



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, technologists 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 its 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 happened, 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 authentication 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.

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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
 - One account, one bill, one ID, purchase anywhere.
 - 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 or 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.”

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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.

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 is 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.

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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 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.

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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.

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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](#), and a former tech-industry marketing executive, 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.”

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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.

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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.”

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[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.”¹

¹ -- 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 Spiegle](#) 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 Spiegle. 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 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 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 but 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](#).”)

Phase 3

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 Anderson² in 2012 and 2013. In some ways, it is conceptually similar to Clickshare Authentication and Logging Service, described in two United States patents.³ 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

² -- [Buzz Wurzer](#) is a retired Hearst Corp. executive; [Bill Anderson](#) is a retired Seattle SeaFirst bank CTO.

³ -- <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 alphanumeric 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:

- 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.
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- 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.

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."

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."

<p>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 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."</p>
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--- END OF PART TWO / END OF REPORT ---