

Remarks to The Media Institute
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Sustaining Journalism in the Digital Era

How can we have the best of both worlds? All of us want the exciting new world of digital plenty. All of us want a world where news and information is available globally and in ways that accommodate everyone's needs.

But we also need a world that's creating rich news content – not just distributing it. And that means making sure there are dedicated men and women working to report the news. And – yes – we need a business model that makes sure companies continue to invest in that reporting.

How we can have the best of both these worlds is the question that has so many people talking – in Washington and around the country. It's a question that reaches beyond news content and involves movies and TV shows and music – as we all saw as the drama played out recently here in Washington over SOPA. It's also the question that our young company, NewsRight, is dedicated to finding some answers for, at least when it comes to news and information.

In many ways, this is a golden age for news. There are more ways of getting information than at any time in history. We still have our newspapers (or at least most of them) and our radios and TVs. And we have more and more all-news radio stations and TV channels. To these more traditional sources of news have been added our computers and our mobile phones and our iPads.

These new devices not only give us new ways of getting news from the traditional outlets, but also have given rise to a seemingly unlimited number of new providers of news and information – everything from Pro Publica to Politico to Gawker to our neighborhood blogger.

It's not just our access to news and information that's grown. It's also our appetite. The Pew Center's latest report on news consumption in this country tells us that Americans spend a record amount of their time consuming news on all the platforms. According to Pew, in 2009, people on average in this country are spending 71 minutes of every day getting their news in one way or another. And even that large number doesn't include time people spend getting their news from mobile devices.

It's hard to know which is the chicken and which is the egg – whether we're consuming more news because we can or whether new outlets are springing up to meet the demand. No doubt it's both. But, whatever the reason, the demand for news is greater than it's ever been before. And, given how precious everyone's time is, people wouldn't be spending more than an hour a day on anything that they didn't value pretty highly.

So, this period we're living in should be a true golden age for news. But for many of us who've spent years gathering and producing and presenting news reports to the public, it sure doesn't feel like a golden age. Just the opposite. Hardly a day goes by that we don't read or hear about cuts being made in one newsroom or another.

After trimming the budget at ABC News for every year of my tenure, at the end I found it necessary to cut almost 25% of the organization to ensure it's ongoing financial health. It was about the most difficult thing I've ever had to do in my professional life.

No one who knows the economics of the news business has any illusions about what's behind the cuts. This isn't a matter of some corporate overseer trying to extract greater profits from a strong and growing business. The business itself is troubled, sometimes deeply troubled. And anyone who cares about the journalism, as we all do, has to care about the economics as well.

Take the newspaper business. There are some exceptions, but overall newspapers have gone through a terrible time. The annual Pew Study on the Media reports that newspaper circulation peaked in

the United States in 1990 at something over 62 million. It's fallen pretty steadily since then, down about 30% from its all-time highs. Newspaper advertising revenues are down even more – about 40% over the last ten years, although revenues from circulation have dropped only 10%.

The story in television is less dramatic, but still shows troubling signs. The cable news channels earn substantial profits, in part because of their reliance on subscription fee revenue. And the network news divisions have managed to continue for the most part in the black through a combination of rounds of staff cuts and increased advertising rates.

But network audiences continue their steady decline (with an uptick for part of last year because of extraordinary news events), and we've even begun to see some significant declines in audiences for cable news channels after a decade of growth.

So, how do we reconcile the robust growth in overall demand for news with the troubles facing those trying to satisfy that demand? The answer, of course, is obvious. It lies in that wonderful digital world that all of us turn to every day for much of our news.

The growth we're seeing in news consumption comes from digital alone. All the other ways that we've traditionally gotten our news are either flat or down— sometimes dramatically down. For the first time ever, people spend more time on-line than they do reading newspapers. When you add in all the mobile use, people today get more of their news from digital than they do from any other source – with the exception of television (and digital is catching up to TV, fast).

In and of itself, this might seem to be a big problem only for some of the mainstream news companies who've built up big, successful businesses. It might not seem so bad for the country. People are getting more news from more sources than ever before. Isn't this how we would define a "golden age" for news?

No, it isn't. At least not in my view. And that's because for the most part all the growth has been in the distribution of news – not in investment in the news being distributed. Even as there are more and

more outlets for news on the Internet, over the past decade we've seen a steady decline in the investment being made in reporters who are paid to spend their professional lives learning the craft, working on beats, and developing sources. Pew estimates that we've lost as many as 12,000 journalists from newspapers in the last four years – something between 25% and 30%.

I can tell you that television is not far behind.

It's no coincidence that we're seeing dramatic growth in distribution at the same time we're seeing cuts in the creation of news reports. Many of the new Internet companies don't have to invest in news content because they take versions of news reports created by the mainstream companies and aggregate them with other news content to present to their consumers. And their cost for this content is most often: nothing.

Given this business model, it shouldn't be a surprise that there's a rush to create new companies to distribute news on the Internet. Creating original, quality news content is expensive. As the cost of reproducing and distributing that content approaches zero, everyone wants to be a distributor. But fewer and fewer want to invest in creating the content to be distributed.

The inevitable result of these economics is that an awful lot of the news we get on the Internet isn't original at all. It's a version of what someone else has reported. Pew, for example, last year did a study of six major news stories in Baltimore over a given week. It traced back the origins of reports on these stories to determine how many of them were original stories reporting something new or different and how many of them were simply versions of what someone else had done.

Pew found that, as we all would expect, there'd been a dramatic increase in the number of outlets reporting local news in Baltimore. There were 53 in all. But when it came to the reporting on these six major stories, 83% were simply repeating versions of what someone else had done. And of the 17% that did have something new, all but 4% came from one of the traditional news outlets in the market. Most came from newspapers, followed by television and a bit

of radio. The new, digital news platforms contributed almost nothing to the original reporting.

At the same time as the people in Baltimore were getting their real news from only a handful of sources, those sources were cutting back substantially on their own reporting. Pew estimated that the major newspaper in Baltimore was generating about a third less stories than it had a decade before.

There are, to be sure, a handful of Internet news organizations that have made real investments in original reporting. Politico right here in Washington is a good example. Just this week, David Carr wrote in the New York Times about BuzzFeed hiring reporters to break news.

But sites like Politico are the exception that proves the overall rule. Most of the new outlets tend not to hire journalists at all. Or, if they do, they bring in editors or commentators or columnists. There's certainly nothing wrong with columnists and bloggers. I read and enjoy and learn from them all the time. But we shouldn't get them confused with reporters who are digging to find out truths about things that those in power would rather we not know.

I don't claim that this siphoning off of news value is the only cause of the troubles faced by the news industry in this country today. The challenges are too great for there to be any single cause.

Some of the difficulties were the inevitable result of adding too much during times of plenty. Some in the news industry were slow on the uptake of digital, underestimating how big the rush to the Internet would be. And only now are we seeing a broad move among newspapers to make sure that they're realizing the full value of the content on their own sites as they experiment with pay walls and meters.

But if traditional news providers are always competing with companies that are using some of their own content – and getting it for free – then it will be difficult to restore true health to the news industry, no matter what other improvements they make in their businesses.

Don't get me wrong. I'm not against news aggregation. We've all bookmarked certain news aggregator websites that give us a combination of news reports borrowed from the original sites. They can be general news sites or sites that specialize in news on particular subjects like politics or entertainment or sports. They can include only the headlines of stories or the headlines plus the ledes or the full text of the story. We all use them, and we all benefit from them. News aggregation is a big business, and it's here to stay.

The question isn't whether we'll continue to have news aggregation or whether we benefit from it. The question is how the mainstream news providers – the companies who are investing in the original news content being enjoyed throughout the Internet – can work with the aggregators to make sure that the new world will work for everyone.

About three years ago, the Associated Press decided it would invest in a new way to address this question. It started a pilot program called the News Registry. The idea was simple: Most newspapers knew that their content was being taken and re-published in various ways on sites around the Internet. But they didn't really have a good sense of how much of this was going on or who was doing it. So, the AP worked with a group of publishers to begin using the very technology that had made news aggregation possible to start to get their arms around exactly how it was working.

Each content owner started putting a small piece of computer code in their news reports whenever it posted them to its website. Whenever another site takes the report with the code, it reports back to a central database, and the publisher can monitor every time the article is read – not just on its own site, but on the secondary site. Even if the secondary site removes the code, the News Registry has another method of scouring the web to identify matching content and reporting back to the publisher both that its report is appearing somewhere else and that the code has been removed.

Once each publisher has information about how its content is being used off of its website, then it can make an informed choice among several options. It can decide that it's perfectly happy with the

secondary site's using its content the way that it is – either because it has a syndication relationship with the site or because it just wants the circulation (even if it isn't receiving advertising or subscription revenue for the traffic).

Alternatively, it can go to the secondary site and offer to license its content.

Or, each publisher can decide it would be better to join with other publishers and offer a combined, new product to the secondary site – a product that includes a range of content.

And, that's where NewsRight came into the picture. We're a new, for-profit company that owns and operates the News Registry and is available to publishers to act as their representation in negotiating non-exclusive licenses to Internet companies who want to power their businesses using the wide range publishers' content. These licensing arrangements are strictly voluntary; each publisher remains free to enter into its own, unilateral arrangements with any news aggregator.

NewsRight is owned by the Associated Press and 28 other news publishers, including some of the biggest names in the U.S. industry. But we also represent over 30 additional publishers who have agreed to have their content included in the News Registry and are eligible to join in any licensing products we create. And, we're adding more publishers every month.

To give you a sense of the scope of what we're doing, we now have content from just under 900 different news sites up and running on the News Registry. These cover a wide range from some very big sites of the most prominent publishers to some relatively small, local sites from across the country. Our News Registry is collecting information on some one million news reports posted to the Web each month on over 55,000 websites. We are collecting data on over four billion impressions on these reports from across the Internet, representing over 200 million unique viewers. And, as I've said, we're still growing.

The ultimate goal of NewsRight is to make sure more of the value of original news content on the Internet is realized by the companies investing in that content. We believe that the best way to achieve that goal is to make sure that what we do benefits everyone.

Of course we want to benefit our owners and other publishing participants by increasing the money they receive from the Internet.

But we also want to benefit the Internet companies we license to. Clearing rights to content is at the core of what we do. But it's far from the only thing that we offer. We can provide up to date feeds of the content included in our portfolio, eliminating the need for aggregators to scrape the web. And in doing so, we can provide the original, true version of the news report the aggregator wants, eliminating the second and third generations of versions of the report and ensuring the end user is getting the "real" report.

Our News Registry also allows us to gather data about how news reports are being consumed across thousands of sites on the Web. This information is certainly helpful to the publishers whose content is being consumed. It also offers a valuable new service to aggregators who now will be able not just to let their users know that an article has been posted, but also give them some sense of how others are reacting to it.

And, ultimately, NewsRight can improve the experience of those turning to news aggregators for at least some of their information. They'll know whether they're getting the original version. They'll know which articles they're looking at are getting a lot of traffic and which aren't. And, most important, by providing a business plan for investors in original news content to recoup some of their investment, NewsRight ultimately will help ensure that the public continues to have access to high quality, original news reporting.

You'll note that our plan is to work within the existing laws. There may be areas where new legislation is required. We've certainly watched the drama that was SOPA play out with great interest. And, we have a special appreciation for the great damage that piracy of content can do to the creators of that content.

But we believe that in the area of news, we have an opportunity to innovate through sensible business arrangements under existing law. All of us will still need to be vigilant in making sure everyone's complying with the law, but our goal is to persuade users of our content that licensing that content – either collectively through NewsRight or individually from publishers – is good for them, as well as for the news industry and the public.

We also believe that the NewsRight approach offers the opportunity for further innovation going well beyond the aggregation sector that's already developed. Because we have access to so much original news content from so many sources across the country, we can make it much, much easier for those who want to create new ways for people to get their news. Instead of having to collect the content from hundreds of sites and clear the rights from hundreds of rights holders, new entrants have the opportunity to come to one company – NewsRight – and strike a single deal for all that content. And, because of the way that the tagging works, we can provide subsets of the content for just about as specific an area as anyone might like.

Is there a market for a digital product providing all news reports about left-handed neurosurgeons? We can give it to you. Do you need to see all the reporting across our 900 sites on a given product or even a given incident involving that product? We can give it to you. And do you want to see, not only what's being reported, but how many people are actually reading which reports? We can do that too.

So, quite apart from providing an innovative solution to the current issues surrounding news aggregation, NewsRight holds out the promise of expanding how people can get access to their news – how and when they want it. And to do so in a way that makes sure that the supply of high quality, original news reporting continues well into the future, cutting back on the free ride some have been taking on the substantial but diminishing investment made by the traditional news media companies.

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In conclusion, let me come back to where I began. All of us value the digital world of plenty when it comes to news. We can be more informed more quickly wherever we are in ways that were unimaginable only a few years ago. No one wants to give any of that up.

But as much as the world has changed because of digital, the basic principles underlying the creation of content have not changed. And this applies to all forms of content – whether it informs or it entertains.

Our Constitution provided explicitly for Congress to pass laws protecting copyright. And in doing so, the Framers gave us the reason why. It wasn't to protect businesses. It wasn't even to protect creators. It was "to promote the progress of science and the useful arts." The Framers recognized, as the British Parliament had 80 years before in enacting the Statute of Anne, that the reason to put some restrictions on copying written works was to make sure that more writing would be done.

And that's the same challenge and opportunity we have before us today. To figure out how we can all benefit from the wide distribution of quality original journalism – but to do so in ways that make sure that this journalism will continue to be done. To the benefit of us all.

That is the central purpose of NewsRight.

Thank you very much for listening, and I'd welcome your questions and comments.