Why low cost?

- Does not require abandoning anything you're doing now
- Piggyback onto existing logins/accounts
- Cloud / SAAS based primarily
- Publisher server side seen as not highly complicated
- And potentially can be mostly offloaded to agents/vendors

## BUILD COSTS

We believe ITEGA can oversee private vendors fielding a federated single-sign-on system -- all of it likely built with non-proprietary, open tech -- prototyping for under \$100K, and commercial operating for low six figures.

We think vendors will be willing to contract to operate a nonprofit user data exchange for transaction fees, and build it largely at their expense as an investment.

## MOSTLY IN THE CLOUD

Most pieces of these services will be SAAS in the cloud, with well-understood technology on publisher services. The nation's Tier 1 universities and some colleges already run federated single sign on -- it's called EduRoam, so the private sector news industry can figure it out.

## WHY DEFENSIVE?

Even if -- as an offensive play -- ITGEA's SSO and UDEX deployment fails at the scale challenge, it has value defensively.

It's defensive because it's designed to inoculate your members against the revenue collapse from an impending outlawing of the current ad-tech ecosystem.

- If GDPR effectively renders legally toxic the exchange of third-party data without explicit consents -- and if CCPA ends up having a similar effect, the user-data grist driving today's exchanges will become business poison.

The news industry needs an alternative, and fortunately it has an initial one in its history of trusted relationships with subscribers and viewers. You have to defend those relationships and keep them out of the hands of ad-tech players and pop up fake-news websites.

ITEGA's approach is designed so that only a user's home base can know that user intimately. Others can only learn about them by starting their own first-party relationships. To capitalize on owning the user relationship, you must only share what you know with the user's permission and then ideally only in aggregate.

## BUILDING THE UDEX

Enforceable anonymity is why ITEGA also intends to foster creation of a non-profit, anonymizing user data exchange, or UDEX. Advertisers and other data processors will only be able to work with interest cohorts, who's individual members are only known as an anonymous hash -- possibly geolocated at least to zip -- and that times out after about a week (to allow reasonable frequency capping).

## THE EXPERTS -- KINT AND KIESOW

Digital Content Next's Jason Kint put it in a March 19, 2019 newsletter post: "GDPR will create opportunity for audience selection based on cohorts and context . . . creating new demand through context and true relevance is the sweet spot of trust and true publishers."

Damon Kiesow, who many of you know from his work at AOL, *The Boston Globe*, McClatchy and elsewhere, now holds a Knight teaching chair at the Missouri School of Journalism and works with the Reynolds Journalism Institute, which helped incubate ITEGA.

Here is what he told me a year ago in a discussion:

*"We're about to hit another crisis point like we did in 2008 because of the pending collapse of the programmatic economy. It will start with the European stuff and if that blows up Facebook and a bunch of Google's models and a bunch of programmatic, and it starts to penalize a lot of the abuses you are seeking terms of retargeting and inappropriate use of user data -- [then] that is going to be a Tsunami that washes over here, and we are going to have to ask: Are we protected from this, or are we using data that's been gathered illegally, and are we vulnerable when the lawsuits start? We can't be selling this data to brokers or buying or using this data from vendors that are not 100% on the up and up. Guess what, that's 70% of them who are not trustworthy. As soon as that becomes a legal risk, we are going from having 50 networks in our pool to having five networks in our pool."*

And this is what Damon ended with:

*"It could be that when we weed out all of the bad actors and we start this rush to quality, it could be that we end up making twice as much because we are not being ripped off along the way. The ad economy is going to drastically change and to protect ourselves we are going to have to move to a first-party, identity-controlled basis. The uncertainty is what's going to drive this change more than the actual revenue driving."*

(Damon Kiesow, March 22, 2018, teleconf with Bill Densmore)

## SUMMARY

So ITEGA's advice:

- Believe your own gut that the current system can't continue
- Re-capitalize the trust and audience relationships you have and position to add new ones
- Become "infovalets" / info-fiduciaries / and privacy agents for your audiences
- Keep them out of the hands of data pirates in the Lumascape

The ecosystem seems increasingly unlikely to survive in a GDPR / CCPA/ CPRA or federal regulatory world. It's just too hard to imagine how a system which stores user data all over the place and for all kinds of purposes can square with greater user control and transparency.

It is simply too opaque -- too dependent on sweeping up breadcrumbs of our identity by night.

ITEGA gives you the opportunity to play both offense and defense to build businesses based on the light of day -- in the true spirit of American journalism.

-- END OF NOTES --