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EXECTIVE SUMMARY / RECOMMENDATION / CONCLUSION

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
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This report, designed for easy reading, consists of a one-page Abstract, a seven-page Executive Summary, two narrative sections -- organized with links, subheads and pullquotes -- and a set of appendices. A series of [blog reports](#) on the RJI website also supplements the report.

FROM PERSONA TO PAYMENT:

A STATUS REPORT ON THE NEWS ECOSYSTEM, 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.

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 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."

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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.

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- 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, 2012

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.")*

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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 – or Ecosystem (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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> 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.

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.

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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 DigitTrust 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.

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."

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Full report draft at: http://newhare.com/ite/report.pdf