

14th Annual International Symposium on Online Journalism

Day 1, April 19, 2013: Morning Session - 9:45-11:15 a.m. *Disruption and Innovation: News Organizations Strategies for the New Media Ecosystem*

Chair: Neil Chase, Consultant, formerly with **NYTimes.com**, **MarketWatch.com**, and **Federated Media**.

Panelists:

- **Jim Brady**, Editor-in-Chief, **Digital First Media**; President, **Online News Association (ONA)**
 - **Jennifer Carroll**, Vice President / Digital Outreach, **Gannett**
 - **Jim Moroney**, Publisher and CEO, **The Dallas Morning News**; Chairman of the Board, **Newspaper Association of America (NAA)**
 - **David Skok**, Director of Digital, **Global News, Canada**
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Neil Chase: I want to bring up Jim Brady. Jim is the Editor-in-Chief of Digital First Media. He also has one of those royal titles. He's the President of the Online News Association. He's somebody who is in the trenches every day with—I don't know—eighty dailies and a thousand, five-million weekly newspapers all over the country. If you watch his Twitter stream, you can see it live from a different state every day pretty much. And Jim's going to dig into some of the stuff they are doing on the ground at these papers and what they're finding. Jim.

Jim Brady: [feedback] Gah! What the hell was that? Can you hear me all right? I've got the wireless here. Good. I want to talk to you about Project Thunderdome, which is the infrastructure we've built in New York to try to address a lot of things that Clark was talking about. A completely separate organization with a separate financial structure; separate team not connected to any of our papers. And I want to walk through why we did it and what they're doing right now.

So, when we took over Digital First Media, which is, for those who don't know, an overseas Journal Register company and media news group. So, that's where we get the 75 dailies. So, we have Denver Post and Salt Lake Tribune and San Jose Mercury News and some others. We got into the position in 2011. We kind of looked around and said, you know, this is the situation we're in pre-Thunderdome: a completely unsustainable cost structure, way too many journalists doing production and not actually going out and producing journalism, not enough feet on the street, different designs. I mean, remember, like all newspaper companies, we came together as kind of an amalgamation of a bunch of purchases over the course of a

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bunch of years. So, you end up with all these different content management systems, all these different designs, completely different ad maps—also not sustainable long term.

And so, what's the one thing with 75 dailies you should be able to do? You should be able to take advantage of your scale, right? We had no ability to do that, truthfully. We just didn't have enough digital focus and enough digital skill sets. So, we created.... Sorry, I keep hitting the wrong button here. Whoops, sorry, skipped a slide. So, basically, we had these problems to solve, which are not surprising. You know, we have to get more feet on the street, we have to bring down production cost, and we have to scale better. So, the answer.... And I won't get into the boring history of the name. Everybody wants.... It's a great name to put in a job description, I'll say that much, because people always feel like they have to open a job description that has the word 'thunderdome' in it. [some laughter]

So, we decided we were going to create a digitally focused team in New York City, where we don't have any newspapers, we don't have any print legacy structure, and hire a really top-tier team to try to bring us forward from a digital standpoint, not just on the content side, but also on the revenue side. And the basic.... Oops, the fonts are a little off, but it's all right. Thunderdome has three primary functions. And the top one is, we have to centralize the production of non-local news across the company. There was absolutely no reason for us to have 75 people at 75 papers, each trying to individually produce coverage of what's going on in Boston. And this was the kind of story that, even if you argue that local news is what's always going to win the day for your local paper, stories like this obviously transcend all sorts of boundaries. That, you know, local news isn't just what happens locally but what people are interested in locally. And obviously, this is a story that fits that. So, when we're going to produce stuff like Boston, we need to be doing it one time with digital expertise and using tools that are not just slapping an AP story into a template and throwing it up on the web. Let's build a really comprehensive coverage plan around Boston. And I'll talk about that specifically in a second; although, I'm sure the story will change in the 10 minutes I'm standing up here.

The second capability is just create an editorial support network. We don't have enough data journalists. We don't have enough development resources in our company as a whole, and we can't put one in all 75 of the newspapers. It just isn't possible. So, we have a data team of four people in New York that will soon get bigger. We have a video team of three in New York that will soon get bigger. We have a curation team. We have people doing things that we need across the company, but again can't put everywhere. And the third is, we need to create new products that we can monetize, and we need to create them completely outside the ecosystem of the print newsrooms. We need to come up with good, new digital tools, both on the editorial and sales side, and we need to do that unencumbered.

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So, these fonts are all messed up. But each one of these three things really does focus on one thing we're trying to address. Centralization of non-local news is obviously about cost. We do not need all these people doing the same task. Having one team do it and distributing it across the network saves us money. The quality is obviously increased when you can do deep-data projects and produce all sorts of digital quality journalism that you can put alongside all 75 of your papers. And the revenue is increased if you can build these new products that you can sell against.

So, here are some of the things that Thunderdome does. One is just story coverage. We actually [are] not just sending our own people up there, but coordinating how we cover major stories. Newtown is about 35 minutes from the New Haven Register, which is one of our papers. But even with a newsroom of 30 in Connecticut, that's a story that you know you're going to need a lot more resources on over the course of a couple of weeks. So, we kind of mobilize. We sent about 15 up from New York—editors, videographers, reporters—from New York up into Newtown to help out and also coordinated 60 other reporters coming to Newtown over the course of the next two weeks from 20 different papers inside the company.

Specifically, I'll talk about Boston really quickly. What we're able to do in Boston this week.... We have a paper in Lowell, Mass., which is about 40 minutes away, and in Fitchburg, which is about an hour away. We've been able to send people up to New York to provide editing support, extra reporters to actually help cover that story, because we just could not have done it with the small staff we have in those two places. And what Thunderdome was able to do from New York—a good example was—we had our data team scrape all the finishers of the Boston Marathon and pull all the names of the people who finished one minute before the bomb went off and one minute after the bomb went off, indexed that, and sent notes to all of the papers. Where if you saw that, all you could get was the state. You couldn't get the hometown from the list. We were able to then send that out to our papers and say, "Hey, ten people from your state finished a minute before, a minute after. These are potential sources. You guys should probably track them down." So, we were able to do all those kind of things. Which before, every paper kind of stood on its own and had to cover a story like this with whatever resources it had at its disposal, and we're trying to obviously expand that.

We also do a lot of real-time news coverage, because using the example before of kind of print versus web, I mean, print is a photograph. It is a snapshot of where news was at a certain point of the day. And the web is video. We're always moving. It's always in motion. And so, we spend a lot of time using ScribbleLive doing live news coverage of every major news event, syndicating this out to all of our papers, so that every one of the 75 papers in the company, if they want, and most of them are using this, [they] are having literally minute-to-minute updates on what's going on in Boston. It's not using a traditional lead all as your only option. It's actually using the lead

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all alongside something that's moving even faster. And these are driving a lot of traffic to us. We also see some business upside here, because other people are syndicating our live news coverage now. Other news organizations would rather just syndicate ours than spend their own resources to do this, and of course we can put advertising [in] and do some other things with ScribbleLive.

We're doing a lot of non-local news production, as I mentioned. We're doing a lot of viral stuff too, you know. BuzzFeed may be the king of this. We're trying to figure out how to get a little bit of that DNA and come up with some things that we think will just be interesting to all of our properties as just kind of fun little applications we build. We're doing a lot of content curation. The curation really falls into two categories at our company. It's your standard curation around what people are talking about around a certain topic, but it's also just curating our own content. We have 75 dailies, as I said, and most of them are producing pretty good work on a daily basis. Why shouldn't our other newspapers be using that?

And from a revenue standpoint, we've had a lot of papers able to cancel wire service contracts that were relatively expensive, because, why am I paying somebody for movie reviews when we have five people reviewing movies inside the company? Or three. I'm not sure how many it is now. But three to five people reviewing movies inside the company. We've got to be smart about how we spend our resources. And any money that we're not spending on local feet-on-the-street coverage in our local markets doesn't make sense to us. So, we're sharing out about 30 to 35 digital first articles a day, and 15 to 20 from partners, and then producing a whole bunch on top of that.

The Data Development Team is doing all sorts of apps we can use across the company. They did a great one for the NCAA Tournament, where if you were filling out your bracket, you could compare any of the two teams in the tournament, decide which things you thought were most important, and from a statistical standpoint, it would give you a rating of who you thought would win. This is the most traffic thing the Data Team has ever done. And we got a lot of good feedback on this. And we'll do more of these.

Video storytelling. As I said, we send reporters out to cover breaking news, but also to produce a lot of original video out of New York, with more to come as we expand that team.

And we do photo gallery production like everybody. Photo gallery is sort of traffic gold. And we have the Denver Post photo team, which has won two Pulitzers in the last four years. We have increased their staffing to allow them to produce more galleries, and then we syndicate them out to the entire company. So, all of a sudden, papers have photo gallery traffic that they didn't have before, because they had no way to actually build them, or they didn't have the staff that could actually build them.

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So, these are all of the kind of things that we're doing to... I should say, we're also going to roll out a bunch of channels in these categories. But not necessarily just channels to sit on our native websites, but also potentially spinning these off as their own sites at some point to get us out of the idea that everything has to sit under a website of one of our brands. We can develop completely new websites and web products. And so, we're starting to look at that in some of these categories, and we'll pick our spots based on audience need and revenue potential.

And we've developed a mobile site that got a nice review from no less an expert than Mario Garcia, which was nice to see. And we rolled this app out across 65 of the 75 dailies now. Because, again, why should every one of our properties be building out a mobile app on its own when it's very expensive and completely unscalable unless you do it in the way that we're doing it.

We also do a ton of training. The team that's in New York are experts in a whole bunch of different digital categories, and we're using new tools. So, we send them all over the country to train on these tools so that we can move the... You know, we are not completely—I think as Clark was saying—we're not divorced from the print newsrooms. We're in them all the time. And this is a case in which we will send people out to our papers in Pennsylvania and do a full day of interactive—I'm sorry—of engagement training on some of the tools that are listed here. So, we do have to get out to the papers and need to get out to the papers to train and help them make the transformation as well, but we do that from an office in New York that we can go back to, to kind of sit in our own little space there and dream up whatever it is we want to dream up.

So, that's Thunderdome. And I know I talk really fast, but that's why I was able to get it done in a reasonable amount of time. So, thank you.

[Applause.]

Neil Chase: Jennifer Carroll is the VP of Digital Outreach at Gannett. And bringing it from Clark's sort of larger business school and Deseret picture of what's going on to David looking at how they're kind of applying some of this at Global News, Jennifer is going to tell us a little bit about Gannett and what they're doing at a company that is very diverse, lots of different businesses, lots of different markets, lots of different kinds of media companies, new and old. So, Jennifer.

Jennifer Carroll: Thank you. Good morning. [applause] Okay, well, it's a real pleasure to be here. Really interesting morning. I'm sure most of you who also work in the news business are having a very hard time focusing on all the brilliance that is being said from here and at the same time watching what's going on in Boston and all across as the manhunt continues. I have the privilege of following Clark Gilbert this morning, because I was one of those who worked with Clark in 2008. That may have been a lifetime ago,

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but I learned some really interesting things. We took the terms 'jobs to be done,' 'disruptive innovation,' and 'transformative journalism,' and took them to heart. And we did learn so much from our time and experience and are continuing to learn. And one of the interesting things that Gannett has done, and I'm in the middle of, is moving digital out of the traditional arms of the company, which are USA Today, which I'm going to get to in a minute, our Community Publishing Division, which consists of about 80 newspapers ranging from the size of Phoenix and Nashville to Bucyrus, Ohio, and 22 TV stations in places like Atlanta and Denver. But what we are in digital and what we do in digital is a completely different culture. We have, yes, our own P&L. We have our own setting. And what it comes down to, because I took this to heart is, who we are. We talked a lot about culture.

What we are is a collection of developers, and developers, and developers, and information architects, and analysts, and SEO experts. And our staff comes from Market Watch, from CNN, from the Weather Channel. The DNA is different. And there are people that have been in the organization for a while, such as myself who came up on the print journalism side. And what I love to do all day is work with the coders, because they make sure the system isn't broken. And right now as we lament the print USA Today being old and no longer relevant, I can tell you that a social video player has set up as live and also we are curating hashtags and tweets related to everything that is going on at this second. And part of my attention has been diverted by, is that thing going to work? Because if it doesn't, and we are being happily pounded right now on our servers, then we fail. So really, my definition of winning right now is that as long as that plumbing works, and as long as our SEO experts and all of our social media experts are on top of this story, and everybody who wants to can view it live and comment and their tweets are relevant, then we're winning. And so, it's a very exciting and dynamic environment. And I think one of my favorite tweets from my colleagues this morning was the one that said, "If I ever get into trouble, don't ask my uncle about me."

Okay. So, I'm going to move on quickly, because I know we have quite a lot today. One of the things that I learned from Clark that we still hold near and dear is, we're always looking for the common and the uncommon. And that means what's going on around the edges that can inform where we need to go next. So, we're always keeping an eye on that. We obviously have many objectives that are focused on the job to be done at the end of the day: seamless interfaces, really understanding who we're working for, really understanding the devices they are using. And what it all comes down to is creating the platform and the tools that the journalist can use to make it as beautiful and seamless and elegant as possible as they are searching and informing. And whatever device they are using is important to us.

One comment that I heard earlier is that perhaps the TV newscast is no longer relevant. Well, we're looking at what's going on TV as this incredible opportunity because of the three-screen experience that we know most of

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our people are on at night. We are seeing record traffic—I hope many of you are too—in tablet use at night. And the fact that people are browsing with their mobile devices, using whatever is going on on the TV at the moment is almost an interesting point from which they are building and talking and commenting. And I see this. I think this is great news for the news business.

As an example, during the Democratic National Convention, when Bill Clinton stopped his remarks at 11:30 p.m. ET, we saw record tweets on our social video platform. And that, to me, says there is an engagement going on. And our job is to capture that. Another thing we talk a lot about is, it used to be all about capturing the living room, and now we're talking about capturing the bedroom. Because I'm not going to ask how many of you take your tablets and your devices to bed with you, but we know that it's a real, true, wonderful phenomena, because it means people are leaning back, watching video, engaging, commenting. And as long as we are producing the kind of devices and experience they need to make that happen, again, we're winning.

So, you've heard a lot about all sorts of new tools, about comment systems and comment — everything that we need to do. Our CMS now is going to be one across the company by the end of this year. Our publishing tools are making it extremely easy for journalists to do their jobs. Why that's important I'll show you in a minute.

We haven't talked much about the advertising experience. We're paying a lot of attention to that at the same time as we're watching the content experience, trying to make it part of the experience of the swiping and engagement with the tablet. No more dancing bears. We're watching the pop-ups and the pop-unders. We're making the advertising experience as relevant as we can, as the content.

Okay. So, just a few examples. Across the company, we re-launched our broadcast tablet apps last December. We made sure that they were extremely video centric as well as world-class: weather, very utilitarian, give me my school closings, give me everything else I need. We're seeing video views up 650% just since we launched in December, and that is continuing to grow.

Going back to culture. The reason I love this photo is, because we have such an eclectic team of people, we put a priority on having fun, and we do it very cheaply. Another thing that we learned from Clark is, "fail fast, fail cheaply." Don't take yourselves too seriously. Do prototypes and keep it light. These folks that I work with created a lounge one day, sent around a note, "We have a lounge." Everybody said, "Great. Then we need to christen it." And by the next day, everybody went to their storage rooms and pulled out all their hats and their leis and all this stuff that they had to create parties. Nobody said, "You have to do this." And nobody paid a cent. And that night, as you

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can see, everybody put on those hats and posed. [laughs] So, that's what's going on right now. It's an incredibly fun, dynamic environment.

We had a picnic. We do a lot of this. We had food trucks. Of course it rained. And guess what? Everybody stayed. And we got out the tarps. And that's why I like this picture so much. The man on my far left is David Payne. He's the Chief Digital Officer that came in and allowed all this to happen. And he was the first to say, "In a traditional news organization like Gannett, you need a lot of developers, and designers, and information architects." And he went about building that in a separate place with a lot of lounges and a lot of couches and a lot of people that like to wear party hats and at the same time take their jobs extremely seriously. And again, the end of the story isn't here yet. It's continued to evolve, but we're excited to see where we take it.

We have an innovation rotation. We've got a lot of systems in place. I want to introduce two gentlemen to you. They may work with you. This guy, one guy is a developer named Pem and one is a designer named Dustin, and they hang out together all the time. There they are again. [chuckles] They are everywhere together. They are creating genius together. They are very smart. Pem developed the social video player that I talked about. He sketched it out. He showed it to a few people. He helped make it happen. And this was actually live during the State of the Union address. It curates live tweets and hashtags around live video. It is being used today. It's been on all week since the marathon. We're using it not only for breaking news stories, but anything of national significance. The inauguration would be a very good example.

Dustin creates a lot having to do with social. Here's what's most popular. Here's what's trending. And here's how it acts in real time. You remember the State of the Union when Marco Rubio went off camera and took a nervous sip of water? Because we had the social video player going and we're all watching the tweets really closely, we're able to see immediately that that was trending and people thought that was really weird. So, immediately, because going back to our new tools that make it easy for the journalists, the programmers were able to get that video to the top right of the tablet at night within five minutes. That night, we got about 8,000 video views, which is not bad. And then we saw it continue to climb, and we watched the interest continue to grow. And we had it the next morning with this headline. We're using this a lot. We're finding out that people who are interested in watching video are really interested. The next morning with the new headline saying "Watch it again," we got 24,000 video views. That's the kind of thing that we're able to do now, which is real interesting, very dynamic, very responsive journalism based on the ability for us to create the tools.

So, I'm going to leave it at that. We are also across all devices, the Android and beyond, and we are beginning to get all sorts of notice. So, look out for

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us. I'm happy to be on the panel next. I'm going to turn it over to my next colleague. Thank you.

[Applause.]

Neil Chase: Jim Moroney is the CEO of the Dallas Morning News. This is the Belo Corporation. If you're wondering where you saw the name Belo, it might have been last night at the opening drinks if you stumbled outside of The Hole in the Wall and saw that big, beautiful, new building across the street that is the Belo Center for New Media. Jim is also the, I guess, outgoing Chairman of the Newspaper Association of America. I mentioned Jim being the Online News Association president. It's interesting how the people that lead these organizations are often the ones who are also leading a lot of change. Jim's going to tell us about what the Dallas Morning News is doing as a corporation to not just build up the digital business, but build up the entire company, the business. Jim.

Jim Moroney: Thank you. All right. There we go. So, the slide up here says "The Problem and A Solution." It's my opinion that even the U.S. newspaper industry is going to have multiple solutions around how different newspapers find sustainable profitability. So, I'm going to give you a solution that is going to work for the Dallas Morning News. It may work for your newspaper either here in the United States or somewhere around the world.

So, where we're going continues to evolve. We are on a transformation. We're on this journey—at least all of us here in the U.S. And as I talk to more colleagues around the world, I hear that they seem to be sort of repeating or catching up to what's happened to us several years ago. But where we start never changes. This is literally etched in stone on the front of our building. It says "Build the news upon the rock of truth and righteousness: Conduct it always along the lines of fairness and integrity, and recognize the right of the people to get from the newspaper both sides of every important question." That is literally, literally etched in stone on our building from the founder of the Dallas Morning News, G. B. Dealey.

And I put it up there because [wherever] you're going, whatever your journey is, whatever your transformation is, you need to have something as your true north. What is it that's going to make sure that you just don't completely veer off course? And this is our purpose: it's quality journalism. We do quality journalism to build communities and sustain democracy. And every time we think we start to get a little off kilter, we come back to this and say, "Are we doing this? Is what we're doing as our strategy helping us to do this?"

So, what is the problem? Well, my opinion, the problem in the newspaper industry has been this: *We hope print ad revenues will flatten out.* That was the strategy for year after year. And if you are in a foreign country and this is your strategy, you are in trouble. It has been six years since there has been

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one quarter of the newspaper industry that print ad revenues have been greater than the same quarter a year earlier, and that includes the first quarter of 2013. That hope is simply not a strategy. [some laughter]

Second problem: *Digital ad revenue will save us*. How many people have said that? That's going to be our salvation, right? Do you know that there were 1.4-trillion ads served in the United States last year, up around 20% from the year before. There is a supply and demand problem that is not going to be solved anytime in the near future. That means there are too many ads, not enough demand for them, and that causes in the law of supply and demand what to happen? Price to go down. So CPMs will continue to be under pressure as supply goes up, and demand will not stay at the same pace. So, over the past five years, the newspaper industry in the U.S. has lost \$50 of print ad revenue for every \$1 of digital ad revenue growth. This doesn't feel like salvation.

I put this up as a disclaimer, because I'm going to put graphically up here what I just said to you. So, those of you that are faint of heart probably don't want to look at this. [laughter] This, the line going this way is the newspaper, U.S. industry, U.S. newspaper print ad revenues. The line going this way is digital ad revenues. But the line along the bottom, the line along the bottom is what the U.S. newspaper industry has gotten out of digital ad revenues. And I think all of you can see what the problem here is. This is a manifestation. Just a graph of that \$50 to \$1 problem.

So, Houston, we have a problem, as we like to say in the United States. We have got a certain problem here. And the problem is this: *It is not clear that print and digital subscriptions and advertising revenues—subscription and advertising I'm putting up here, as subscriptions have become much more important—will be sufficient to continue to support the scale of resources we invest in gathering publishing and distributing news and information*. If our sort of true north is quality journalism, what we publish and the sources of revenue—our primary sources of revenue—print and digital ad revenues and subscription revenues—won't give us the resources to do this at scale. This is the difference between us and the Texas Tribune. They do a very nice job. They will never scale. We have 325 people in our newsroom. That's what it takes to cover Dallas/Ft. Worth. You can't do that with 15 to 20 people. Non-profit will not scale to cover government at the scale government exists today in the United States. So, it is the scale of our news and information resources applied to a local market that provides us our competitive advantage. This newsroom we have is also why we provide more news and information than any television station. We have more news reporters than the four leading ABC, NBC, CBS, and Fox television stations combined.

So therefore, we must find ways to sustain this scale so we sustain our competitive advantage; otherwise, we risk becoming commoditized. Once our newsroom becomes the size of a television newsroom, we begin to put out the same news and information they do, we cannot differentiate ourselves,

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we become a commodity, and we all know nobody wants to be in the commodity business. So if necessary, we will cross-subsidize the investment we make in our news resources in order to preserve our scale, which is essential to preserving our competitive advantage and sustaining the strength of our brand.

Basically, what that says is, I am not going to cost account the news business. I'm confident that I could with a little bit of finesse on the income statement tell you that producing quality journalism today is not a profitable business. But it is the essence of who we are and what we do, and it's the essence of our brand. And if we get out of that business, my brand basically goes away, and then my business goes away. So, what do I do to sustain the brand and still sustain the business?

And that's what I want to talk about. As we go forward, we will succeed to the extent we leverage our brand along with our core competencies and our infrastructure to build or buy complementary businesses that provide us with sustainable revenue growth. In other words, what do I have as a business, the Dallas Morning News, that I can start, buy, or partner [with] businesses in Dallas/Ft. Worth to which I give them a competitive advantage? A reason they can win in the marketplace. And I will harvest those profits back into growing our business and continuing to sustain the scale of our newsroom, even if — even if my, you know, CFO says, "Well, Jim, your newsroom is just not making you any money!" Well, what do we do?

This is our solution: Last year, we started, built, or bought five different companies. Every one of them taking some advantage of the Dallas Morning News's infrastructure, core competencies, brand, [and] resources. You can see here—I won't stay on this long—but the only point of this slide is, when you see core print revenues going down by—I don't have my glasses on—I think 3%, and you see new businesses going from 1 to 3.5, that may not seem like a lot, but if I can cover the decrease in print ad revenues with new businesses [and] the rest of the things I can sustain, I can grow profitability.

So, I'm going to show you two examples. 508 Digital, sort of a social media marketing services for small and medium business. Here is the number of contracts we wrote. We started the business in Q2, so just this time last year. And I believe when you add all that up, it's somewhere around 760 different small and medium businesses that have signed a 12-month contract with us to provide them social media marketing services. Here is also the average value order for those customers. Our plan was to be at 475. You can see we didn't do too well. The first quarter we're much lower. Next quarter, we're getting a little bit better. And these last two quarters, we've actually exceeded what our plan was.

This is Speak Easy. This is a company built to take advantage of the current wave of content marketing. We are basically providing competitive content marketing services to larger companies, not small and medium businesses.

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We started this business in September of last year, and these are already the customers that we have in six months period of time, which says not that we're that good, but this demand and this need for content marketing is great, and right now nobody is filling that gap. The PR agencies probably should have, but they've been slow to the party. I'm sure that Clark would say once again, a business can't seem to disrupt itself. So, we've come in to fill this space.

So, I'm going to leave you with this one right here. This is the whole point. The decrease in core print ad revenues in our 2013 financial plan are offset dollar for dollar with the planned increases from the new businesses started or purchased in 2012. And we made that happen in the first quarter of this year. We offset [it]. The print ad revenue decline still continued. We offset it dollar for dollar with revenues from these five businesses. And that's how we're going to sustain the quality journalism, which is the essence of our brand, and we're going to build this portfolio out. And I hope if I come back in two years, instead of five new companies, we'll have 15 new companies. Thank you.

[Applause.]

Neil Chase: We're going to walk through a couple of presentations here, starting from the fascinating session we just had with Clark, going to somebody who knows a little bit about what Clark talked about, because he spent a little time at Harvard himself. You've got the bios in the program, so I won't spend a lot of time on bios. But David is going to walk us through his look at disruption and being the disrupter in a newsroom. David is somebody who's working live in a newsroom right now and spent the week on some of the big stories a lot of you were working on. Once David speaks, we're going to have a couple other presentations, get the whole panel together, and give a lot of time, I hope, to be talking through these things. So, let me start with David Skok from the beautiful city of Toronto. We'll let you get started.

David Skok: Well, good morning, everybody, and thank you so much for having me and Rosental for inviting me. This is actually my second time in Austin. I was here last year. And last year was a little bit more nerve racking, because we were in the final throws of getting the paper done that we wrote for Neiman Reports. And I think 50% of you here at least know what it's like to have an academic paper ready to go and the final throws of that.

So, what I'm here to talk about really does touch wonderfully on what Clark had to tell you about. I, too, worked with Clay, who I don't think at this point needs any introduction, as well as James Allworth, who is a fellow at Clay's institute. And what we did was, we really tried to find a framework for answering these three main questions. We looked at disruption itself. And Clark did a terrific job of outlining how disruption happens. But what we also tried to look at was the three concepts of the paper. And I'll skim through those really quickly. And then, really, I want to talk about the third one,

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which there was a question asked about, how do you apply disruption in a cultural sense? And that is something that we're trying to do at GlobalNews.ca in Canada, and so I'll touch on that as well.

So, the first part of it is, how do we attract an audience? And when we speak about an audience, what we normally think about oftentimes are demographics. And so, there's a theory of Clay's called 'Jobs to be Done,' which Clark mentioned. And what that basically argues is.... You know what? Here I am. My name is David. I'm 34 years old. I'm from Toronto. I like hockey like all good Canadian boys do. [laughter] But none of that really.... It may be a propensity for me to buy The New York Times, but none of that causes me to buy The New York Times. In fact, all the research that we do, market research around demographics or around platforms, that really doesn't matter much to the user. What you want to have the user do is, they're looking at you to fulfill a job in their life.

So, the one example that we use in the paper is, you may be at a coffee shop for ten minutes as you wait for someone to make your latte or your caramel macchiato or whatever it is. And in that time, you may whip out your smartphone and cycle through and look for something to entertain you. That may be Angry Birds, it may be an email that you need to respond to, or it may be reading a newspaper's website on your phone. So, what is that job that we're trying to fulfill?

The second piece that we looked at was, how do we reach sustainability, or how, in a more polite way, how do we become profitable? And with that, we looked at the theory of Clay's called 'Interdependence Versus Modularity.' And what we argued there was, if you look at most traditional news organizations today, they have a very integrated business model. By that, for decades, it was a very simple thing. You had your news gathering on the one side. Then you had your production and editing. Then you had your distribution. And then you had your sales. And all we really did during that time was capitalize on the integrated value chain at the end, where we could try and get profitability and make money through advertisers at the end.

And what we argue in the paper is, as disruption occurs, things tend to fragment. And through that fragmentation, you actually open up different potential lines of revenue throughout that. And I know we're going to be talking a lot about those potential lines of revenue throughout this conference. One pure example to think about right away is the Texas Tribune. Now when you look at the Texas Tribune today, you can see a very diversified revenue stream that is far beyond just getting advertisers to pay for your product. So, the question we have to ask in our newsrooms is, what of those elements can we actually capitalize and leverage to potentially create new business units around?

And the third piece that we looked at—and this arguably the most difficult—is the idea of culture. When I was here last year, I heard Jim Moroney, one of

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the panelists, who was trying to fly in, talk around the idea of PICA, which was his way of saying Perspective, Insight, Context, and Analysis. You know, the deep-diving stuff, the quality journalism that you can get in the newspaper, and how he's trying to move his organization into that place. The question that I asked Jim was, "How do you execute that?" And the fundamental answer from him was, "Well, it's really hard." And I think we've already heard that today a little bit, that it is really, really hard to change the culture.

The second piece of this, and I work in a broadcast newsroom, so another one of our panelists, Jim Brady, was at the Neiman Foundation last year giving a talk when I was a fellow there. And I asked Jim the same question, "This is all great, but how do you change a culture?" And what Jim told me was, "Actually, not only [is] changing a culture hard, but changing a broadcast culture is even harder."

And I think there's two reasons for that. A broadcast culture, number one, is very deadline heavy. Yes, newspapers are deadline heavy as well, but when you're looking through the day, the processes that you have to go through to get something to air for 6:00 are incredibly intense. And those processes work. The whole argument that we make around culture is that there's three different ways to define culture; the things that make up culture. You have your resources, which are your computers, your staff, your satellite trucks, your printing presses. You have your processes, which are all the things that you use in your systems to get the widget from A to B. And when you do these tasks hundreds and hundreds of time, that starts to constitute processes.

And then the third thing is your priorities. What are the priorities being set on high from the organization? And Clark touched on this brilliantly when he mentioned the two spheres and the Venn diagram, in that the priorities of the organization and what are the priorities placed on the organization really do provide the precedent for what everybody else in the organization will then do. In fact, it's just as important what you don't say as a manager as it is what you do say. So, if you ignore that really good project that was done online but you celebrate that broadcast win that got you an RTDNA, that's instituting part of the culture. All of that congeals into the culture.

The other thing that's really difficult about a broadcast newsroom in particular is that for the most part broadcast news has heavily relied on commodity news. And, you know, Clark mentioned earlier about how commodity news is a piece of the pie that is being disrupted. You can get it anywhere. So, how do you differentiate yourself? So while broadcast news today is in a state of relative calm, make no mistake the disruption is coming.

And so what we have tried to do is really take some of these theories back to life at GlobalNews.ca. Now Global News, just so you know, is a broadcast

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news organization in Canada that reaches 12 different cities. It's the second largest news organization in Canada. And we are predominantly a broadcast brand. We were very late to the Internet game. In fact, we launched.... I think I bought the GlobalNews.ca domain name on my credit card in 2008. We were that late.

So, what we've really tried to do is apply some of the theories with a particular emphasis on changing the culture. So, how do we do that? Well, first of all, we've changed the site philosophy. We did a consulting thing when I got back, a facilitation session with everybody in the newsroom, and asked, "What is the job that we're trying to fulfill?" And what was really interesting is everybody came up with, "Well, you know, we as journalists, we serve the community. We hold people accountable." But when asked, what is the job that we actually fulfill, very few people could answer that. In fact, there was silence. And so we came around and said, "You know what? We need to look at our brand very differently. What is it that we provide people?"

And so, we came up with this philosophy. And so with that, we really tried to do three things. One, we did a site redesign that is a fully responsive site that works on all devices. So that if you are in your coffee shop, you can access the site, or if you're at a conference, you can check it out right now and click on any of the ads for me. That'd be nice. [laughter] And the second thing we did was, we completely revamped the content management system. We've gone to WordPress. Open source WordPress. Wonderful. Powers 18% of the Internet. Not so easy to institute in an enterprise culture, where you have IT teams that are very secure about security or worry about security and everything else. But we've been able to actually move this forward to really try and force the tasks to change.

Why is WordPress so significant for us? It's based on a blogging platform, which means that every item you tag actually generates a new page. And you can potentially have millions of pages without even ever having to curate a lineup. And the other thing that WordPress does is it's a blogging platform again, so it's based on posts. And so, those posts are content elements. And what we're saying to our editors is, don't worry about curating a lineup in a homepage. That homepage is just a story stream. It's just whatever is latest coming in. What we want you to worry about is the actual content that you're creating in that post. And so, what you do with that is you focus on the content. And that content becomes sociable and sharable and searchable, as opposed to waiting for people to come to your homepage.

The third thing that we focused on is we switched to beat system, which in a broadcast newsroom is a very difficult thing to do. And with those beats, what we've really tried to do is focus on three things: 1) Breaking news. We have listening posts; a team of listening posts that look at social media and everything else to see what's going on. 2) We look at the local newsrooms and focus on that. Have the local newsrooms focus on their local newsrooms.

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And I think Jim is doing a very similar thing at Digital First, where national news is syndicated out of the main national news center.

And I'll just quickly skim through. The site looks beautiful. And what we already saw on a day like Monday was that in a newscast world, in a television news environment, this was our traffic on Monday. And it spiked at around just before 3:00 or just after 3:00 when the bombings occurred. And as you can see, it went exponentially down as the day went on. What's interesting about that is that when our newscast went on the air at 6:00 with [a] different set of priorities and [a] different set of processes, the story by that point was already pretty much done for us online. And so why that's important—and I'll just leave with this before we move onto everybody else—is that that really does highlight the difference that you have in cultures. You have a broadcast culture. You have a digital culture. And what we've really tried to do and what we continue to do and hope that it works is separate the two out entirely, so that in the newsroom environment, when you're executing on this, you actually have two entirely separate cultures.

Thank you.

[Applause.]

Q&A Session

Neil Chase: So, fascinating, right? Everything from things to do to get the daily report out about Boston and Newtown in record time with higher quality, all the way up to diversifying the revenue to the point where the company can exist long term. We're going to talk about a lot of these things. We're going to invite your questions as well in a minute here.

Jen, one of the things you said about video was particularly striking. You figured out that when a video does well at night, it makes sense to then put it up again in the morning and say, "Hey, watch it again," because everybody loves to watch video. So, that's finding a user habit and changing your behavior to meet the user habits, as opposed to changing the user's behavior, right? Do others of you have examples of that? Seeing things that users are doing and saying, "We need to change our behavior because of what they're doing in their newsrooms? In their bedrooms? In their living rooms"?

Jim Brady: I mean, certainly, the live coverage is an obvious one, and I referenced that. I mean, if you look around, there's still a lot of news organizations that will be leading their sites right now with a write through on what's going on in Boston. And part of the problem with that is, you're asking readers to try to figure out what's different than the last time I went to this story. I mean, it's not that easy to follow in a traditional lead-all format, but with a 24/7 using Scribble or whatever tool you're using, lets our readers.... I mean, to me, ScribbleLive sort of replicates Twitter, which is a stream

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coming in and you're trying to follow it kind of from the latest back words a bit. So, we're trying to do both and finding that the ScribbleLive embeds are actually doing better than the lead-alls in most of our sites.

Neil Chase: David?

David Skok: Yeah. Like all of you, I'm sure, we use Analytics, Chartbeat, and other things, Armature, and all the rest of it to see what's trending and where we can place things. We don't... You know, we're very clear about stressing that journalistic selection is journalistic selection, but this can help you place things to give it more exposure and more impact. The one little caveat with that, it kind of goes back to the 'jobs to be done' theory that we're trying to implement is, I'm always careful about tripping over ourselves, because then we are essentially looking at market research and looking at demographic to try and suck out more users. And I think we always need to take a step back and take caution and say, "Hold on. Wait a minute. What is the job that we're trying to fulfill here as journalists, on any platform or at any time of day, and let's just focus on that." And hopefully, if we do that well, people will instinctively pull us into their lives.

Neil Chase: Jen, are there other things that you're doing, that you see USA Today or Gannett papers doing to capture that?

Jennifer Carroll: Well, I did emphasize this, but I want to go back to the importance of watching how devices are being used to engage and consume news and information. And as we saw, and I think you showed this, we see it over and over on our desktop sites, the viewerships, no matter what we do, goes down around 3:00 or 4:00 in the afternoon. So, what's going up? It's tablet consumption. We're seeing it in the morning as a real window for us in the morning and also at night. 8:00 to 10:00 is our peak traffic time for tablets. And we're seeing 15 views per visit. Again, not to watch the metrics out the door, but really important because they are directionally giving you an idea of how people are using you. When they come to us with their cell phones during breaking news, which is always the case, it's about three views if we're lucky. And so, we're taking advantage of that, and we're thinking a lot about that. And thinking a lot about, how do we change the kind of content that we're offering, depending on what time of day stories are breaking?

Jim Moroney: You know, several years ago, Arthur Sulzberger made a statement that the New York Times was device agnostic. And I think at the time that was probably the right thing to be. Today, we are trying very, very hard to be device specific in how we serve news and the experience you get, because clearly, as we all know, what you want from your desktop is not what you want from your smartphone, which is not what you want from your tablet. Sure, there's crossover, but the experience the customer is telling us they want different things at different times of day on different devices. And

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while we are nowhere near as good as we want to be, we're very focused on trying to improve that on each of those platforms.

Neil Chase: What about brands? So, Jim, you've got 75 different newspapers. You've got this Digital First umbrella that at least the newspapers have heard of. Maybe the idea is the readers don't hear of it. All of you have different.... Jim, you mentioned all these businesses you've bought, none of which are called the Dallas Morning News Content Marketing Service, the Dallas Morning News Social Media Service. How important...? And David, you said something during your presentation. You said the writers, the journalists are brands. The author, the person on Twitter is a brand. How important is that? How important is protecting that brand, your own name, versus the reporter's name? Jim Roberts left the New York Times and his Twitter handle was the subject of news stories. What's going to happen to Jim's Twitter handle? Because he had become his own little brand. He took it over to Reuter's. How do think about that? How do you think about the brand of the paper, the product, or the network, or the writers, or the new companies? Does it matter?

Jim Moroney: I'll just [speak], you know, because I talked about brands. The Dallas Morning News brand is very, very important. We compete with 508 Digital with like Reach Local. Reach Local calls up the small and medium business and says, "I'm Reach Local." And they go, "Who are you?" And we call up and say, "We're 508 Digital, a subsidiary of the Dallas Morning News," and we get an appointment. When we call up for Speak Easy and they say, "You're 70% owned by the Dallas Morning News and 30% by the traditional agency in town, Slingshot," we have instant credibility. When we set up Crowd Source, our event marketing company, we say, "Look, we bring to bear — to put butts in seats for events, we bring to bear all the media resources of the Dallas Morning News." So, and I can go on and on. So that is, for us, in launching new businesses a distinctive competitive advantage.

Jim Brady: And our local brands are really, really strong. If you look at a lot of research over the years, I mean, traditional local news brands have stayed strong even through the transition. I think the key is knowing what they can't be and not trying to put things under them that won't fit. So, if we were going to go out tomorrow and try to replicate a Gawker or a BuzzFeed, I'm not sure that we would put that under existing brands. It's just a different thing. And it might be inhibited culturally or inhibited financially by being under one of our brands. But the core news gathering and community sort of role we play, I think, is still incredibly strong for us.

Jennifer Carroll: Yeah. And I would echo that. I think the Des Moines Register [and] the National Tennessean have such strong, local, credible ties in its community, and we revere that. And I think your point was built on that's what starts everything. And then going back to what we heard from Clark, we would never then pretend to put something that was not part of that DNA within it and expect it to thrive and survive, because it just

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wouldn't happen. So, it's really understanding what fits where. I know members of my own family think I work at USA Today. They don't get the Gannett part or even the Gannett Digital part. And that's okay. I just say, "I know a lot of people from USA Today." [laughs/laughter]

David Skok: That's right. You know, the consistent theme here is that they are not mutually exclusive. You can have the integrated business model on the one side, which is on this side over here, as Clark said. You know, you've got your traditional business, and that can be the brand, and that's probably the bulk still of your revenues today. But then you can have the disruptive business, which is the fragmentation going on. And pick your piece in the value chain that you want to leverage, and those can have their own unique brands as well. So, they really aren't mutually exclusive. It just depends on where you're trying to market.

Jim Moroney: And if I could change the name of the building to the Dallas Morning News Center for New Media, I could recruit a lot more journalists. So, I'm working on that, Rosental, if you can kind of help me out on that. [laughter]

Neil Chase: You just need a bigger sign. It'll be fine. So, I've done about 25 years in journalism. I spent the last five years doing what's probably now called content marketing, right? So, if I come to you, three of you are much more of a journalism background. Jim Moroney, you came up more through the sales side. But come to you and say, look, there is an opportunity here to do a new kind of journalism where the brands are out there doing their own journalism, right? Clark mentioned before Forbes and Lewis DVorkin. What are they doing there? They are letting brands write their own content and put it up on the site. And they're helping them write their content and publishing it. American Express is spending millions of dollars a year to build a small business site. It's journalism. It's service journalism ... out bypassing the news business with freelance writers. What do you do in that conversation? When I come to you and say, "This is a new thing." I was speaking at a journalism conference, and I said to somebody sitting in the front row, "I know where you're from. I need to ask you why I get on a plane in San Francisco, fly to your city, rent a car, drive by your newspaper, and go out to the big corporation in the suburbs and create content for them and help them publish content. Why aren't you doing that if you're the best storytellers in town?" Is that what these companies should be doing? The Dallas Morning News did it by buying a separate company to do the content market storytelling. Should the rest of our companies be looking at that?

Jim Brady: Yes.

Neil Chase: And what do you do as the editor?

Jim Brady: You know, you're always... Those are the situations where you sit down and figure out what you're comfortable doing and what you're not

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comfortable doing, but we have conversations in New York with the national sales team that we have there all the time on topics like this. And it is tough to work out, but a lot of those organizations don't necessarily need us the way they needed us in another time to get the word out. So if we're not willing to figure out ways to work with them... And obviously, I'm not talking about blurring the line we all know we can't cross, but I think we have a lot more discussions in the digital world about how to get a deal and how to figure out the right — where the line is and what you can do to actually, you know, satisfy an advertiser while keeping your journalistic standards. They probably have in print [more] than I did in the eight years I worked in print. So, I think we have to be flexible and understand that the world is changing. And if they don't need to spend money with us as we stand today, we better figure out how to change our approach.

Jennifer Carroll: And I would echo that. I think as we're talking a lot today, thanks to Clark, about 'jobs to be done,' we have a lot of the same initiatives. We use a lot of freelancers. We go outside of the reporting staff who's covering the daily journalism and look to them to do different kinds of jobs for us. And I also say, we've gone beyond content marketing to helping other large organizations that are looking to overhaul their infrastructure and needing to bring in central CMS systems and understanding that too. And so, there's so many problems that we can help solve just by being a far flowing organization.

David Skok: Yeah. You know, it's one of the things at Harvard Business School that I got was, you know, there's two different types of things, strategies you can listen to. There's the deliberate strategy, which is the one that you need to do sometimes to impart on people, and then there's the emergent strategy, which is listening. Just listen around you to what's going on. And if you keep getting questions asked about a certain opportunity, perhaps you should probably look in that direction and figure out a way to make it work. What we've done as part of the redesign—and I kind of skimmed through this—is we deliberately designed for mobile to have branded content be in the stream, so that it really is an experience that you can't miss if you skim through that. But I think picking up and learning from some of the Atlantic's troubles over the last few months around the Church of Scientology, we were very transparent about what we were doing. If you go to the site and you look at it, there's a little question mark. Click on it. It's all there. Explains what it is. Explains how these are not journalists. These are editorial freelancers that we hire outside of our news organization to do it. And we really have nothing to hide on that. And, you know, it's an opportunity for all of us.

Jim Moroney: Yeah. I mean, again, we created another company to actually do the work, but now we're going to take that branded content, native advertising, call it what you will, on our sites and we had the news department and the sales department sit down and talk about how to create the rules of the road for taking it. And that the editorial news department will

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always have the right of veto. If they say, "This is just not something we should take," even if it's completely transparent, we're not going to hide it. We're going to put [in] sponsored content. We're going to shade it heavily. But the news department will review everything that comes in, and if they say, "No," that's no. I don't care if my head of sales [says], "It's a huge order and all this money." It's just like, "Too bad." We are not going to put at risk the essence of our brand, which is the integrity of our journalism. On the other hand, there's a lot of money going here, and if we can take it the right way, sure, let's do it.

Jim Brady: I should say, using the Atlantic example like David, I mean, people just beat them with a baseball bat over the scientology thing. And obviously they.... But the thing is, the people who were scolding them are still farther away from figuring this out than the Atlantic is. They tried something. It didn't work. They learned from it. They'll move on. And there's too much scolding in this industry now, where anybody tries something new and it doesn't go the way it's supposed to go, everybody sits back and laughs and says, "See, I told you so." But they are the ones who are going to get there first because they are willing to take some lumps [and] learn how to do it the right way. And I think that's still a problem so broadly in the industry.

[Some applause.]

Woman: Bravo, Jim!

Neil Chase: Well said like an often scolded person. [laughter] We know you're the brunt of a lot of that stuff. Well put. And to be fair, as long as we're picking on people, you know, the Atlantic ran a story about scientology that was stupid. Any news department probably would have looked at it and said no. But the Atlantic has done tons of other branded content programs [that] worked really well. They just missed this one. They just screwed up on one. Didn't read it, didn't catch it, whatever. It happens. But you can't set the whole business back, right, because of that. Come on down to the microphones if you have questions. I think there is one in waiting here.

Beth Elderkin: Hi. Oh, sorry, I'm a little short. My name is Beth Elderkin with the Kerrville Daily Times. My question is more for Jennifer and David; although, anyone can chime in. Since you host a collection of newspapers, you know, ranging from large urban demographics to smaller communities, how do you approach multimedia with a smaller community perhaps with an older demographic that doesn't really value multimedia and doesn't go online? They'd rather wait the next day for that newspaper, instead of going to look at that video or see something on Twitter.

Jennifer Carroll: I'll jump in. I think we'd never make that assumption. But we still are on every platform imaginable, because we need to be. So, yes, we're still in print. Yes, we do weeklies. Yes, we do magazines. My job, because I'm in digital, is to focus on digital. So, that's why you're hearing me

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talk a lot about that. But I would say if we were in Chillicothe right now or Bucyrus, they are glued to any of these devices that are breaking in real time. And so, again, we don't assume, but then we always make available.

David Skok: Yeah, I could just echo that. We have multiple platforms. We're a broadcast company traditionally. And even the public broadcaster in Canada actually went fully digital with their signals. We still kept a couple of analog signals. So, they actually have more access to our traditional newscast content. And the other thing is, it's very similar to what Jim has done by centralizing the operations is, we have a data desk team that will essentially marshal their resources wherever they're needed at that particular moment and will help that local community do FOIs, access to information requests, that they probably wouldn't have the resources to do themselves.

Jennifer Carroll: Yeah. And I should say this, too. One of my favorite teams is our data team, because they do exactly that. They are brilliant at it. Right now, they are creating very, very interesting maps and all sorts of interactive graphics that we distribute throughout the company.

Jim Brady: And I would say my mother is 70 and she sent me an email last week saying she'd edited her config. file on her computer, which I'm not sure I can even do. [laughter] So, I thought, you know, like age, it may be directionally appropriate to say, like, older generations don't, but I don't think you can make too much of an assumption on that. We have a lot of usage on our websites of older readers as well, and I don't think it really breaks down much by medium.

Neil Chase: And how does your mom like her new job on your data team?

[Laughter.]

Jim Brady: That's right. I'm not paying her much.

Mark Glaser: Hey, Mark Glaser with PBS Media Shift. Jim Moroney, I just want to say I take a little exception with what you said about Texas Tribune and non-profits, because maybe it won't scale to cover everything, but look at what a lot of them have done. Inside Climate News, a tiny, virtual operation, just won a Pulitzer. Center for Investigative Reporting is doing a lot of great work. So, all I'm saying is, why can't for-profit and non-profit actually work together to do a lot more rather than be either/or?

Jim Moroney: I'm not sure you heard me. I said I love the Texas Tribune. They're doing great work! That's the first thing I said. But what I said is, we have a large government in this country today, whether it's the city, the county, state, or national level, and if we're going to provide the kind of government watchdog journalism that scales to that kind of government, you're going to need the newsrooms of for-profit papers, the scale of those newsrooms to do that. The Texas Tribune is a great supplement, and they do

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great. And the group that won the Pulitzer Prize, I'm proud of them, too. I'm only saying you can't raise enough non-profit money to scale to cover the City of Austin [and] the way it has to be covered, in my opinion. You can cover it with 20 people, but you're not — you're going to let a whole lot of things kind of go uninvestigated. That's the only point I'm making. What Evan is doing with the Texas Tribune is brilliant, and I'm all for him.

Mark Glaser: OK, fair enough. What about the startups that you went and bought? How many of those founders and employees will stay at those startups? And how long will they survive within your organization versus going out and being a startup on their own?

Jim Moroney: Well, um, let's see. At 508 Digital, we have today 50 people. We started in second quarter of last year and we still have 50 people. At the Speak Easy, we have, I think, about 15 people. We've been adding people literally every month as our number of clients have grown. We hired one person for Crowd Source, our event marketing company, and we're about to add one more. We bought DG Publishing and we had two sales people left, and one of them now wants to come back to work for us. And on the Pegasus, I think we kept about half of the people because we had redundant jobs doing guide live in our company. How they would have fared out on their own? I don't know. We certainly didn't force DG Publishing or Pegasus News to sell to us. So, if they would have been better off without being sold to us, they were making that independent judgment.

Mark Glaser: Well, I guess my question is more philosophical. How does a startup with its own kind of startup culture survive within an older media organization?

Jim Moroney: Oh. Sure.

Mark Glaser: Because we've had a lot of older media, traditional media organizations buy startups, and sometimes it doesn't — the fit doesn't always work. How do you keep that culture of a startup within an older organization?

Jim Moroney: I think the best thing we can do, which is what we've done with the Speak Easy, we have another partner, so we have it outside the building. It has its own board, its owned 30% by a local advertising agency in Dallas, Slingshot, so that really insulates it. 508 Digital, we took it out of the building. We keep a separate P&L on it as we do the other three. I think the more we can physically remove them from the mother ship, if you will, the better. The more you follow them with their own P&L and you don't — you *don't* cut them back if the mother ship is losing and needs to cut some expenses. We've had to cut some expenses at the Morning News. We've not cut expenses at any of these five new companies. So, yet, it is still a big problem because the gravitational pull of the traditional organization is very strong, and you have to fight against it all the time. So, good point.

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Jennifer Carroll: I guess Clark would call that the sucking sound of the core, correct?

Clark Gilbert: Yeah, exactly.

David Skok: Yeah, Clay's research is very clear on this—that you have to keep it separate. You just have to; otherwise, it will. The priorities and the resources, all those things that I talked about earlier, about the resources, the processes, and the priorities, if they are not separate, you're in trouble. And the other thing, kind of just a quick tagline to think about with these startup organizations is, be patient for growth, impatient for profits, and you should be okay.

Neil Chase: David, just to follow-up on that, because we talked a little bit about that in the first session as well, Jim's WashingtonPost.com [and] NewYorkTimes.com started very separate, right? They were out, you know, blocks away or in a different state in the case of the Washington Post. Ten years building themselves separately. Then they started to integrate. Now they are much more fully integrated. Is that a good thing? Did they integrate too soon? Should they still be separate?

David Skok: I would ask Jim that question.

Neil Chase: I was going to pick on Jim because he's got history. But based on the research, the stuff that you guys have done, is there a time when that separation should come back together? Clark, join in if you like.

David Skok: Well, yeah, what you can do is you don't — you don't bring them back together as one, but what you do is, you allow — almost you second people from the traditional incumbent business to go into the disruptive business and learn the processes and the culture and the resources within that disruptive business, and then potentially bring that back or bring them over to the disruptive business. But you cannot take the disruptive business and bring that into the mother ship, because it will get sucked in.

Jim Moroney: When I started Belo Interactive in 1998, we took the entire operations of every television station and newspaper away from the traditional media companies and took them out of the building and had a completely autonomous unit. And we had compete say-so over how we invested in the websites, how we sold the websites, how we, you know, strategized for the websites. Eventually, when we thought that the traditional business and the startup businesses — particular startups were strong enough, we then began to move them back in. Is that right for everyone? I don't know. Clark has a much stronger point of view about this. I would say probably he's more correct. I know the pull to be efficient makes you want to pull them back together. Would we be better off separate today? Boy, it's hard.

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Jim Brady: I mean, yeah, this is a very personal question for me, because it was part of the reason, really, for leaving WashingtonPost.com was not really being on board with the idea that fully emerging them made sense. And Rosental and I have had many debates about this over the years. But, you know, and I think I even said at this conference one year that the Washington Post merged newsrooms the same way Germany merged with Poland in 1939. [laughter] It was not a merger at all. It was a complete and utter takeover. And the web DNA was like taking an ice cube and dropping it into boiling water. That DNA just melted immediately, because there just wasn't enough of it to spread throughout that newsroom. So, my argument would be at a worst-case scenario, what I had hoped for when they restructured the newsroom was for the website to have its own sort of core underneath Marcus at that point, and I felt like that I could have lived with. It was not separate the way it had been before, which I thought actually was really positive for WashingtonPost.com. There was a lot of creative tension, because we were pushing the print newsroom to do things—pushing them into doing things they did not want to do. And I always was told creative tension was something we liked in our newsrooms, but they didn't like it as much when there was this other organization across the river that was really challenging their view of what journalism was. So, even if we had stayed under one editor but had a separate core, I felt like that would have made a lot of sense. But the way it was done, I feel like — I personally feel like there was a bit of a drop back in terms of digital knowhow and expertise. And I think they've hired a lot of smart people since then and are in a better position now. But yeah, I think structurally there is a lot to be said for having separate organizations.

David Skok: I just want to add one kind of happy tone to all of this. [some laughter] It's that there actually... What we're seeing is the digital group is now starting to actually win accolades, journalistic awards, that traditionally the broadcast side of the organization thought were just theirs to win. And it's been really interesting, because the digital group has passed along what they've done. Once it's finished, you know, we've done all the investigation, now we're going to hand it over to the broadcast team, and they're going to produce a piece, and then both groups are going to win an award for doing really high-quality, investigative journalism. And so that's how you change a culture is, they start — the broadcast side, the incumbent organization, starts to see the value in the disruptive organization in a way that if you had flipped that, they probably never would have.

Neil Chase: Yeah. I mean, last time, Jim, you and I were on a panel here together was, I don't know, four years ago, longer. And I was on the news desk at the New York Times, and you were at the WashingtonPost.com. At the Times, we were bringing things together, because the newsroom had started to bring the web in. The newsroom had started to.... You'll hear the executive editor talk tomorrow. You go into a news meeting and the executive editor would ask you, "Why is that on the page there? Why is this

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on the website here?" And you'd start to realize, okay, at first, they didn't know what we were doing. That was kind of cool. Now they're paying a lot of attention. And that's good, but it's tougher.

Jim Brady: But what you had was that transitional period —

Neil Chase: Yes.

Jim Brady: — where the website sat under with John Landman sort of at the head of it —

Neil Chase: Exactly. A thoughtful transition.

Jim Brady: — where it was able to sort of have its own powerbase in the newsroom. That's what we never had at the Post.

Neil Chase: And it started to change behavior, exactly. It changed behavior around the newsroom. It got different people thinking. And you had these 65-year-old business columnists shuffling over and saying, "I think I need a blog. I got too much to say." And then you started to feel things kind of change. Question over here.

Cindy Royal: Yeah. Hi, I'm Cindy Royal, and I teach at Texas State University down in San Marcos, right down the road. And I'd like to know when you hire, if you hire for these disruptive activities, what are the skills that are the most pressing needs you have right now?

Jim Brady: Development for sure. Always looking for development.

Neil Chase: Meaning software and programming?

Jim Brady: Yeah, data developers, backend developers, but it's... You know, winning the battle for developers in the news industry is tough. There's so many places to go. And as you might have heard, we're not as competitive as some companies in Silicon Valley [chuckles] when it comes to grants and things like that, so it's a tough battle, but that's what we need the most for sure.

Jennifer Carroll: Yes, and I would echo that. Because as I was saying in my remarks earlier, learning how to build that architecture, and designing it well, and making sure it doesn't break, and then building the tools that are needed today to stay competitive is so important. So, yes, we layer that on with journalists and all of the other jobs that have been so dear to us, but developers and designers are very important to us.

Jim Moroney: Data analytics people, not DBAs, but people that can take the data and analyze it and gain intelligence out of it for us to use back into the business. We need a lot more people that can do data analytics.

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David Skok: Yeah, computer science developers. The one... Last year, here, Brian Boyer spoke, who now is with NPR, I believe, right? And I asked him that question, "How do we get developers to be interested in coming to a newsroom?" And Brian is a very, you know, enigmatic characteristic guy, and he said, "Well, tell them that it's work that their mom will be proud of them for doing." [laughter] Which most software [developers]—well, I don't know—Google, don't be evil—but, you know, go to a newsroom.

Neil Chase: So, before everybody in here who's a journalism student commits academic suicide, [laughter], how important is it? A lot of journalism schools have done this. They are doing programs now where the computer science and the journalism are merged, right? Medill at Northwestern has a big program. There's a class at Stanford that is a combination of business school, computer science, and journalism. How important is it those database people, those developers have some kind of journalism interest? A journalism degree maybe?

Rosental Calmon Alves: We have it here too.

Neil Chase: Oh, yeah, this other school here has it too.

Jim Brady: I certainly think it helps. There's no question it helps. But it's not a requirement. I mean, I think one of the things that I get if I say, you know, "We need to hire developers more than anything," is they will say, "Developers? You want to hire developers instead of journalists?" It's like I don't want to hire them instead of, but good developers really help produce good journalism. And if you don't have that, you're missing some opportunities. And based on the example I gave before with Boston, we got all sorts of leads on that story of locals that were at the finish line because we had somebody spend a couple of hours digging through the results. And so, I mean, I think that's just a key to getting good work at the other end.

Jennifer Carroll: Yeah, I want to just echo, I don't think it's either/or. Right now, it is more that we have to bring in developers, because we haven't had that as part of our DNA. However, I as a journalist [am] constantly working with the developers to help the journalists understand how to use the tools. There is nothing more important than saying, all right, it's great to have a social video player, but what does that really mean when we're covering a major breaking news story? How do we interpret what people are saying to us? The first night, I think you all know, after the marathon, it was "Pray for Boston." People were mourning, and that needed to be our story. So, it's understanding the temperature taking and how people are feeling and still uncovering that and then apply it with the tools that the developers are building.

Jim Moroney: I'm going to go back to data and just say we have some folks that come in the newsroom that help do computer-assisted reporting;

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particularly, big database experts. The very best are also journalist reporters who can do it themselves, like Holly Hacker, who covers our education beat. When you see both those skills come together, it really is powerful.

David Skok: I think the developers that I speak to a lot, you know, they would say, "We are journalists at heart." You know, we ask a question. That's fundamentally how you code is, you're asking, how can I do this? Or, what is the goal that we're trying to achieve? And so, a lot of that is inherently in their DNA as well. The other thing that I think, to answer the question more elaborately is, project managers are really in short supply as well right now. And anybody who's an editor in a newsroom or a producer on a newscast, I think if you wanted to add to your skill set, project management certification is something that is also in short supply.

Jim Moroney: I agree with you.

Neil Chase: And there's a long history in journalism of that small group of journalists who were the investigative reporters and editors, right? The people who would take eight-track tapes full of data and crunch them and try to find stories. Some of those geeks are now teaching these kind of programs at some of these schools. One last question.

Man: Okay. I'd like to go back to the separation and integration. I came from Portugal. I work on the public service media. And what we are seeing in Europe is the big companies that have radios, newspapers, and television, and the public service are all doing newsroom integrations. So, what would you tell them to stop?

[Laughter.]

Jim Brady: I mean, I.... Well, every situation is different. I'm not saying there isn't a world someplace where that makes sense. You know, in Portugal, maybe there's a different, you know, things are different there. But I just think in general you want people focused primarily on the thing they know best. And I think when you start merging things, everything gets a little gray at that point. But I mean, I'm sure there's a reason for doing it, and the reason is probably financial. I mean, I think in the end, if you go back to all the newsroom mergers that happened here four or five years ago, people always said it's because everybody needs to be digital now. But I think in some regard a lot of that was about money. It was about cost. We had our own building in Arlington, Virginia that we paid a lot of money for every year. We had duplicate HR staff, duplicate finance staff, duplicate IT staff. So, I think a lot of times when people said, "We're merging because it's the right thing to do journalistically or from a business perspective," really [they] were doing it to sort of cover up the fact they had to take expenses way down. And I think that's a fair argument. It's just it gets to some of the things Clark was talking about, which is, it's hard to really grow in that space

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in which you're this really tiny part of this big company and you're sort of put under that umbrella.

Jennifer Carroll: I think Neil mentioned this. We see this all the time. And this is in favor of the teaching and the training that goes on. It doesn't mean you have to completely integrate, but we have veteran business columnists who are excellent bloggers, and we have excellent still photographers who are our best videographers. And that's because we've taken a lot of what we've learned from digital media and applied it to some of the more traditional roles. So, I would say those are the best examples that I can cite.

Jim Moroney: If you're going to separate them, I would always argue if you can find a person that's from your traditional newsroom to go over there that has sort of credibility in standing back to that newsroom, it sort of helps that whole process work better.

David Skok: The biggest challenges that we have is that all the data that we see, the quarterly reports, the financial statements that we look at, and how we structure things, it all looks at the past. It's all immediately the past. There's no way of knowing what the future is unless you trust—and Clark would know this—the theory. And so, I would say, you know, if you want to stick together and integrate it, that's fine, but theory would say you're in trouble if you do that.

Jim Brady: And define 'separate,' right? Because we always, when I was at WashingtonPost.com, used to hear all the time, "Well, you guys have separate newsrooms." They thought we were just in Arlington lobbing water balloons over to downtown D.C. and they were firing them back at us. But I was in the Post newsroom three days a week, and I spent half my time down at the Washington Post newsroom, and I knew everybody over there. It wasn't like we were strangers to each other. It was just structurally we had our own management chain, our own P&L, our own, you know, that's how we [structured it]. So when people say it's separate, don't mistake that for being strangers to each other, because if you do that, you are doomed.

Neil Chase: And that's really important. Because if you look at the New York Times today, the front page right now with all the stuff going on in New England, that report wouldn't be as good if the best reporters in the newsroom, both on the scene and back at the paper, weren't actively thinking about the web all the time, thinking about how to publish in real time, thinking about being digital first, whether the HR structure is the same or whether some of the P&L is the same or different issues. But if the people aren't thinking about, where are we publishing right this minute, and the best people in the newsroom are thinking about tomorrow, where a bunch of other people are thinking about today, it's not going to work.

Man: But you have a risk of the digital and the traditional are doing opposite things at the same time?

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Neil Chase: That's where the coordination and leadership [comes in]. Like Jim said, bring somebody senior in from one side to the other. They have to be coordinated and have to work together. Do they have to be the same business or separate or have a different P&L? That's probably much more of a business decision based on the situation.

Jim Brady: The one thin that separation gives you is, it gives you the ability to try some things that.... We were the.... Post was the first, really, I think it was the first of the big five or six papers to launch blogs and launch comments on articles and try a lot of things on video, largely because I didn't have to budget in the six months of trying to sell it. You know, going over there and explaining over and over again why this was a bad idea. I mean, we wouldn't have launched blogs for years if I had to get the newsroom to sign off on it, because bloggers were all idiots in their underwear in their basement spouting off about stuff they didn't understand. That was how they viewed bloggers. They didn't understand a blog is a format. Essentially, it's a tool to allow you to publish. So, I mean, I think that's the only reason we launched those things first. It wasn't because we had ideas that were any better than a lot of other people running NYTimes.com or any other major site. It was just that we had the freedom to go try it. And Lynn Downey, who's a very close friend, said to me a number of times over dinner, "I'm glad you launched all those things, because I hated every one of those ideas when you brought them to me." [chuckles] "But they were the right things to do. I just didn't see it then." And that's what you get when you have that freedom.

Neil Chase: David, last word.

David Skok: Yeah, there's a really fascinating example going on right now. And forgive me, I think it's Condé Nast, but if I got their company wrong, the idea is true. Most people right now, a lot of young people, and we're seeing a lot of referral traffic from a social aggregating site called Reddit. And Reddit is owned by, I believe, Condé Nast.

Neil Chase: It is.

David Skok: It is? Thank you. I suspect there are—I don't know anyone there—but I suspect there are many people in the boardrooms of Condé Nast looking at Reddit and thinking, "Man, if only we could put some big boxes on there," or their logo. But how would that impact Reddit? I mean, if you think about Reddit and how successful it's been, what would that do to the business? And so, it will be interesting to watch the temptation for the parent business to look at that one and how they keep it separate. And if they don't manage to keep it separate, will the site be able to sustain its relevancy?

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Neil Chase: It's one of those rare cases where the site has such a powerful readership that the readership won't let it happen, which the Condé Nast people finally figured that out.

David, Jim, Jim, Jennifer, thank you very much. Great conversation.

[Applause.]