

New Business Models and the Influence of the Digital World.

An interview with Project Syndicate

by João Neves

JOCIS interviewed Jonathan R. Hoffmann, Chief Operating Officer of the international media organization Project Syndicate

The main sources of income of Project Syndicate come from a traditional, digital or mixed model?

It's a mixed model. We have three main revenue paths. One is syndication: we licence the content that we produce. We go out, we commission content from very well-known people, experts in their field, we don't syndicate journalists. It can be someone like Bill Gates or Christine Lagarde, we then translate this content into 13 languages and distribute it to our network of publications around the world. Our model for doing that is mixed, we charge for our content in middle income countries. Here's an example: a newspaper in Portugal like *Diário de Notícias* or *Jornal de Negócios* would subscribe to our content, they would get a Portuguese translation included in that cost and then we would make that translation available for a publication in Mozambique, for example, free of charge. You can call it journalism supporting journalism or Robin Hood model. That's one main revenue stream of ours, I'd say somewhere between 45-50%. The second is that we do a series

of kind of grant supported or project-based initiatives. The third is that we actually charge for content online, but only a portion of it and this is relatively new, we started charging for our content online back in November 2017 and it's been a relatively successful endeavour for us. Of course, we are still in the process of learning.

In which do you invest more: the traditional, digital or mixed?

Again, it's mixed. I would say right now a lot of our organization's focus is on trying to improve our digital presence in terms of creating multimedia, going out and trying to find new formats of content that readers are more likely to pay for.

Which sources of income do you have?

There are basically three. We have a b-to-b side that is just a business with some of our clients around the world, we worked with over 500 hundred publishers in 156

countries. Approximately half of those pay for the content they receive from us. We have a b-to-c side, a business to customer based, in which we monetize our content directly, readers pay for access to our website and then we also receive grants, for example, the Google's Digital News Initiative, we got a grant to produce multimedia content.

Has the impact of the digital changed your sources of income?

Yes, significantly.

How important are potential partners for the success of your business model?

Well, that is a good question, of course strategic partnerships are helpful, but we are also very careful. I think sometimes it is easier to do things on your own than it is to enter into complicated relationships with other people. So, we certainly do technically work with people, but as an organization, we prefer to build on our own.

What kind of partners do you consider most important to your business (technological partners or industry/traditional partners)?

Some of the most important partners that we have are the contributors, the writers, the big-name people. So, we have a team that edits and translates it, but without those people actually producing this content, there is no business. Likewise, would they be producing it if we didn't have relationships with all these publishers around the world to further their ideas? The answer to that question is no. It's really hard to isolate, you could argue that if you took digital out of the equation for Project

Syndicate, we'd still of course continue to survive, but it is an ecosystem in which all the parts matter.

In what do you base your value proposition? In your relationship with the consumer, in your relationship with technological distribution channels or with the media industry?

Our value proposition is very simple and very clear. The types of authors that we get consistently are very difficult. Look, *The New York Times*, *The Financial Times*, all these big-name papers around the globe, sure they can get a Bill Gates, but we can do this consistently. This content arrives in your inbox if you're a partner of ours, it's edited to perfection, it is basically plug and play, you can put it right into your paper.

Maybe you have to undertake translation on your end depending on which language you are publishing, but ultimately the convenience factor alone, not to mention the content, is very good and it's something that readers enjoy, but there's also a big convenience factor.

I think it's clear that we are unique in the sense that there's not a lot of people that do what we do. We're basically a Newswire but for opinion, so from the editors' perspective, it goes back to the idea that it's kind of a one stop shopping for really good opinion, but the same thing from a consumer point of view, that by simply coming to us, we may not be somebody's first read of the day to find the news, there's a million news sources out there that you can get stuff from, but if you want experts to parse that and understand what some of the people who are affecting markets or making policy are thinking about these things, then we're a great outlet for that.

Do you intend to integrate the contributions from the academic world into your business decisions in terms of R&D?

It's hard to say because again, what we do is unique. Our organization is small despite its reach. The media landscape is changing so fast and so dramatically, we just recognize right now that we can't, we don't have the time or the resources to try to capitalize on every new trend. We have a strategic and competitive advantage in one particular area and that is what we focus on. Of course, we had to evolve some things so that we can keep up, but ultimately, we know exactly who we are, what we're doing and we stick to it.

How do you integrate the academic contributions in your company in terms of R&D?

It's hard for me to give specific examples, but we are always trying to learn and understand and improve what it is that we can do, but again our business model has not been altered dramatically in the last 20 years. Of course, there have been some changes to it, but ultimately, I think that five years from now, we're still going to be doing largely what we are doing today.

Within your strategy to engage with your media consumers, what do you value the most: communication, product or easy access to the service?

It's hard to separate it. Look, it's all things. The product itself of course is one of the most important things, we wouldn't be here without it, but at the same time, communication is essential, you can produce stuff but if it just sits in a black box, it doesn't matter.

Has the new General Data Protection Regulation (GDPR) caused any difficulties for the knowledge and creation of the profile of your consumer?

Yes, it's extremely difficult. There are a couple of things: one it is challenging just to get in compliance with the new law if you're a small organization. We had to outsource this to a legal team, there's a lot of additional cost and headache that stressed our capacity in order for us to get compliant with this. I think for some publishers it dramatically affects what they do because of the way they market to people, what they do with the data. For us, it is a little bit more forward, our marketing efforts are not that advanced in terms of what information we're collecting on. We don't sell anybody's data, we never made money by selling people's data. It's not really who we are, but at the same time it is challenging because it does affect the way you can try to attract a larger customer base. If you have fewer possibilities, you can send e-mails to people who have registered on your site, but who have not clicked the box to give us the consent. It's harder for us to let them know we have certain things that they would be interested in, but at the same time there are other channels through which one can reach people.

Has the new advertisement alignment had an impact in the way Project Syndicate buys or sells advertising space?

Not really because we don't sell advertisements on our website, we decided years ago that we didn't have the scale in terms of page views to make it worthwhile. The money that we were making from advertisements was not enough, we just didn't like the opportunity cost that we felt that created a sub-optimal

reading experience for people who want to focus on the content instead. The only advertisements that we do sell are within our newsletter and are typically academic publishers, for example, people who were publishing books which fits very much with our audience. We have a lot of academics who subscribe to Project Syndicate and get our insights. Outside of one advertisement a week, we are not doing much on that area, so it hasn't really hurt us.

Are the distribution networks or models that you use for the distribution of your product/service suited?

Yes, sure, because what we do is primarily text based. Of course, we have some multimedia content that you can see on our site or on social media, but ultimately, it's quite simple for us. Through the communication channels that we have with our partners, people can receive our content in different ways, it can be sent via e-mail, you can come to our website and securely download html or raw text. Our actual readers, those who subscribe to Project Syndicate, can get stuff sent directly to their inbox, they can follow specific authors and specific topics.

Are they suited to your target audiences?

I think so. One of the things we don't do though when you regarding distributing content is that it is not available via Apple News, we don't do anything with Facebook, you can't read all our material on these other channels, you have to come back to us.

We have a Facebook page, we have a Twitter feed, where somebody can go and follow us and we will direct them back to our site.

Do you think that something must be changed at this level?

I think it is problematic from a reader's perspective. We want to make it easier for people to find the content we produce. The problem is when you put it out in some of these channels, you hear a lot of criticism about Facebook and about Google in regards to their relations with publishers, what content they actually provide for people that is appearing on their channels. I think that something does need to change because it is not sustainable, that is why we identified, from the outset, that we'd erode the value of our own content if we simply just put it everywhere.

Do you notice any changes in the last years in terms of your main sources of funding and income? Are these changes in balance with the market?

Not drastically, no. We have a new digital revenue stream because we're charging for premium content on our website, but at this stage it is still not a significant portion of our overall operating revenue.

What are the main challenges faced by your media company's business development? Are they technological, regulatory or commercial?

Not regulatory. Commercial challenges exist and we operate within the broader media landscape, one thing that is good is that our partner base is diverse. We work everywhere in the world. If things are slow in Western Europe, maybe they are rising in Africa, better in Asia, but I think the trend towards news publishers having smaller budgets available ultimately proves to be one of the biggest challenges for us. The other side is from technological, simply

because there is so much content out there and there are so many things readers can do with their time for free, so it becomes a little bit more challenging to get somebody to pay for your content.

What is the importance and challenges posed by Artificial intelligence and robotics technologies to your media business?

Again, I'd say it would be different for us than for many other people; AI can actually write news articles, but we are not competing in that sense, maybe it will be challenging for us at some point down the line, but people still want to hear from experts.

What are the most important characteristics for the success of your business model? We've got a few options for you to choose from: technological innovation, relationship with the consumer, brand value, open innovation and co-creation.

Relationship with the consumer and brand value, absolutely.

Do you expect a positive, negative or neutral evolution of it?

Positive.

Does your business model require funding? If so, where will you find such funding?

Yes. Typically, with non-profits. For example, the non-profit arm of companies, like the Google Digital News Initiative. We do need to develop, we are financially stable, but some changes require a lot of investment

and wouldn't be possible without this type of help.

In your opinion, what is currently changing in terms of the management, marketing and administration of media companies?

For us, the stuff we do didn't change that much. One of the most successful ways that we have to get to people is through e-mail, for example. There's nothing new there. We don't advertise a lot, maybe to our own detriment, but simply because we have few resources available to us, we stick to what we know it works.

In your opinion, what is currently changing in terms of the work of journalists and content producers?

Again, it goes back to the people who are producing our content aren't actually journalists, but I would say that there's a new trend in media every year, whether is the pivot to video; 10 years ago, it was that the iPad was going to save publishers and revolutionize the business and that didn't happen. The pivot to video has become more a punch line and less a recommended strategy. From our point of view, we see some evolution in what we do, but ultimately, we focus simply on what we have been doing for the last 20 years and try to do it better.