

2009: International Symposium on Online Journalism

Day 1, Panel 1: Diverse Business Models in Online Journalism – Are We Trying Hard Enough?

Moderator/Chair:

Steve Outing, Columnist, Editor & Publisher

Panelists:

Premesh Chandran, Chief Executive Officer, Malaysiakini.com
(Malaysia)

Beth Frerking, Assistant Managing Editor, Partnership, Politico.com

Katie King, Creative and Development Editor, MSN (United Kingdom)

Máirion Strecker, Content Director, UOL.com.br (Brazil)

Steve Outing: Okay. Hi, everyone. I'm Steve Outing. Been in the internet business for quite a while, former newspaper journalist, who bailed out about 15 years ago to do internet stuff, and editor – excuse me – a columnist, editor, and publisher, and do media consulting and a bunch of other odd things. I guess it's going to be an interesting panel. Let's see now, where do I...? [Setting up presentation.] Okay. So, with us today [is] an international panel. We have at the end there Premesh Chandran, who is Chief Executive Officer of Malayski – Malaysiakina.com. Pardon me for mangling that. We have Beth Frerking, who is Assistant Managing Editor of Partnerships at Politico.com. From the UK we have Katie King, who is Creative and Development Editor for MSN. And on the end, Máirion Strecker, who is Content Director for UOL.com, which is a portal in Brazil.

So even though I'm the moderator, I do get to talk a little bit. And, you know, pretty contentious topic we're talking about here today. So the question we're all trying to ask is, are we trying hard enough? And, you know, just to start out I'll talk just a little bit about old media first. And I think the answer fairly obviously is "no" or we wouldn't see so many of the things that Paul was just talking about happening with the bankruptcies and newspapers going out of business. I personally am a little concerned about the direction things are going. I chose this photo in large part just because of what's been happening in the last few weeks. And you may remember Walter Isaacs not too long ago did a cover story for *Time Magazine* and kind of brought up this whole idea of the internet is not paying for news and we've got a big disaster on our hands. And he wanted – his big suggestion was something that has been tried over – in my estimation anyway – has been tried over and over again in the time that I've been involved in this, which is: okay, we need to start charging for news.

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And a lot of other folks piled on. Just most recently this week, Stephen Brill announced something called "Journalism Online" that you probably read about. The idea is setting up a – sort of setting up a technology system to make it easy for news publishers, magazines, TV, whatever, to charge for their content. And it's really, I think it's designed so that people can do whatever they want, but nevertheless, if you look back in history, there's many, many examples of trying to charge for content on the web and it's really, really tough. I actually left my last newspaper job, *The San Francisco Chronicle*, back in '93 and got into the internet. Actually, one of the first projects I did was this research report on what newspapers were doing online, and with DBS's, and with the web that was coming up, and with proprietary online services. And even back then doing all that research, you know, we kind of determined that for any of this to work we're going to need multiple revenue streams. A lot of different things are going to be needed to support this. And we're still doing that.

And the funny thing that I see to be picking up is that folks are, especially in the newspaper industry, just based on some of the email that I get, there's almost this religious war going on. There are people like me, Jeff Jarvis, others saying, you know, charging for content is just a non-starter unless you're *The Wall Street Journal*, unless you're a niche publisher who has content that nobody else has. But if you are a general interest newspaper, *The Denver Post*, or something like that, it's really going to be tough to find any content that you currently produce that you can charge, get people to pay for. And then, of course, the danger is that it'll, you know, you're going to lose some advertising. And, you know, in some of the conversations in the mail I'm getting, it sure sounds like a lot of newspapers are very, very seriously thinking about switching over to paid content. You know, I picked up a rumor the other day about a major newspaper that was going to flip over to paid content. [I] called them up and the marketing director just kind of put me off and said, "Yeah, okay, we're still talking about it." So there's a lot of people still on the fence in terms of that.

You know, I just – I don't want to be too negative. Paul said a lot of things about how horrible the newspaper industry is, obviously. I think we also have to look at, say, some of the small town papers that are probably going to do fine for a while longer. And it's really the big metros that are in trouble as a lot of their advertisers are saying, "Bail out." Oh, last night before going to bed I turned on Rachel Maddow and she had Ben Affleck on as her guest. And so he's one of the stars of the new movie "State of Play," which is probably the last big newspaper movie. And even Ben Affleck was pining about the death of newspapers, so I thought that was interesting.

Let's see. Again, I don't want to focus too much on old stuff. And I'm sure that the rest of our panelists won't. But I personally feel like I've kind of had a split personality in terms of this. I've been in the newspaper industry for a long time. I would like to see it survive. Personally, I don't care whether the

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print edition survives, but I would like to see – certainly like to see those institutions survive and investigative journalism and their strong watchdog role continue. I do think that some of the things being proposed, like the Stephen Brill thing from the other day, would be a mistake. And I still think that there are a lot of things that some newspaper companies have not yet tried. And just briefly, a lot of us have been saying that digital really needs to be at the center of the organization. I don't care if digital is not yet bringing in, you know, all the revenues or the majority of the revenues. To paraphrase Wayne Gretzky, you know, "You have to go where the puck is going, not where it is." And so, you know, mostly, we still haven't gotten to that point yet where digital is the center of everything.

And my second point here is that I still believe, and I'm beginning to think that maybe I'm starting to become more of the minority, but I still really believe in the idea of getting your content everywhere. A lot of what – a lot of what the Stephen Brill paid-content-wall-type idea does is really lock that off. And I think that a much better approach... And I think Arianna Huffington kind of takes this approach too. I know I heard her speak the other day. And the idea is just using the power of the internet to get your content just everywhere you possibly can and then figure out how to monetize it there. So that's sort of this religious debate. There's those of us who believe that, that we can find a model by distributing our content everywhere, by partnering with lots of other local media, and others who think, okay, we have to go backward and lock the stuff down and go back to the old models.

So really super briefly, you know, in terms of paid content, I think things like the Kindle, people are already paying subscriptions for that. The phones, iPhones. You know, I think the big difference is that on the web it's really difficult to get people to pay for content, because it's not so convenient. Whereas, you know, my iPhone, if I want to buy something on it, and maybe it's a news article or a subscription or something, it just goes straight to maybe my Amazon account or on my AT&T bill. With Kindle, one click, and it's on your Amazon bill. And [it's] just really, really difficult when you're going from site to site and you keep running into these walls. And even, you know, a few years ago, a lot of news organizations put up registration walls. It's still free content, but they wanted you to register. I mean, even that proved that people don't want to jump over barriers when they are bouncing around the web, because it's so easy to find something that replaces it that's almost as good.

One other thing. Another thing that a lot of newspapers really haven't tried is doing sort of an agency model – becoming the agency for your community and selling ads into all other media, all other websites. You know, nowadays, every organization, every company has a website, so you could be selling into that. You could be selling into various mobile phone things. I think a lot of news companies still tend to take a walled **rubber ball garden** ? approach.

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So a couple of other very fast ideas. Social marketing. If you follow the advertising world at all, [it's] changing dramatically the idea of getting advertisers to use social media techniques, because the traditional advertising is sort of dying. You know, that's another opportunity – to transform an ad department to support the news.

So anyways, these are just my opinion. A lot of people disagree with me, but I kind of feel like the newspaper industry is following the track that the Recording Industry Association of America did and, you know, fighting the wave instead of riding it. It's as simple as that.

Real quickly, I just wanted to... I don't have much time, so I'll just talk briefly about I think where most of the innovation that we'll see will be in some of the successors to newspapers. Paul was talking about a lot of them. Just some ones that are kind of interesting. INDenverTimes is about 30 journalists who just got, you know, laid off when *The Rocky Mountain News* closed, so they found three investors, and the three investors have no publishing experience between them. And so there's 30 of them. They're trying to come up with a new model. The model is a little dubious, I think. It's they want to charge \$4.99 a month and for that you would get a certain level of premium content. Most of their news which will compete with *The Denver Post* will still be free. But for \$4.99 you might run into a columnist that they'll put a charge for. Not a model I particularly think will work, but one thing that I think was really innovative that they're doing and something that I don't think you'll ever see mainstream news organizations do is that they say, "Okay, as part of this \$5.00 a month subscription program, you also get the right to talk to our journalists, to talk to our personalities." So they have, I forget what it's called, it's some sort of INDenverTimes chat type thing. And if you are a paying member, then you can between 10:00 and 5:00 p.m. basically chat with, you know, the journalists, and that's part of their job.

Man: The Insider Channel.

Steve Outing: Insider Channel, okay.

Rosental Calmon Alves: We have their people talking.

Steve Outing: Okay. Then they should talk about that. Really, that's the kind of innovation that's really fun to see. Spot.US, you probably know all about that, the idea of sort of crowd funding reporting, crowd funding investigative journalism. As that spreads, that could be really useful. San Diego News Network I put up there. I just thought that's interesting. It was actually founded by a guy who used to work at the *San Diego Union Tribune*, which of course is a newspaper who's having some trouble. And he found some investor partners, and the model that they developed was to partner with everybody they possibly could. So they partnered with every radio station, local community newspaper, TV station that they could possibly get.

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And, you know, it's ad revenue sharing, it's content sharing, and as part of the deal, everybody who partners with them has to give them promotion. So if they partner with the radio station, then San Diego News Network gets a certain amount of free promotion from that. So I thought that was an interesting model. The kind of odd thing about it is the founder got booted out recently. So we'll see where that one goes, but they are proceeding along with the same model.

The Batavian, I just put that up there because that was started by Gatehouse Media as a web-only news operation in a small town in New York. And the newspaper there had really done practically nothing with the web. So Howard Owens and the folks at Gatehouse at the time thought, "Okay, then let's go in there and compete with them in this online only thing." And I'm not quite sure how this happened, but Howard ended up buying this thing from Gatehouse and now he is running it by himself as a one-man venture. And then the Huffington Post was just... Paul already mentioned that one.

I've probably already gone too long, but my main point was to answer the main question about, are we trying hard enough? It just feels to me like we as an industry, especially the old media industry, is still not getting outside the box enough. I have proposed some ideas, like try and cooperate more with Google News. See if we can figure out a way for them to actually provide the news industry broadly, I mean, from new things to old things, and make it in Google's best interest. And I wrote some blog items on this recently and I just got blasted. People just hated the idea. And what was interesting was that I was really surprised at this animosity that I've picked up for a long time about our traditional press. It's like you really do get a lot of people who I think looked at what the newspaper industry has done or what they haven't done in terms of transforming and they are really pissed off about it. And I just... These last few days on my blog I got a taste of that.

So in terms of other interesting business models, one that I learned about recently I thought was interesting was the idea of, okay, instead of mandatorily charging people for content, what about if it's voluntary and it's really easy and there's no friction? So the idea that it might be a \$5.00 a month subscription you pay for and that kind of covers all of your internet content. Free internet content. And then the way that you support the organizations you like is a website. Like my blog might have a little kachingle thing on it, a medallion, and then if you liked it, you'd click on me, and then I'd get part of your money.

And then one final thing, which was I do a few things. I do a little consulting for a company that's trying to work on some classified stuff. We have a site called Reinventing Classifieds and we recently came out with this thing we called The Classifieds Manifesto. And we just put out a bunch of 'out there' ideas. And one of them is like with classified advertising, you know, maybe it's too late for newspapers and maybe classifieds are already gone, but, you know, one possibility that we came up with was, well, why don't you get

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actually involved more in the selling process? Get away from just selling advertising and actually help people. Get into the transaction and take some of those – take some of the commissions out of that. So that's ReinventingClassifieds.com. You might want to take a look at that.

And I'm sorry, I probably went on too long. But now I'll give somebody else a turn. And why don't we start with you, Premesh?

Premesh Chandran: Okay. Good morning everybody. My name is Premesh. I'm from a little country called Malaysia. How many of y'all have been to Malaysia? Wow! That's a surprise. [chuckles] How many of y'all have heard of Malaysia? [laughter] All right. That's good. You might have seen our commercial, right, Malaysia Truly Asia? Yeah? That's great. Let me get my slides up. Okay. Okay.

A very big thanks to Professor Rosental and for everybody for getting me here. Malaysia is really kind of across the world. If you to it from Texas through the center of the earth, I think you end up somewhere near Malaysia. It's nice to be here and in the U.S. and really meet a lot of people who've I've heard a lot about in the discussion on online media and really be part of this great symposium.

I won't take too much of your time. I'll present a little bit about Malaysia because maybe for those who don't know a little bit about Malaysia and a little bit about Malaysiakini. Malaysia and how Malaysiakini got started. Interesting thing about Malaysia is that we have two types of laws. One which governs print and broadcast, which was very restrictive and basically it's owned by the government or by parties in power, and the internet is actually completely free. There's actually a law which says that the internet will not be censored. And the reason for this was that in the mid-nineties, Malaysia wanted to present itself as the Silicon Valley of the East. They wanted to attract the big multinational companies, you know, Microsoft and Sun, in those days, you know, Silicon Graphics and stuff like that, and they formed an international advisory panel. And one of the demands of the international investor is that Malaysia would agree the internet would not be censored. So, you know, it's pretty good for that, and that was one reason why Malaysiakini exists.

In '88, our Deputy Prime Minister was arrested on account of like false charges, a big political crisis in Malaysia, and there was a huge demand for more independent news and what was coming out of the mainstream. And they managed to raise some money from friends and some money from grants, and Malaysiakini was born in 1999. This is also our tenth anniversary as with this symposium and some other publications. Internet penetration was about 20%, at that time using the old 64 kilobytes, you know, modems, you know, used those days. But really in that circumstances, we managed to hit 100,000 readers in a month.

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Can you guys hear me okay? Does it sound fine? [No audible response.] Okay. This is our little building. It's not a huge building. We don't own it. We just rent it. Our mission statement is really to use the internet, provide independent balanced news, and in the process, you know, lift standards of journalism in Malaysia, and support development of freedom of speech, justice, and democracy. We built our value proposition around three ideas: independent news being accurate, credible, and balanced. I think it's something which, you know, most of you would take for granted in your workspace. But in many parts of the world, in over half the world, there is no free media. And these are values that you can work extra hard to achieve. And, you know, just being accurate and being credible and being balance already puts you in danger of being in jail. You know, so it's something which in many parts of the world, something basic like that is also quite threatening. And we want to be the first in news. And that's very important because you just don't want to attract people who, you know, want to have independent news, but just about anybody wants to be in the know. The local readers don't like us, but they have to read us because we are the first published in news. And also being open, plural, and inclusive.

I'll just quickly browse the website if I can pull it up here. Just to give you a quick look and see about it. You guys have very fast internet connections, unlike Malaysia. [laughter] So you can see it's a pretty straightforward type of website. We've got main headlines. This is our new prime minister. You know, it's all the top news, lots of ads. We publish in English, Malay, Chinese, and Tamil, the four main languages in Malaysia. Got lots of video, latest news, letters. We attract a lot with the blogs, so we actually pick a lot of information from the blogs and list it using Google Reader. So we don't rework and we find the blogs add a lot of value to what's going on in Malaysia. We have hot topics in the blogs, things like that. It's a pretty straightforward website. We've got Chinese. This is in Tamil. These are Malay headlines, etc. Okay. And I'll show you a short video which highlights some issues from...[inaudible]..compiled from Malaysiakini.TV

[Video plays...]

During my time, the pain in the neck was Malaysiakini.com.

*You just work for the Malaysiakini. Malaysiakini...
[unintelligible]?*

Malaysiakini, please leave the hall. Please leave this place.

[Foreign language.] I get into trouble, but I think they've done a good job anyway. Thank you.

And I met Malaysiakini.com. I had to explain my – why I did all those things before. I don't know whether they believe me or not.

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Data is commission. We can't accept that.

That Thirunama Karasu is a psychiatric patient.

[Foreign language.]

[Foreign language.]

When lawyers walk, something is wrong.

[Crowd yelling in foreign language.]

[Crowd chanting in foreign language.]

[Siren wails. No audible voices.]

[Crowd chanting and yelling in foreign language.]

[Cheers/applause.]

[Music plays. Sound of heart beating. Music plays. End of video.]

Okay. So that was to give you a little glimpse of some of the stories that we've gotten over the last year and a half. As you can see, Malaysia is a bit of a semi-democracy. We've had one party ruling the country the last 50 years, and a key part of that rule was a control over the media. And Malaysiakini over the last 10 years have brought, you know, some of what you saw, you know, to the Malaysian public, which has never been seen before: a lot of the scandals, a lot of demonstrations, a lot of destruction of temples, you know, debts in custody or police custody. All the horrendous things that have been going on in the government, in the country, have now actually been reported, and Malaysiakini has been doing that. Especially when you see the power of video, in the last year and a half, Malaysiakini TV has been going very, very strongly. And what happens is that a lot of people see it online and also a lot will copy it onto VCDs and then pass it along to all over the country, even areas where there has been no access. And that culminated in this huge political change in the last general election in March last year. So Malaysiakini is really about that. It's about showing the country what's going on, you know, and then telling them, "Look. Now decide, you know, what kind of politics you want, what kind of democracy you want, what kind of change you would like."

I'm moving a little bit to, yeah, some statistics. We have 35 editorial staff, total staff about 60. We do about 50 stories a day in four languages. We've got 1.8 million what they call absolute unique visitors, by Google analytics. About 250,000 unique readers per day. According to Alexa and Google, we

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are ranked 13th, but we're ranked number one in terms of Malaysian sites. The top 12 are all, you know, Facebook, MSN, Yahoo, etc. In terms of Malaysian sites, we're number one. And I think the interesting thing about it is that we actually charge a subscription fee. We charge \$40-US for our English version. Most of the content in English version you have to subscribe to pay for. The Chinese and Malay sections are free, but they have less content. The English version is still our mainstay and we charge our readers \$40-US a year. We've been doing that since 2002.

The impact is that we've been able to break through state control of the media. As I mentioned, March 8th, dramatic changes in the country. The Prime Minister Abdullah Badawi said underestimating the internet was their biggest mistake. Major swing especially among internet voters, young and urban voters.

Moving along to the business that I think you'll all be very interested in. These are our numbers for 2008. As you can see, subscriptions contributed \$600,000. 60% of our income came from subscriptions. Advertising used to be negligible, but last year it grew huge, because people saw the impact of the internet in Malaysian politics. We still get grants. About 20% of our income are from grants from international foundations. I will talk very little, but I think grants are also still very important as a means to keep media, you know, being independent and being accurate. You can see our expenditure side is pretty much editorial dominated. We made a small profit in 2008. It was kind of a bumper year for us because of the elections. But we've been breaking even since 2004, out of which subscriptions has always been a very sizable part of our income.

Talking about the subscription business, when we first launched it, our biggest challenges were, you know, one, convincing our own staff. You know, when we wanted it, we did a poll, and about 99% of our readers said, "No, we don't want to go. We're not going to pay for content." You know, so when 99% of your readers say, "I'm not going to pay for content," it's hard to say, "Let's go ahead and charge for the website." [laughter] You know, so our staff were really angry with us, but we said, "Look, we really don't have a choice. It's either doing this or practically closing down." So, you know, it was a choice out of necessity and we had to do it. And at the time, there was very little online payment systems in Malaysia. We actually had to develop our own online payment system and all the hurdles of doing it. It was pretty tough. And, you know, when we did it, everybody said, "You're crazy. Who's going to pay for content? Internet is free." So we started in 2002. When we did it, we got about a 1% conversion rate. Of 100,000 readers, only 1% subscribed within the first year. Today, we only have 5%. We have 250,000 readers a day. Only 5% actually pay a subscription fee, but it still generates 60% of the income. You know, so I think that any survey you do, you're going to find 95%, 99% of them say, "No, I'm not going to pay for content." But even if a few people do pay, that's actually a very strong model. And 80% of our subscribers renew. So they pay, they're happy, they continue to

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do so. But again, this is in the political context of Malaysia where people are striving for democracy, people are challenging the state, and people are more willing to pay for independent media, because they feel that it will deliver change. Independent media is bringing democracy to the country. It's struggling for good. Let's fund independent media.

Since March '08, there are lot more new websites copying what Malaysiakini is doing. You're talking about red oceans and blue oceans, you know? Malaysiakini used to be a blue ocean. Now it's been copied all over, so we've become very much a red ocean. They get a lot of audiences, but none of them are making money. Most of them are actually bleeding very heavily, so it's become kind of like a battle to see how long people can last.

There are key success factors. Being unique. Speed is very, very important. We have a very high wall for our content. Some will put the wall a little lower, and that doesn't work. We actually had to increase our content, our wall, so that most of our English content sits behind a wall. Political developments in Malaysia whenever there is a big issue. It triggers a huge number of new subscribers. And we really drive the message that, you know, that you are supporting independent media. You're supporting democracy and justice. You're supporting change. You know, you're supporting not just... You're not just buying a commodity. You're not just reading this for yourself. In fact, if you subscribe to Malaysiakini, you're part of a broader movement for something good, for a sense of political change in the country. And people like that. People are proud to say they subscribe to Malaysiakini. They read Malaysiakini, you know? People are proud to be part of this larger movement for change. So we always thank our subscribers, you know, for their support.

Interestingly enough, when we tried to develop the model of what we would do with subscriptions, we actually looked at the duality between free TV and cable TV like in the U.S., no? Why do people subscribe to cable TV when you have free TV? And we actually developed a system whereby the idea that you could have one username and one password and you could subscribe to multiple websites. So the idea would be that you would package content together and subscribe not just to Malaysiakini but a lot of other websites together in a single subscription. We first did it with *The Wall Street Journal*. You could actually subscribe to Malaysiakini and *The Wall Street Journal* at a price which was cheaper than subscribing to *Wall Street Journal* alone. Because in the idea that for *Wall Street Journal*, they're getting a new audience in Malaysia. We're doing the marketing for them. You know, it's extra money for them. They were able to do a deal with us cheap. So we want to do this idea of local pricing. That you can get global content from all over the world, but price it by Malaysian standards and package it with Malaysiakini. The economics of it didn't work too well. We had too few people subscribing to it, so we are going away from that model.

You know, just sort of summarizing, I think the big question is, does the media industry equal journalism? And I think it was mentioned by the

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previous speakers, there's a lot of fragmentation and things like that. And for us, you know, the question is that journalists need to find a new home. Journalists can be part of the media, but really to what extent do journalists also have to find another place to work from, whether it's in non-profits and things like that? And this is something trending which you can see moving forward over the long term.

Our own personal plans. We've got a four-pillar model. First of all, to increase content without cost during this whole Malaysiakini 2.0. We're doing a lot of work in citizen journalism. We're working with the ICFJ in Washington, It's the International Center for Journalism. We've got a good – we've got a huge training program, training citizen journalists on the ground. They have to understand the ethics of journalism and how to do journalism. You know, if you're a blogger, how to do real journalism. And we're bringing that into Malaysiakini. We're focusing on three screens: the home TV, the mobile, and the web. And we want to dominate all three screens. We're leveraging on our existing audience to launch new websites. One's called Voice, which is for the 18 to 25 bracket. Earth 24/7 is a global news channel built on the whole social networking phenomena. It's kind of like a Facebook meets CNN meets YouTube. [laughter] But we're trying, we're working with a lot of independent channels, so it's already online. You can have a look at it. It's growing. And we're looking at in the Malaysian market, home market innovations: retails screens, innovations in prints, and things like that.

For me, I think that this, you know, we talked about the future of journalism. I would feel that you look at universities and other products of public good, and I think you have to treat journalism as a public good increasingly, either in terms of an individual tax which funds journalism or through foundations and things like that. For us, you know, non-advertising revenue is very, very important, either through subscribers or the foundations, because I think it keeps media honest. I think we've seen... You know, all we say about how fantastic media is, media have long maybe sold out to advertisers. In our parts of the world, sold out to, you know, government orders and restrictions and things like that. And having, you know, your own subscribers pay for content and other foundations assisting you, really in a way helps you stay honest. Thank you.

[Applause.]

Steve Outing: Okay. So next up is Beth Frerking.

Beth Frerking: Frerking.

Steve Outing: Frerking, f-r, sorry, who is Assistant Managing Editor for Politico.com.

Beth Frerking: Thanks. Good morning. First of all, I want to thank the Knight Foundation and the University of Texas, my alma mater, by the way,

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so I'm very glad to be here. I guess I want to start by asking, how many of you read Politico? That's good to see. And I hope the rest of you will after this presentation. And I don't have a PowerPoint, but I do have our website here. I thought that would just be the best thing for us to go with. I want to start by saying it's so good to hear Paul and all my other panelists. You know, those of us... And I'm in that – I know you couldn't tell – but that above-50 range that Paul was talking about. I got a little nervous when he said that about the job prospects not being so great for us. I'm in a great place. And I want to talk about Politico. You know, two years ago, two-and-a-half years ago, I went to work for a place that was launching in a week, and people thought we were crazy. What in the world could we need another newspaper in Washington for? We had lots of Washington bureaus. We had *The Washington Post*, *The Wall Street Journal*, a huge presence, *The New York Times*, *Cap of the Hill*, *Roll Call*. People shook their heads when John Harris and Jim VandeHei left their respective jobs, very prestigious jobs at *The Washington Post*. Frankly, a lot of people thought they were crazy. But what we've done in two years, I think, is really just phenomenal. And obviously, I'm bragging on my own place, but I think if you look at the numbers, you're going to agree.

I think we're very successful because in our short history we have really dominated the niche in which we operate, and that is coverage of national politics, of Congress, lobbying, and the new administration. Now I will say that – and we didn't know this when we started – but we really did come into being in sort of the perfect storm. We couldn't have chosen a more interesting political campaign. When we started, Barack Obama was sort of an interesting footnote. Hilary Clinton was dominating democratic politics. No one thought that he was going to get where he got. And we were on the road with all of that. I think we're an insider publication that attracts a wide outsider audience. And as a result, we attract not only a very loyal readership, but a loyal group of advertisers, because they see what we do.

Now, let me just start with the numbers. We have right now three million unique visitors a month, 22 million page views in March. This was according to Nielson numbers. Our numbers were higher than that at the peak of the campaign and right after the campaign. We were among the top ten in a couple of months and certainly top twenty newspaper websites in the country. Now just think about that for a minute. We've been around two years. People came to our site. And I knew that something was really happening when I was in Cleveland at one of the primary debates. It was the democratic primary debate. And I got in a cab outside. A guy, a fairly recent immigrant from Somalia was driving the cab. He said, "Oh, are you a politician?" "No, no, I'm not." "What do you do?" "I work at a website, a news website in Washington." "Which is it?" I said, "Oh, well, you know, you probably don't know it. It's so Washington-based." "No, no, no. What is it?" "Politico." "Oh, yes, I read you every day." When that happened, I thought, all right, people are out there reading us, and they are reading us beyond Washington.

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Our demographics are interesting, and I think they tell a story as well. It's 70% male, 21-plus. We actually have a fairly broad age range, because you've got people in Washington and in Congress who tend to be a little bit older. Not 23, but you've got all those staff members, all the Washington insiders, and that's only though 10% of our online traffic. 90% of our readership online is outside of Washington. They are well educated. They are tech savvy. They are very engaged. And I think the most interesting is they tend to be influential people in the lives of others. They tend to talk about what's happening policy wise. They drive trends in terms of spending. They are really the people who are engaged in our society. They keep up.

And even though our print circulation – yes, we have a print newspaper – is relatively small, and most of you probably have not seen it unless you're from Washington, the figure is very deceptive, it's 32,000. Our print circulation is 32,000. So really like a small-town newspaper in a sense. And in a sense, that's what Washington is. We send... But we send these copies to every office in Congress. We send it to the Whitehouse. We send it to federal agencies, top agencies, like the Department of Commerce, Homeland Security, the Justice Department. We are on the streets every day, and it's free. It's a tabloid. And I'm sorry I don't have one with me to show you. I should have brought one. We also recently entered into a partnership with Starbucks. We're in 70 Starbucks locations in D.C. So that wooden rack that you see here in Austin and San Antonio and other places here, you see *The New York Times*, maybe *The Wall Street Journal*, I'm not sure if they have local papers, we're in that wooden box as well in Washington. We are also on the shuttles, the air and the train shuttles. We are at boxes at Union Station. We're at boxes at the Delta Shuttle, you know, US Airways Shuttle, so that people going back and forth between New York or Boston and Washington can pick up a paper.

Now, are we trying hard enough? You bet. We certainly are at Politico. There is no doubt. The place is a beehive. When I hear about... And I came from newspapers. I'm like Steve in feeling those mixed feelings. Fear, especially because my husband is still at a newspaper, *The Baltimore Sun*, I'm hoping that stays in good shape. But knowing what newspapers like *The Wall Street Journal*, *The Washington Post*, *The New York Times*, and so many good metro dailies that really did the kind of work that Premesh and Steve have both been talking about, and that is digging into the local government, seeing where the money is being spent, it's frightening to see those newspapers have problems, but I am one of the optimists. And I don't know though that our model in terms of a business model is applicable much beyond where we are, and here's why: even though we are read, nine out of the ten people who know us and read us are online outside of Washington, our advertising base is largely in D.C. And we're an unusual hybrid publication, because it is the newspaper side that is supporting the online operation. And it's in a very unique area and that is issue advocacy advertising. Our paper is supported by ads from the issue advocacy group,

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lobbying groups, non-profits that are working on legislation. And as our executive editor, and Paul knows him well, Jim VandeHei, who worked at *The Wall Street Journal* and then at *The Washington Post*, puts it, he says, you know, "Issue advocacy ads are not hurt by a shrinking economy, because everyone always needs something from government." And so we are getting full-page ads from, you know, people pushing solar or people pushing, you know, the oil companies that want to stay in the mix of energy.

We are in the same economic boat as our competitors when it comes to attracting national brand advertising dollars. We are working on that, and I'm in fact in charge of a network that we have with newspapers. It's called The Politico Network, where we are partnering with newspapers. We give them content, and they give us the right to sell advertising on their websites. We have 100 – more than 100 partners. 70 of those are newspapers. In fact, *The San Antonio Express News* – Bob Rivard is here – is one of our good partners. Cleveland. They are in the sort of capitals of places. The people that are really breaking the political news.

But I think we have 100-member staff. We are still hiring, although not quite at the clip we were before. But I think what I want to get to [is] the reason that we're doing so well. And it gets back to the old-fashioned journalistic verities, and that is, hard-hitting reporting, edgy writing, the most aggressive political and congressional coverage around, and we really believe in driving the conversation. Now, I don't mean that in an editorializing way. We don't have an editorial page at Politico. We do not have an institutional voice like *The Washington Post* or *The Wall Street Journal*. But when John and Jim left *The Post*, the mission that was in their heads when they started, and I think all of us who work there keep this in mind, is they said, "You know, the most interesting discussions about what happens in politics frequently happen at lunch between reporters." It's the people that have covered things for 10, 15 years that are enormously and deeply sourced. They know what's going on. A lot of times in Washington, and believe me, we struggle with this too, and I know the big papers do as well, is the old, do you name sources or not? The fact is, in Washington, in a lot of the coverage we do, you simply won't have the story [and] you won't be able to run it if you name sources. They will not talk to you, but they do know what's going on. So the Mike Allen's, the Carrie Buddoff Brown's, Jonathan Martin, Jeanne Cummings, who was at *The Wall Street Journal*, John, Jim, all those reporters who have been at this a long time are very confident in their sources and know them. And what we do is tell the stories that we only used to talk about at lunch when we knew what was going on, but you didn't have the named sources. Not that we don't source them deeply and have multiple sources. It's just that you can't always put the name and the title with somebody who's talking about it.

So I think [it's] the fact that we consistently do stories that our readers don't get elsewhere, and a couple you'll recognize. Jeanne Cummings broke Sarah Palin's wardrobe story. That was by going through campaign finance reports before other people got to it. Mike Allen had the fact that John McCain owned

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seven houses when he couldn't remember how many houses he owned. [laughter] Now, some people might say, "Well, you know, come on, that's the quick click, the fun thing." But the fact is, is that both of those stories told us something essential about those people that resonated with voters. And I think that's why we keep getting readers. We had Rahm Emanuel being the Chief of Staff before anyone else. And there's just many, many of those over the past two years.

I want to show you a little just to use the site to see. As you can see, we've got a bar across the t-- [Rosental instructs Ms. Frerking.] Oh, yes. This one? This one here. There we go. Okay. Today we've got Elliot Spitzer back. I haven't read that yet. I didn't have a chance this morning. We've redesigned our website recently. And as you'll see, we've got the blogs over on the right. We've got some bloggers who are very well known. You guys probably know Ben Smith. Glen Thrush covers Congress shenanigans. Ann Schrader Mullins is our gossip columnist, so to speak. Very popular. And remember, keep in mind, this is an insider publication in some ways. Glen does the blog on the Hill, and he's got all kinds of very deep, you know, great reporting, and then he's got fun stuff. So he's got both. One thing that we've increased a lot is video. And you will see, 1-2-3-4-5-6 videos on our homepage. People watch this. We have a thing called Playback right here. Video Politico Playback is where they take some of the top pieces from the night comedian shows, Leno, Letterman, and it's two minutes. So for those of you who aren't late stayer-uppers like me and have kids that get up at 5:30 in the morning, you can watch Politico Playback, a two-minute video, and get whatever the best jokes were about politics the night before. You don't have to stay up and watch the show. So I think if anything, we've increased our video use.

And this is, and you know you're doing well when Howard Kurtz takes after you in *The Washington Post*. He recently had a story about, is Politico light and fluffy? And are we doing the deep stuff? Yeah, we've got some light and fluffy stuff. Here we go, Lunch Powwow of the Day. This is Politico 44, the minute-by-minute what's happening on the campaign. Campaign. See, I'm still in campaign mode. The administration. Over here, you've got the calendar on the right-hand side. You've got video [and] very short stories as to what's going on. "Cuban leader wants to talk with the U.S." And we are extremely generous with links.

I think that is another thing that Steve was talking about is we love collaboration. We love highlighting people who are doing well. We love talking about stories that other publications have broken. We have no problem with that. We have that... We don't have that old competitive sort of, "We're going to pretend that it's not there until we have to do the second or third-day story when the state legislature finally does something about it." We do it right away. And so that's sort of the site right there.

I think finally the reason that we've done so well is we kept close to our mission. We are one of those niche publications that Paul talked about. We

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cover Congress, lobbying, the Whitehouse, and national politics. We are not going to have sports. We are not going to have the local Fairfax government. But we are going to cover national politics completely and thoroughly. And finally, we have a knack for branding. And if you haven't seen a Politico person somewhere on TV, then I think you must not have a TV. Because we have our folks on CNN, MSNBC, Fox News. Jim VandeHei was just on Morning Joe the other day at 6:15 in the morning. All of us do radio, television. We happily welcome it. The people at Inside Edition like me for some reason. I'm on there all the time. And so, it's fun. And I think we have that combination of very deep, important stories, and the old-fashioned verities, along with a real willingness to experiment.

And as I've set up the Politico network and partnered with these newspapers, I have to say it was very easy for me to see in talking to paper after paper, and I went through the editorial side, the ones that I think are going to make it and the ones that I don't think will. And I'm not going to go into names, but basically the ones that embrace this--this--this partnership with us and [are] willing to send us links to their best stories. Mike Allen's playbook, for example, is a morning must-read for people in Washington. So that if San Antonio has a great story of the Cleveland playing dealer and Mike puts it in his playbook email, that story is going to get legs and traction that it wouldn't get otherwise. And the people that understand that and that are willing to take advantage of it know it and they get it.

So I would be happy to answer questions later about the Politico network. I don't want to go too deeply, and I know I've got two other folks. But thank you for reading us, and we want you to keep reading us, and send us your story. Thanks.

[Applause.]