16th Annual International Symposium on Online Journalism

Day 2, April 18, 2015: Afternoon Session – 1:45-2:30 p.m.
The Changing Business Logic of Media: Why Contemporary Trends Require Rethinking Company Strategies

Keynote Speaker: Robert Picard, Reuters Institute at the University of Oxford

Chair: George Sylvie, Associate Professor, **School of Journalism, University of Texas at Austin**

Robert Picard: It's a great pleasure to be here with you and to be able to talk with you about some of the trends in media [and] where they are taking us, and to really step back from the bigger picture of the kind of best practices and innovations and opportunities that we've been talking about the last couple of days to understand the kind of context in which they're taking place and why this is important to us.

The first most important change is that screens are now the primary means of communication for us. Now, this is the first time in human history where physical media weren't the dominant form of presentation, whether it was rock carvings, whether it was paintings on the side of caves, whether it was text, whether it was books, all of the things. We've always had a physically oriented kind of media as being the predominant media. And we've now moved away from that.

And these changes are really significant in how they changed the way that people perceive information, how they change the way people interact with information is not yet fully understood along the way. We know it has a lot of social and cultural implications. We know it has a lot of implications for those who do work in this area and are trying to communicate to people and the businesses that are built around them.

But this idea of now having the screen, whether it be in the form of a large broadcast screen or a television screen or a tablet or any of the other kinds of screens that we're using, as Rosenthal is getting out his smaller screen there, you know, these are all the things we're living with now in terms of dealing with screens. And they are absolutely critical for us to understand where we're going.

The second big issue is that mobile is now the dominant means for interpersonal communications. And some of you may have seen this picture before. Eight years apart. Taken at the Vatican. The first was people waiting for the announcement of the election of what was Pope Benedict. The second eight years later [was] waiting for the news of the election of Pope Francis.

And this idea that in such a short period of time a general purpose technology, and that's what mobile communications are, could become so ubiquitous. We use it to talk. We use it to text. We use it to read, to listen, to view, to photograph. We use it in so many different ways along the way.

And today, the average user in the United States is using their mobile phone about an hour-and-a-half a day and checking it about 150 times a day. We look at it regularly to see about notifications coming in [and] other such things coming in along the way. And this has changed all of the way that we were thinking.

So, if you are in a business model and you are working in a news organization trying to reach people and you are neither mobile nor screen-based, you're in real trouble. You know, this is just—you cannot be working there without being in that environment.

The third is, what is happening with social media? The important thing for us to understand in news organizations is that we always produce mass communication messages. We produce messages for many different people. But with the development of social media, we are now combining mass communication and interpersonal communications in ways that we've never been able to do so historically. And we're not sure all of the implications of that or how to actually best use that.

Many of the discussions that we've had in the last couple of days are actually looking at that. We do know that when interpersonal communication is involved, it's much more credible and much more persuasive than mass communication messages. So, something is happening in this nexus and in this environment that allows us to have a very different kind of communication taking place.

The problem is we don't control it. We can only be part of it. And it's going to take on a life of its own because we can't control those interpersonal activities. And that is really difficult for journalists, particularly, because journalists and publishers have always wanted to control every single period and punctuation point in their publications. They wanted to control every interaction, every use of their material, and suddenly now, we lose that control in this environment. And it's very frustrating for many traditional publishers and others as they're having to deal with that issue.

Of course, we all know that one of the big problems or challenges that's occurring is the fact that media consumption itself is no longer a group activity. 25 years ago, 50 years ago, 100 years ago, you gathered around the radio, you gathered around the television set, and you did things in a group activity. Today, it's highly individualized. We all have different patterns of use. It's rare that households today in developed nations don't have two-to-three television sets or screens on which television-like material can be made available. And that is changing how we interact even in familiar situations. But at best, what it's doing is changing our individual consumption patterns.

So, we no longer can talk of mass audiences. We talk about individuals. And it's this individuality of audiences that is becoming very difficult for many of us to deal with. And those audiences now, because of the technologies, have the ability to interact with the content in ways that we never had before. And if we aren't providing that interactivity, if we aren't providing that share—the abilities to share, to comment, to take all of these kinds of different ways that people are interacting, their expectation of that is crushed.

Because in this environment, people used to this expect that those features are going to be there to allow them to interact. And if we don't, we don't meet their expectations. Anybody that's in business knows, if you don't meet your customer's expectations, you're dead. It's just that simple. And so, the expectations now are no longer the expectations we've built up, but what technology and what non-journalism companies have built into the expectations.

We are also facing a very real change in terms of the way that we connect around the world. And we do think that internet connections—wow, that's nice, we're all being internet connected—this is actually having dramatic changes. The entire technological infrastructures of telephony have been changed—the kind of switches that are there, the kind of organization of telephony has changed—and that affects our telephone operations and everything else that we do along the way.

We know the challenges that it's presented for print along the way, but even in television now, we have serious discussions going on in many countries about when do they shut off broadcasting. Many countries want to capture back the broadcasting frequencies, because they can sell them to mobile operators. And when governments smell money, we know they start looking around your wallet very carefully. And they're doing this right now with broadcasting. And having all of us just come through April 15 this week, we know what that's all about.

But seriously, the idea of moving video distribution, whether it be television channels or others, into broadband distribution has great attractiveness for many regulators and government policy makers along the way. But the side effect of doing this is, as more and more things move into this connected world, the expectation of two-way communication and two-way flow, again, becomes built up in ways we could hardly have imagined years ago.

We have this problem of supply. We have an over-supply of information out there. We've got something [like] several billion websites now that are out there, more than a trillion pages out there. We've got about 350-million hours of broadcasting every year. We've got about 750-million hours of radio broadcasting each year. We have a thousand new books produced every day.

Sorry for you that are trying to hock your books down here. You know, you're getting stuck in the middle. And so, you're in a time of such overabundance.

Now anybody that took Economics 1 knows that anytime you have something that's abundant, the price drops. And information is incredibly abundant today. And that's very, very difficult for news organizations. Now, journalists lie to themselves all the time. We have to. I like to point this out. Journalists think they do hard news all the time. About 80-85% of the news produced in any newspaper in any newsroom is not the kind of journalism that we talk about that's important for democracy or other things. It's information. It's what's going on at the theatre today. It is reviews of restaurants. It is what's happening with the automobiles that are being released by auto dealers. It's all of these other kinds of informational things that millions of other sources can provide.

And so, this is the problem of competition that we're getting into today, because a lot of the information that we are producing and reproducing is losing its value both economically and functionally, simply because other people can provide it. And if we're going behind paywalls with our material, it's even worse, because why are they going to pay for all this stuff that they can get free? And that's where we have to go back to what are we doing as real journalism and really doing the stuff that's special that Ask.com and others are not going to be able to do. And that becomes [the] kind of issues that we face with this abundance along the way.

Now, abundance is a problem, because we used to have very limited material provided out there. And it was the lack of competition that actually made us link audiences with our information and news very highly and made it possible for us to make a lot of money. But now with this huge competitive environment out there, we are unable to keep prices up, and it becomes almost impossible to do.

And at the same time, the trend is moving from the mass audiences to audiences of one, of 100, of 1,000. And when you're looking at a business model in the digital age, you have to be looking at a model of best serving each individual customer. And still today, we have newsrooms, when we go into them, they've got the board up there showing us what's getting hit and what's getting consumed. It's not the fact that one article is getting 3,000 or 10,000 views; it's the fact that one article is getting on if it is valuable enough for that person to pay for it.

And this kind of change is fundamental to understanding the change in the business of media and where we're going. And there's huge problems for many people today in understanding and making that shift over if they've come from legacy media now into digital media.

Now, we do a lot of work at the Reuter's Institute. We have the Digital News Report—I only give a plug for it simply because it's free—where we do digital news consumption surveys in multiple nations. All that data is available free. The 2015 study will be out in about six weeks. I'll give you some little preview of it when we discuss some things today.

But it's important to understand that news consumption is different from other digital consumption. And a lot of people in this industry talk about what's happening with the trends of digital consumption, which are good to know, but it's not news consumption, and we have to make huge distinctions with that along the way.

What I want to do is to really argue to you that it is going to be impossible for digital news provision to be the savior of legacy news organizations. It's not going to do it no matter what anybody thinks. And there are a lot of reasons for it. Digital can support news in a digital environment, but it cannot support digital plus print. There will have to be changes in the way that it's done in the future. And here are some of the reasons:

- Digital news consumption is going up.

Great idea. Wonderful. People are reading news online. They're reading them on their phone. They're doing others. However, those that are paying for it are plateauing. And this is something we're finding in our studies around the world as we're looking at what is happening. It's that slowing that means that we have real limits of where we're going. It now looks as if online and in other digital forms, mobile forms, and others, those who are currently paying and willing to pay are plateauing off at about half the level of what they were paying for in print. So, we've got a real problem in here if we think that it's going to save both sides, because we all know that the price of advertising online is so low and going down and we can't make it along the way.

- Up to 80% of people say they're never going to pay for news online.

Why should they? There are so many free sites. You can go to NPR sites. You can go to the BBC News. You can go to the Guardian. You can go to very credible ones that are there, plus all kinds of not-very-credible ones. And many aggregators are throwing the top ten headlines at you. They're buying them from AP and they're buying them from Reuters, so for most people that don't really care much about news, why would they start paying money for news in that environment? The problem is there is a group of people who want to pay for news, and we have to figure out how to better serve them better and we have to figure out how to get them to pay more and to buy more of our products. Upselling the kind of classic things that go on in business has to be done.

- We have, of course, the issues of digital and mobile advertising. It's growing. It's doing well. But news organizations aren't benefitting.

Now, one of the things I think we all have to become aware of very clearly and very quickly is that Google and Apple, YouTube, and others, they're not our friends. They never have been. As nice as they want to come up here and give us some money for our things, they are not our friends. They are our business partners, maybe, but they are business partners with strong self-interest, and they're trying to exploit the work that we do for their own gain. That's the nature of it.

So, what can we do about it becomes the issue. There are some things that are happening in the industry now. The launch of Pangea by The Guardian, Financial Times, CNN. Who else is in there? Reuters is in there. Which is basically saying, "We're going to cut Google out on the advertising, and we're going to build a whole advertising infrastructure for news organizations." Will it work or not? We don't know. Their argument is that news consumers and heavy news consumers are a better market than Google, and that because they can keep the data and have the data available, they'll be able to get higher prices. Sounds good. We'll find out.

But it is a problem when you have intermediaries sitting out there that are taking 25-30% or 80% of the money that comes in. You're not going to get much out. It's nice to have the money, but very clearly, any thought that we're going to be growing dramatically, as has been in the past, has to be squelched a bit in this environment.

Now, this environment is difficult from a strategic standpoint. When you look at your business strategy and you look at trying to understand what we're dealing with, we're dealing with an environment that it's very difficult to work in because there's no stability. There's no clear direction. There's no clear answer to what you must be doing.

So, we've heard some of that reflected the last couple of days—that this environment is so difficult to work in. And there's some realities about it. One of the first is that you don't know who your competitors are. You're not able to sit there and define who the industry is and what you're doing very well. Because a lot of things that we're doing are being done by other people that are in news. They're being done with people that are not in the content business. And so, it's really difficult for us very often to just sit there and say, "Well, who am I competing with?"

Now, I've spent part of my life doing antitrust work for the U.S. Government, European Commission, and some others around the world. Defining the market is the most important thing that you have to do in a business to be able to define what industry you're in. We can't do that today, and it's absolutely [critical].

The corporate structures, the company structures that we live in are changing all over the place. Those of you that work in news organizations know what's happening as they're bringing people into the newsroom.

They're breaking down what used to be silos. They're creating horizontal rather than vertical structures along the way. They're moving people around. They're cooperating more with competitors. All of these things are very dislocating. But in a VUCA—[Volatile, Uncertain, Complex, Ambiguous]—environment, you simply have to deal with them along the way.

And one of the worst things is that all the things that you did in the past that were wonderful come back to haunt you. So, the number one biggest move that newspaper publishers are making around the world are selling all of these massive, center-city buildings that they built in the 1980's and 90's when the money just came flowing in for them doing almost nothing. Yet, between 1950 and 2000, the amount of money in news business—newspapers both in Europe and North America—increased 300% in real terms adjusted for inflation. Every year it got better and better and better. You could take the dumbest cousin in the family and have them run your newspaper, and it was gonna be okay. [laughter]

Today, you'd better have the banker [and] you'd better have the best businessman in the family if it's still family owned. And if it's not family owned, you better have one of the most forward looking kind of managers in there that you've ever seen, because you cannot expect the money to continue.

In the U. S., everybody likes to say it was the internet that killed advertising. Advertising was in trouble long before the internet. From about 1970-on in the U.S., 1% a year loss in audience penetration. Every year, 1-1.5%. Just kept going down and down and down. And newspapers were saying, "Well, that's not a problem," because advertising was still going up. And in fact, advertising went up until 2005. 2005 was the peak for advertising in the United States.

But after that, it all blew up. It blew up for a variety of reasons. The biggest reason was because advertisers say, "Why are we giving you this money when you don't have the audience and when there's these great new audiences that we think we want to try to use."

So, we have these huge changes that are going on. So, a lot of the things that were an advantage—having the printing house, having the distribution network, having all of these things—now become a problem as we move online and they can rapidly deal with them.

So, what are we do in this kind of environment? What does a company do? How does it operate? Well, normally, all of the basic business studies say, "Well, you have to engage in serious, strategic rethinking of what you do. You sit down with all the parties that are involved. You review your products and services. You go through this traditional process that takes about six months to a year to build up, and you build up this beautiful strategic plan."

The problem is, it doesn't work in a VUCA environment. Every day you're doing that, it's changing. The market is changing. The market is moving before you could ever get your strategy together from one day to the next. And so, what we end up having to do is not decide where we're going to go, but how are we going to get where we're going? What are the principles that are going to guide us as we try new things to try to make this company work in this new environment? And that becomes a very difficult thing for many companies to do.

And news companies are the worst to deal with these, because the news companies have never had research and development efforts in their entire life. Everything that went on to improve the newspapers was done by their suppliers and other such things and not by the newspapers themselves. And all of a sudden, they now have to do all of this business development, research and development activities that are going on. And [in] all of those, failure is inherent. 90% of the time in business development and new product development, you fail.

So, what do we do in news organizations? We try something, it doesn't work, and they go, "Oh, no, no, no, we can't do that again," or, "No, we can't have failure. It doesn't look good for us, because we're supposed to be stable, knowledgeable organizations." The fact is, it's normal that things are not going to work how we planned them to work, and we have to deal with them in very different ways.

So, what do we do? It is continual adaptation. It's trying things. It's seeing what works. It's finding things that work sort of and moving into that direction to make it work. And it's this adaptation and being very agile organizations that become absolutely critical, whether you're a big organization or a small organization operating in this environment. And so, that's very difficult for many companies, because news is a difficult product to produce. We have to produce stuff now for distribution tomorrow, for tonight, for the next hour, for the next two minutes. And so being able to try to figure out how to put this all together becomes a very difficult problem.

And so, we're working to try to do that, and we hear all of the discussions about, "Well, we have to have a better business model." And we've had some discussions of that yesterday in the meetings here. The problem is, when people in the news business and when people in this conference talk about business models, they're not talking about business models, they're talking about revenue models, which is only one of about 10 or 11 categories that go into a business model. And the rest of them are ignored, which has to do with, how is it that you go about meeting the needs and wants of the customer? And creating value to that customer is the fundamental thing.

What kind of configurations are necessary to make that work? What kind of resources to do you have to bring [in] to make that work? And what kind of relationships do you have to establish with your companies that serve you and with your customers in this relationship? And how do you bring them into that relationship? And that is where we are now sitting in a very difficult situation because we have to be able to—I'm just going to skip that—we have to be able to find a way to make our revenue work, but our revenue can't work if our product doesn't work.

We are still preparing news as if it was the 19th century. The definitions of what we think is news [and] the formats that we use in the news are 19th and 20th century [news and] formats. And this is where we're starting to get clashes in newsrooms as new people coming into them are saying, "That's not a way to prepare a story for mobile. That's not a way to prepare a story for online or to put it in a particular way and expect it's going to do well in social sharing." And so, we're having to find ways to deal with that.

The reason that we have to do it is we've got to get this revenue straightened out along the way. And we're seeing a lot of bigger companies now that are doing fairly well doing strategy work to try to stabilize the consumption of paid news, online and in mobile forms. We see a lot of them making a lot of investments to get better data along the way [and] to understand those users, both those users who don't pay and those [who] pay. And so, we see a lot of companies now that are really starting to turn non-payers into payers, which is very important, and to get payers to pay more for additional services, [which] is a very important part of stabilizing that. So, getting the revenues up is an important thing, but it takes a different kind of thinking than we've had before.

In the last few minutes, I just want to give you a couple of things to worry about. And this is, how do you tell we are in trouble or not or getting close to it? And these are kind of tipping points that we worry about:

In print media, the first one is: When content income exceeds ad income. When people are paying you more than your advertisers, you'd better be paying more attention to the people than to your advertisers. The fact is that most newspapers and most broadcast news organizations still have it the other way around; yet, we're starting to have that as a tipping point.

When you're digital income exceeds your print income, obviously, you have to make some strategic decisions.

When your mobile use exceeds your desktop use. [This] becomes a very important one because it has to do with how design your materials, how you design your stories and your presentation.

And finally when the print income no longer pays the print cost.

And those are places we have to worry about.

For some magazines and newspapers, they've already hit the first tipping point. And some magazines and papers are now reaching that second point. So, we've got to watch ourselves very carefully, because at some point, you've got to make a decision: Do I keep in print or do I not? And what do I do about that?

Many news organizations are already at the point where mobile is their number one consumption mechanism. That means you have to think about how you're preparing your material, if it's with apps or mobile web or whatever, to make it work, or you can't do it. And we're already at a point now, there are a few magazines [that] have reached this point and stopped. So *Newsweek*, for instance, which gave up the print edition. And others are getting very close to that along the way.

We also see it in broadcasting, so if you're in broadcast news, there's things to worry about as well:

The first is: When revenue from consumers, again, beats advertising.

The second one is: When the cost of serving network affiliates surpasses the revenues that networks receive. So, the kind of sharing of money that goes from the networks down to the affiliates becomes very important, because if it becomes unprofitable, they will stop serving the affiliates, in which case many of them lose a lot of their news sources along the way.

When non-linear income exceeds linear revenue streams and when online firms revenue exceeds those of broadcasters. These are all going to be huge tipping points in broadcasting.

In some of the cable channels, we're already here. Not surprising. That's kind of where they started. Some of the networks are very close to this. And if you actually look at the finances of some of the networks, the only reason they are not yet breaking the ties to their affiliates is that they still own about a dozen profitable [stations] and operate stations in major markets. Once that starts being less profitable for them, they start thinking about doing away with the affiliate relations. Why are they paying affiliates rather than the other way around? [This] becomes the argument.

So, we've got all of these kind of things that are happening to us in this industry, and it becomes absolutely critical for us to be thinking about these broader kinds of trends that are going on and the way we have to start thinking about strategizing what we do in the future.

Thank you. It's been a pleasure.

[Applause.]

Q&A Session:

George Sylvie: So, I am curious, there's a recent piece in the International Journal on Media Management—I think it's by John Soloski—which notices that there are no changes in leadership in media even though, you know, all these negative things keep happening, and they don't seem to have any problems borrowing money as well. How does that fit into this place?

Robert Picard: Well, one of the things of existing media, mixed media still produce large cash flows, and it's free cash flow, which is very good if you need to borrow money along the way. What they're not getting is new investment income, which is a better issue. So, it shows, yes, we can give you some short-term loans to do some things along the way, because you are bringing in enough cash flow on a day-to-day basis to be able to deal with it, but the investment income is the real problem that's happening. And so, many of the companies, both public and private, are now having to squeeze the existing operations to get the cash to be able to invest in the news ones. And that's going to make it harder and harder on existing operations.

George Sylvie: And my last question goes to the point you made about the business model discussion. As you noted, everybody is talking about revenue, and you said there's all these other areas. Which of those other areas do you think people such as Jim Moroney and others, who frequent this conference every year, what should they start working on first?

Robert Picard: I think the first one is to understand what it is you're producing and what kind of material you're producing. Your content is the critical point. What is it about your content that is different from everybody else's? So, newspapers keep saying, "Well, I don't have any money. We don't have any money to do anything." But they can find money to send 300 people to go to the Final Four. OK? Now, did they need to send them across country to do that or could they have done it from their television set sitting at home? "Well, we want to be in the environment," and whatever. But we do these things because we say, "Well, we want to report the Final Four." Well, who wants to report the Final Four? If they're not from your hometown, why is everybody spending that kind of money? It's less valuable to spend your resource that way and would be better spending it on hometown kind of news.

So, the issue is, what are people going to pay for? And what we know they will pay for is uniqueness, locality, specialization, things of those sort. And that's where you have to start looking about what you can do that nobody else can provide. Because that's what people will you for.

George Sylvie: OK. Let's open it up to the floor.

Edward Shumaker Matos: Edward Shumaker Matos from Columbia University. Your colleague who's from Northwestern—unfortunately, he left a couple of hours ago—told me something this morning. He said that in five or six or seven years, advertising for the news media is going to dry up. And that's because the news media cannot revive the sort of metrics that programmatic wants. It's just far more complex and costly than anybody can do. If that's so, one, do you agree? And then two, what's the alternative?

Robert Picard: Well, I don't believe it's going to dry up, per se, but we are going to see advertisers demanding much better metrics for performance reasons. But it's not just the news media's problem. It's everybody that's in the digital environment has this problem. And I don't think the news business will solve it. I think it will get solved by everybody that's in the digital business. And they're already working toward it.

As it is today, we can't measure somebody who gets up in the morning, reads a newspaper, midday looks at it on their computer, [and] looks at it on their smartphone going home. We don't know what they've read before or not, because each technology uses a different metric and uses different…. And those metrics—and this is a problem of data when we're dealing with data and big data on consumption—those metrics were created for certain things. And you always have to ask what data was created for. The data is almost primarily created for advertising purposes, not for the purposes of understanding consumption and editorial consumption and what people are reading. That's a huge problem for us that we have to see gets sorted out.

George Sylvie: Before we get to the next question, just a reaction question. Don't you think part of that is because advertisers really don't want to know that nobody is watching their advertising?

Robert Picard: [laughs] Well, that always has been a problem. The old standard line that 50% of my advertising dollars are wasted, but I don't know which 50%. What is more telling is that, you know, 25 years ago if you looked at major companies, about 80% of all of their marketing money went into media advertising. Today, it's only about 25%. They're spending money in these other ways that are much better for reaching their audiences and customers and existing customers than advertising. And that is really a big, big change that's coming on.

So certainly, the amount of money available is going to go down. I think there's still a place for advertising in the future, but we are going to have to work on metrics.

George Sylvie: Next question.

Jonathan Groves: Jonathan Groves at Drury University. I really enjoyed the talk. Thanks very much. You said a lot of things that I think are really important. I was intrigued [with] especially your point. I really appreciated the point about the distinction between revenue models and business models. And when you brought up strategy, you mentioned that our traditional notions of strategy, where we go through the process for six months to a year, we can't be doing that kind of thing anymore. And you brought up, it's the new organization. One good thing about strategy is it allows you so you don't fall prey to the *shiny new diamond syndrome*. How do you help people find that balance?

Robert Picard: Well, that's where you have to set a different kind of strategy, and that is the strategy of how we're going to move forward trying things. And so, you really have to be able to say, "How do we decide which to invest in and which not? How do we decide when it's time to pull the plug on a particular thing that we've tried and it didn't work? And there are strategies for doing that, but they come primarily not out of business operational strategy, but out of business development strategies. And so, you say, "What are we trying to achieve? How do we know when we're achieving it or not achieving it? And what do we do about it?" So, you set those kind of strategies, rather than, "We're going from here to there."

George Sylvie: Next question.

Nick Diakopoulos: Hi. Nick Diakopoulos, University of Maryland. So, most news organizations don't have an R&D lab. There are a few that do. *Bloomberg* does. *New York Times* does now. I'm wondering what your advice -- what your strategic advice would be to news organizations that are thinking about developing/creating some kind of R&D group. What kinds of things should they be thinking about? What are the topics and things and outcomes that they might look to get out of those labs?

Robert Picard: Well, the first thing they have to do is start looking at what *The Times* and *The Post* and others aren't doing. One of the big problems we have [is] we come to conferences like this, we go to industry meetings of all kind, and we get the big players up and they say, "We're doing this and this, and it's wonderful, and everybody should do the same thing." You do the same thing, you're dead.

Secondly, as a smaller organization, you don't have the resources and capabilities to do that. But it may mean that you have to invest in one or two people, so it's not a department in the same way that we think in larger organizations. You have to bring people together on a regular basis. There's some really interesting techniques that are used, for instance, in software development and IT firms that are non-news oriented, where you may only have 6, 8, 10, 12, 15 people working in the organizations, but they are all charged with R&D basically. They are all charged with doing it and meet regularly to see what each is doing, where they think things can go, and work their way through that. And so, we have to think more about that.

Google sits there with basically everybody that works at Google has 15% of their time that they're supposed to be doing R&D; trying something new. When have we ever done that in a newspaper? You know, we still don't. we get a department. We organize it. We put all the nerds in there, and we say, "Go play and find us our solution." Well, the solution is organization-wide, not just in an IT department.

George Sylvie: We have time for one more question?

Rosenthal Calmon Alves: Yes.

George Sylvie: I've got a question if nobody else is coming down. How many people in here are academics? So, there's still quite a few here. What would you tell these people—particularly, the ones in management and economics, but also those who are studying politically oriented things like social media—what would you tell them they need to start researching?

Robert Picard: Well, I think we need to understand, what are the impact of those on people? And what we're spending a lot of time looking at is just who's doing what, and that's not enough, but what actually works and produces the kind of impact on people [that] we want? Academic institutions have a huge problem. And I made myself very unpopular last year saying this. You cannot prepare people for their future by hiring journalists with 30 and 40 years [of] experience—I don't care how many Pulitzers they have and other such things—and bring them in to teach young people how to solve the problems in the future. You need a bunch of young people, a bunch of designers, a bunch of other people in a very different way. Things are going to come about spontaneously.

For researchers and the other academics in institutions, they really need to be figuring out, how do we evaluate what works and doesn't work? Which means we have to decide, what is it we're wanting to measure the performance on? And that's the kind of things we can do that really helps the industry make its decisions.

George Sylvie: I think we're out of time. Robert, we appreciate you coming by, and thank you.

Robert Picard: It's my pleasure.

[Applause.]