

The City University of New York

**CUNY GRADUATE SCHOOL  
OF JOURNALISM**

# New Business Models for News

## Project Update

Presented at Aspen Institute FOCAS  
August 16-19, 2009

Funded by the John S. and James L. Knight Foundation

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### **Introduction by Stephen B. Shepard**

Dean, City University of New York Graduate School of Journalism

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We're delighted to be presenting our work at the Aspen Institute, and I'd like to thank Walter Isaacson and Charlie Firestone for hosting us. We're also very grateful to the Knight Foundation for their financial support, encouragement, and friendship since we started the CUNY Graduate School of Journalism four years ago. So thank you to Alberto Ibarguren, Eric Newton, and Gary Kebbel.

We set out to do something daunting: create new business models for news. You will see a brief overview of the results thus far. We have a lot more detail, which we hope you will dive into over the next three days.

We hope to inform the discussion about the future of news with business specifics – experience, facts, figures, research, and analysis. We hope to demonstrate that there is a sustainable future for news.

We're presenting one set of possibilities. Clearly, there are many others. We believe it vital to build and experiment with these new models and share widely our experience and best practices.

Our work is all being done in the open at our site, [newsinnovation.com](http://newsinnovation.com). We hope to draw out the ideas of many of you here at Aspen and we invite you to visit our site in the weeks and months ahead to review and contribute to our work.

As for the new business models we are presenting here at Aspen: We are assuming that the last major daily in a top-25 market is gone. Let me be clear: We are not suggesting that this is what should happen. But we are trying to answer the question we often hear asked: What will become of local journalism if newspapers can no longer perform their civic function in a community?

Our answer: We believe that an ecosystem of many players will rise. Please note that we are agnostic as to ownership: these players could be legacy companies

or startups. We are merely trying to describe their roles, envision a sustainable future for them, and describe how journalism in a metro area may work.

To build that future – no matter who builds it – we must forthrightly address the new realities of media and work with them to imagine a new future for journalism. And then we must build it.

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### **About the CUNY Graduate School of Journalism**

The CUNY Graduate School of Journalism opened in August, 2006, the first publicly supported graduate school of journalism in the Northeastern U.S. Its three-semester program leading to the M.A. degree in journalism stresses the convergence of media formats, offers subject concentrations in five specialties, and provides all students with paid summer internships, thanks to a generous grant from the Knight Foundation. The new Class of 2010 has 85 students, a smart, motivated, and diverse group. Please see: [www.journalism.cuny.edu](http://www.journalism.cuny.edu).

The School is headed by founding Dean Stephen B. Shepard, who was editor-in-chief of BusinessWeek for more than 20 years. Dean Shepard was also a senior editor at Newsweek, editor of Saturday Review, and president of the American Society of Magazine Editors.

# New Business Models for News

## Project Update

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# About the Project

## **The New Business Models for News Project**

at the City University of New York Graduate School of Journalism  
Center for Journalistic Innovation.

The New Business Models for News Project at CUNY — funded by the Knight Foundation for the Aspen Institute FOCAS meeting, with additional funding from the McCormick, and MacArthur foundations — is exploring how journalism can be sustained in the internet economy. The discussion around this future has lacked specifics and so we have been gathering data on business' experience, working with startups and incumbents, and building models to explore how news can be supported.

At Aspen, we are presenting the alpha version of the first phase of this work, concentrating on the ecosystem we believe will emerge in a top-25 metro market after the daily paper has ceased publication. The question has been asked, what will happen to journalism in a city when the paper leaves? We put forward some possible answers. We believe that these newspapers will not be replaced by new-fangled versions of themselves: new papers from single companies. No one product or company will dominate the news in these markets any longer. Instead, many players operating under many motives, models, and means — including incumbents — will fill the void in a new ecosystem of news. The transition will not be smooth, but we hope that in this chaos we will see a market demand for reporting emerge. How the market can meet that demand is the primary question we are investigating.

So what will this ecosystem look like? How can it operate? What are the economics to support it?

At CUNY's New Business Models for News Project, we are examining possible and optimal business models to support four players:

- the hyperlocal (town or neighborhood) and interest-based blog or site;
- the new news organization (a successor to the newspaper newsroom, covering the metro area but operating at a different scale with different roles);
- publicly supported journalism (by individuals and charities);
- and the ecosystem's framework that supports and adds value to many of these players (for example, with ad networks, ad sales, technology platforms, and training).

### **Hyperlocal**

Today, there are hyperlocal blogs operating in towns and neighborhoods across America. Many are run by former professional journalists or new entrepreneurs with no business — and certainly no sales — experience. They aim to cover their neighborhoods and many

are doing good work, serving and attracting substantial audiences. If it can be shown that such businesses will support journalism and journalists, will more join their ranks to serve more towns? If we demonstrate that a hyperlocal blog in a town could generate \$100,000 to \$300,000 or more a year in revenue, would this motivate laid-off reporters and journalism students to start them and serve more towns and topics?

How could their businesses be optimized? What if they could sell advertising that serves local merchants better — including helping these businesses with their presence on the web and on Google and Yelp? What if they could sell advertising serving local merchants in neighboring towns and sites? What if they were able to get a piece of the regional advertising pie that will be redivided when the paper leaves? What if they could get a share of other revenue streams, such as ecommerce? Finally, what if these hyperlocal journalists didn't have to sell? What if the ecosystem supported independent business people — call them citizen sales forces — able to serve a new population of local merchants and bring value to these hyperlocal bloggers, enabling them to concentrate on serving their communities? These are the questions we are asking.

### **The New News Organization**

Now let's turn our attention to the new news organization. When we at CUNY held a conference in new business models for news last October, members of the group charged with reimagining the newsroom started their discussion not with the size of the current newsroom, imagining how to save its existing structure. Instead, they forecast plausible revenue for a metro-wide news service and then estimated how much staff it could support: about 30 people. Recently, we spoke with the editor of a metro paper who said that of the 300 people in his newsroom, about 50 produced original journalism (versus print production and commodity content). We are not suggesting that 30 people can do the work of 300 — even with efficiencies brought by the internet — and we emphasize that these 30 must work with networks of hundreds, possibly thousands more in the community. In effect, these 30 professional journalists would organize and train networks of independent journalists and citizens to cover key aspects of community life, from education, housing, and sports to government, business, and crime. They would also aggregate and curate coverage of the community from other sources and possibly link to state, national, and international coverage of news relevant to the metro area. In any case, we envision a new, metro-wide news organization that operates at a smaller scale and we then ask how large its audience and revenue could be.

What could this new news organization's product and service be and how could it relate to the ecosystem? It must provide original and unique reporting. It also needs to work collaboratively with the community — the ecosystem — and so it may organize those people and even train them. It will curate the best of the ecosystem and the world to add

value. It likely will not only produce articles but will reveal its process in blogs, aggregators, wikis, Twitter and RSS feeds, email, podcasts, and new tools yet to be invented — so working in this organization will require new media skills.

What will it take to support such a staff — how much audience, market penetration, traffic, advertising, and other revenue? (We assume this new news organization will be a for-profit enterprise; it need not be, but we believe this is the higher bar to pass to demonstrate the sustainability of such journalism.) What roles would the journalists in this new newsroom perform: reporting, community-organizing, curating, vetting, training? To be efficient, the staff must reduce production tasks — technology will help them — and they should specialize and not replicate commodity content available a link away.

It is our hope that this news organization — and the hyperlocal sites working with it — will be motivated and supported to provide the beat, watchdog, and investigative journalism their community needs, not only because it's necessary but also because such work brings them value: attention, distribution via the conversation, branding, Googlejuice, audience, and ultimately profit. Note well that this work can come not only from each organization individually but from networks of organizations working together, collaborating and crowdsourcing journalistic effort.

### **Publicly Supported Journalism**

The New Business Models for News Project also asks how publicly supported journalism could contribute to the ecosystem. We are examining the levels of contribution currently supporting both local journalism (such as National Public Radio affiliates) and civic needs. We will talk with new entrants, such as Spot.US (a platform to enable individuals to pledge support to individual journalists to create specific reporting), ProPublica, and HuffingtonPost. We will ask how much resource might be available to support local journalism — and at what level — by examining how much is given to journalistic effort locally today (to NPR outlets, primarily) and how much foundation-giving exists in a market (note also that the Knight Foundation has initiated matching grants to encourage community foundations to support journalistic work). We also will speculate about how such efforts could collaborate with existing players, such as public-radio radio and TV stations to get management, promotion, education, even space (Frontline executive producer David Fanning is proposing just such an organization).

### **The Ecosystem's Framework**

Finally, we are creating models to describe the work of the framework that we believe is necessary to support and add value to this ecosystem. Someone needs to help these local



sites provide better and more valuable service to their advertisers — not just banner and button advertising but agency-like help with their online presence; greater value will yield greater revenue. If someone creates the means for neighboring local sites to sell advertising into each other, expanding the reach of their own local merchants, then all will benefit: Every dinghy rises with the tide. If there is an easy way for metro-wide advertisers to buy into a quality alliance of local sites, then they all would receive revenue they could not otherwise have realized. If this entity also enables ecommerce on a large scale, all can again receive more revenue. If this entity can coordinate even national buys — witness the rise of womens’ blog networks such as BlogHer and Glam — then there is yet another source of revenue.

For the sake of this project, we envision this infrastructure — curation of sites, creation of alliances, provision of technology, and training — coming from a single, separate entity; this, we believe, will make it easier to understand these roles. But at all levels of the ecosystem, we are agnostic as to ownership and structure. The framework could be provided by a legacy news organization, a metro startup, a new national organization, or various players. Similarly, the new news organization could be a successor to the legacy newspaper or a startup. Hyperlocal sites could be operated by sole proprietors or legacy news companies or startups. Publicly supported journalism could come from ad hoc crowdsourced networks or from cooperatives put together by local NPR affiliates. We will not prescribe ownership but instead will attempt to lay out functions and the business models that can support them.

Note that we are assuming no print products in this exercise because we are trying to examine the business potential and sustainability of online, local journalism. It is possible that various players still could produce print products, at least in the transition to a purely digital future, because there may still be demand from readers and advertisers (who still will pay higher rates for print), and because there is still revenue to be had in having a distribution mechanism for FSIs (free-standing inserts: coupons and circulars).

### **Revenue Opportunities**

In addition, the New Business Models for News Project is cataloguing revenue opportunities: new advertising models, paid models, ecommerce.

\* \* \*

To accomplish this work in the first phase for presentation at the Aspen Institute FOCAS meeting in August CUNY brought together a team that includes a principal investigator (Prof. Jeff Jarvis), a director (Peter Hauck), a business analyst (Jennifer McFadden),

business consultants (Jeff Mignon and Nancy Wang), journalism graduates of the school, students from the Zicklin School of Business Field Center for Entrepreneurship at CUNY's Baruch College, and advisors (including Star-Ledger editor Jim Willse). In addition, we are grateful to receive data and advice from Borrell Associates, Nielsen, and others.

The team has surveyed more than 100 bloggers and is performing in-depth interviews with many of them to gather their experience and needs. We are interviewing merchants in two towns in New Jersey and one neighborhood in Brooklyn to better understand how this large population of advertisers — many of whom did not use newspapers because they were too big, expensive, and inefficient — can be served online. We are working closely with a number of companies in this space, including The New York Times, Patch, Prism, GrowthSpur, Outside.in, and others to learn from their analyses and examine the roles they could play in the news ecosystem.

Our goal in this first phase is to describe a scenario and models for a journalistic ecology and economy in which local journalism may not only survive but prosper and grow. In subsequent work — when funded — the New Business Models for News Project plans to examine national content exchanges, new models for foreign coverage, and other models to sustain journalism in the future. Under the auspices of the Graduate School of Journalism's Center for Journalistic Innovation, we also are offering incubation services to some startups working in this arena.

The Tow Foundation has awarded a \$3 million challenge grant to the Center for Journalistic Innovation. The work of the Center's New Business Models for News Project is supported by grants from the Knight, McCormick, and MacArthur foundations. The Carnegie Corporation is supporting related investigation of hyperlocal coverage (including organizing, equipping, supporting, and training community members to take part in reporting).

**- Jeff Jarvis, Professor, CUNY Graduate School of Journalism**

## New Business Models

We have created original business models for a Hyperlocal Website, a New News Organization and the Ecosystem Framework. In addition, we have developed a model for a Not-for-Profit news organization that is based on an assumed level of community and foundation support in a Top-25 metro area.

To view and analyze all the models, please go to **[newsinnovation.com/models](http://newsinnovation.com/models)**. The models have been openly published and are freely available for use by anyone. The spreadsheets can be copied and customized by inserting different values and assumptions. We encourage all interested parties to do so and to share their results on [newsinnovation.com](http://newsinnovation.com).

## **Hyperlocal Website & Ecosystem Framework Models**

The following models reflect a convergence of two key interrelated parts of the new news ecosystem: the Hyperlocal Blog and the Framework, or sales and support structure that serves the cumulative, underlying network of local sites.

For the purposes of this project, we divided a sample metro market of 5 million people into many smaller markets (20k, 35k and 60k) that reflect the towns that comprise a large metropolitan market.

The Hyperlocal Website Models and the Framework Model are linked in order to easily display how a change in overall assumptions (a metro-wide Ad Network CPM, e.g.) will affect not only the profitability of an individual small- or medium-sized blog in the network, but also the profitability of the overall Framework. (Note: areas shaded in grey are the drivers for the model — any changes to these figures will be reflected throughout all of the individual P&L's.)

## MASTER ASSUMPTIONS: FRAMEWORK &amp; HYPERLOCAL BLOGS

	Year 1	Year 2	Year 3
<b>Overall Metrowide Market</b>			
Total # of Adults 18+ (Metrowide)	5,000,000	5,000,000	5,000,000
% of these who are online users	80%	80%	80%
<b>Total # of Adults 18+/Online (Metrowide)</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>
<b>Submarkets</b>			
<b>Coverage Area - Large Blog (Population = 60K)</b>			
% of Total Living in Large (Population = 60K)	54%	54%	54%
Total # of People living in Large Submarkets	2,700,000	2,700,000	2,700,000
# of areas with Population = 60k/total area	45	45	45
<b>Coverage Area - Medium Blog (Population = 35K)</b>			
% of Total Living in Large (Population = 35K)	36%	36%	36%
Total # of People living in Large Submarkets	1,800,000	1,800,000	1,800,000
# of areas with Population = 35k/total area	52	52	52
<b>Coverage Area - Small Blog (Population = 20K)</b>			
% of Total Living in Large (Population = 20K)	10%	10%	10%
Total # of People living in Large Submarkets	500,000	500,000	500,000
# of areas with Population = 20k/total area	33	33	33
<b>Unique Visitors &amp; Page Views - Large Hyperlocal Blog</b>			
% of these who are Large Blog users	35%	49%	60%
Beginning UV	-		
Ending UV	945,000	1,323,000	1,620,000
Page Views/User/Mo.	12	12	12
<b>Total Monthly PVs -Large Hyperlocal Blog (All Blogs)</b>	<b>11,340,000</b>	<b>15,876,000</b>	<b>19,440,000</b>
<b>Total Monthly PVs/Large Blog</b>	<b>252,000</b>	<b>317,520</b>	<b>388,800</b>
<b>Unique Visitors &amp; Page Views - Medium Hyperlocal Blog</b>			
% of these who are Medium Blog users	35%	49%	60%
Beginning UV	-		
Ending UV	630,000	882,000	1,080,000
Page Views/User/Mo.	12	12	12
<b>Total Monthly PVs - Medium Hyperlocal Blogs (All Blogs)</b>	<b>7,560,000</b>	<b>10,584,000</b>	<b>12,960,000</b>
<b>Total Monthly PVs/Medium Blog</b>	<b>145,385</b>	<b>235,200</b>	<b>288,000</b>
<b>Unique Visitors &amp; Page Views - Small Hyperlocal Blog</b>			
% of these who are Small Blog users	35%	49%	60%
Beginning UV	-		
Ending UV	175,000	245,000	300,000
Page Views/User/Mo.	12	12	12
<b>Total Monthly PVs -Small Hyperlocal Blogs (All Blogs)</b>	<b>2,100,000</b>	<b>2,940,000</b>	<b>3,600,000</b>
<b>Total Monthly PVs/Small Blog</b>	<b>63,636</b>	<b>89,091</b>	<b>109,091</b>

## MASTER ASSUMPTIONS: FRAMEWORK &amp; HYPERLOCAL BLOGS (CONT.)

<b>Revenue Assumptions</b>				
<b># of Ad Positions/Page</b>	<b>Avails Per Page</b>	<b>Av. STR</b>	<b># of Sold Units/Page</b>	
Large Hyperlocal/Vertical Blog	12	55%	7	
Medium Hyperlocal Blog	12	55%	7	
Small Hyperlocal Blog	12	55%	7	
<b>Framework Rev Share</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	
Local Banner Ads (Direct Sales)	15%	15%	15%	**These are ads sold by the Blogger and served, managed by the Framework
Local Ad Network Ads	20%	20%	20%	**These are local ad network sales sold by bloggers, and served, managed by Framework
Metro Ad Network Ads	15%	15%	15%	**These are Metrowide ad network ads sold by the NNO sales team and served, managed by Framework
National Ad Network Ads	20%	20%	20%	**These are national ads sold by Framework and targeted locally
<b>Outsourced Sales</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	
<b>Local Banner Ads</b>				
Commission Outsourced Ad Sales	20%	20%	20%	**These are the ads sold by the Blogger
% Sold by Outside Ad Sales	100%	100%	100%	
% of Total Revenues going to Outside Ad Salespeople	0%	0%	0%	
<b>Local Network Ads</b>				
Commission Outsourced Ad Sales	20%	20%	20%	**These are the ads sold by the Blogger
% Sold by Outside Ad Sales	100%	100%	100%	
% of Total Revenues going to Outside Ad Salespeople	6%	7%	7%	
<b>Metrowide Network Ads</b>				
Commission Outsourced Ad Sales	20%	20%	20%	**These are the ads sold by the NNO
% Sold by Outside Ad Sales	100%	100%	100%	
% of Total Revenues going to Outside Ad Salespeople	80%	80%	75%	

## MASTER ASSUMPTIONS: FRAMEWORK &amp; HYPERLOCAL BLOGS (CONT.)

<b>Banner Ad Inventory</b>			
<b>Large HL/Vertical Blog</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Direct Local Banner Ads as % of Tot.Avail.Impressions	60%	50%	45%
Local Ad Network Banner Ads as % of Total Av. Imp.	5%	7%	10%
Metro Network Ads as % of Total Av. Imp.	35%	40%	40%
National Network Ads as % of Total Av. Imp.	0%	3%	5%
<b>Medium Hyperlocal</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Direct Local Banner Ads as % of Tot.Avail.Impressions	60%	50%	45%
Local Ad Network Banner Ads as % of Total Av. Imp.	5%	7%	10%
Metro Network Ads as % of Total Av. Imp.	35%	40%	40%
National Banner Ads as % of Total Av. Imp.	0%	3%	5%
<b>Small Hyperlocal</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Direct Local Banner Ads as % of Tot.Avail.Impressions	60%	50%	45%
Local Ad Network Banner Ads as % of Total Av. Imp.	5%	7%	40%
Metro Network Ads as % of Total Av. Imp.	35%	43%	55%
National Banner Ads as % of Total Av. Imp.	0%	0%	0%
<b>Contextual Ads (Google, e.g.)</b>			
# of Ads per Page	3	3	3
CPC	\$0.20	\$0.20	\$0.20
CTR	0.36%	0.36%	0.36%
<b>Average CPM</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Local Banner Ad (Effective CPM)			
Large Blog	\$12.00	\$12.00	\$12.00
Medium Blog	\$12.00	\$12.00	\$12.00
Small Blog	\$12.00	\$12.00	\$12.00
Local Ad Network CPM	\$7.50	\$7.50	\$7.50
Metrowide Ad Network CPM	\$12.00	\$12.00	\$12.00
National Ad Network CPM	\$5.00	\$5.00	\$5.00
Square footage/person	100	100	100
Cost/Sq. Ft.	\$20	\$20	\$20

# MASTER ASSUMPTIONS: FRAMEWORK & HYPERLOCAL BLOGS (CONT.)

## ***Additional Assumptions***

Total # of Companies in the Geographic Area	300,000	300,000	300,000	
Average monthly buy	250	250	250	
				**This figure comes from Av
Average # of companies	1,218	2,950	6,552	monthly revenue all
% of Total Companies in the Geographic Area	0.41%	0.98%	2.18%	blogs/av monthly buy
Total # of Blogs being served	31	55	99	
Average # of companies/blog	40	53	66	



## FRAMEWORK: ASSUMPTIONS

<b>Framework Partner Assumptions</b>					
<b>Year 1</b>					
	Site class	Beginning Value	Year 1	Year 2	Year 3
<b>Total # of Partner Sites (Geographic Area = 5M)</b>					
	Large Hyperlocal/Vertical Blog	7	12	22	39
	Medium Hyperlocal Blog	6	10	18	33
	Small Hyperlocal Blog	5	9	15	28
<b>Total # of Partner Sites (Geographic Area = 5M)</b>		18	31	55	99
<b>Monthly PVs/Blog</b>					
	Large Hyperlocal/Vertical Blog	-	252,000	317,520	388,800
	Medium Hyperlocal Blog	-	145,385	235,200	288,000
	Small Hyperlocal Blog	-	63,636	89,091	109,091
Monthly PVs - All Blogs			5,053,180	12,529,650	27,552,798
<b>Total Average Monthly Revenue (All Blogs)</b>					
	Large Hyperlocal/Vertical Blog		\$181,839	\$400,978	\$860,623
	Medium Hyperlocal Blog		\$89,920	\$254,589	\$546,427
	Small Hyperlocal Blog		\$32,799	\$81,833	\$231,004
<b>Total Average Monthly Revenue (All Blogs)</b>			\$304,559	\$737,401	\$1,638,054
<b>Total Annual Revenue (All Blogs - Advertising Only)</b>			\$3,654,702	\$8,848,812	\$19,656,653
<b>Total Average Monthly Revenue (All Blogs)</b>					
	Large Hyperlocal/Vertical Blog		\$15,188	\$18,650	\$22,289
	Medium Hyperlocal Blog		\$8,762	\$13,814	\$16,510
	Small Hyperlocal Blog		\$3,835	\$5,329	\$8,376
<b>Growth Rates - Partner Blogs</b>					
		Year 1	Year 2	Year 3	
<b>Monthly Growth Rate for the # of Partner Sites</b>					
	Monthly Growth Rates/Large Blogs	5%	5%	5%	
	Monthly Growth Rates/Medium Blogs	5%	5%	5%	
	Monthly Growth Rates/Small Blogs	5%	5%	5%	
<b>Citizen Ad Sales Training--Conferences</b>					
		Year 1	Year 2	Year 3	
	# of Attendees	50	100	150	
	Fees	\$99.00			
<b>Citizen Ad Sales Training--Webinars</b>					
		Year 1	Year 2	Year 3	
	% of Total Population	0.01%	0.01%	0.01%	
	# of Attendees	500	500	500	
	Fees	\$29.99			

## FRAMEWORK: ASSUMPTIONS (CONT.)

<b>Expense Assumptions</b>			
<b>Development Costs</b>	\$200,000	*Assumes development on top of OpenX platform,	
<b>Annual Growth Rates</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Product Development Costs		10%	10%
Travel/Miscellaneous		50%	50%
Marketing and Promotion		35%	35%
Technology Costs		N/A	25%
Rent & Utilities			
<b>Conference Costs</b>	50%	*As a percentage of conference revenues (assumes a margin of 50%)	
<b>Capex per Employee</b>	\$1,500		

## FRAMEWORK: INCOME STATEMENT

<b>Revenues</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Gross Revenues</b>	<b>\$502,969</b>	<b>\$1,382,296</b>	<b>\$3,081,441</b>
Advertising Revenues			
Local Banner Ads	\$268,818	\$692,640	\$1,370,809
Local Ad Network Ads	\$18,668	\$80,808	\$337,015
Metro Ad Network Ads	\$195,538	\$558,650	\$1,268,394
National Ad Network Ads	\$-	\$25,302	\$75,378
Citizen Ad Sales Training			
Conferences	\$4,950	\$9,900	\$14,850
Webinars	\$14,995	\$14,995	\$14,995
<b>Revenue before Operating Expenses</b>	<b>\$502,969</b>	<b>\$1,382,296</b>	<b>\$3,081,441</b>
<b>Expenses</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
SG & A			
Salaries	\$510,400	\$1,023,816	\$1,533,204
Marketing & Promotion	\$20,000	\$27,000	\$36,450
Conference costs	\$2,475	\$4,950	\$7,425
Technology Costs	\$150,000	\$25,000	\$31,250
Product Development	\$50,000	\$25,000	\$27,500
Legal Fees	\$35,000	\$15,000	\$15,000
Patent Fees	\$25,000	\$5,000	\$5,000
Accounting Costs	\$6,000	\$6,000	\$6,000
Rent & Utilities	\$12,000	\$26,000	\$40,000
Licensing Costs	\$10,000	\$10,000	\$10,000
Travel/Misc	\$10,000	\$15,000	\$20,000
<b>Total Expenses</b>	<b>\$830,875</b>	<b>\$1,182,766</b>	<b>\$1,731,829</b>
<b>Expense/Revenue Margin</b>	<b>165%</b>	<b>86%</b>	<b>56%</b>
<b>Operating Income</b>	<b>\$(327,906)</b>	<b>\$199,530</b>	<b>\$1,349,612</b>
<b>Operating Income Margin</b>	<b>(65.2%)</b>	<b>14.4%</b>	<b>43.8%</b>
<b>Investing Income</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Capital Expenses</b>	<b>\$9,000</b>	<b>\$19,500</b>	<b>\$30,000</b>
<b>Earnings Before Taxes</b>	<b>\$(327,906)</b>	<b>\$199,530</b>	<b>\$1,349,612</b>
<b>Income Taxes @40%</b>	<b>\$(131,162)</b>	<b>\$79,812</b>	<b>\$539,845</b>
<b>Earnings</b>	<b>\$(196,744)</b>	<b>\$119,718</b>	<b>\$809,767</b>
<b>Net Margin</b>	<b>-39%</b>	<b>9%</b>	<b>26%</b>

## FRAMEWORK: SALARIES

STAFFING										
Assumptions	Year 2	Year 3								
Compensation Annual Increase	4%	4%								
	HEADCOUNT			SALARIES			ANNUAL SALARY COSTS			
	Year 1	Year 2	Year 3	Base	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Pres./CEO	1	1	1	\$90,000	\$90,000	\$93,600	\$97,344	\$90,000	\$93,600	\$97,344
VP/CFO	0	1	1	\$85,000	\$85,000	\$88,400	\$91,936	\$-	\$88,400	\$96,443
VP/CTO	1	1	1	\$80,000	\$80,000	\$83,200	\$86,528	\$80,000	\$83,200	\$95,992
VP, Sales	1	1	1	\$80,000	\$80,000	\$83,200	\$86,528	\$80,000	\$83,200	\$95,541
Director, Operations	1	1	1	\$75,000	\$75,000	\$78,000	\$81,120	\$75,000	\$78,000	\$81,120
Director, Product Development	1	1	1	\$75,000	\$75,000	\$78,000	\$81,120	\$75,000	\$75,000	\$75,000
Director, Sales Training	0	1	1	\$70,000	\$70,000	\$72,800	\$75,712	\$-	\$72,800	\$75,712
Assistant Director, Sales Training	0	2	5	\$65,000	\$65,000	\$67,600	\$70,304	\$-	\$135,200	\$351,520
Customer Support	0	2	4	\$45,000	\$45,000	\$46,800	\$48,672	\$-	\$90,000	\$180,000
Payroll/Tech Support/Other Admin	1	2	4	\$40,000	\$40,000	\$41,600	\$43,264	\$40,000	\$83,200	\$173,056
<b>SubTotal</b>	6	13	20					\$440,000	\$882,600	\$1,321,728
<b>Payroll Taxes (9% of Salaries)</b>								\$39,600	\$79,434	\$118,956
<b>Benefits (7% of Salaries)</b>								\$30,800	\$61,782	\$92,521
<b>TOTAL - Salary + Benefits</b>								\$510,400	\$1,023,816	\$1,533,204

## HYPERLOCAL BLOGS: MARKETWIDE ASSUMPTIONS

	Year 1	Year 2	Year 3
<b>Overall Metrowide Market</b>			
Total # of Adults 18+ (Metrowide)	5,000,000	5,000,000	5,000,000
% of these who are online users	80%	80%	80%
<b>Total # of Adults 18+/Online (Metrowide)</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>
<b>Submarkets</b>			
<b>Coverage Area - Large Blog (Population = 60K)</b>			
% of Total Living in Large (Population = 60K)	54%	54%	54%
Total # of People living in Large Submarkets	2,700,000	2,700,000	2,700,000
# of areas with Population = 60k/total area	45	45	45
<b>Coverage Area - Medium Blog (Population = 35K)</b>			
% of Total Living in Large (Population = 35K)	36%	36%	36%
Total # of People living in Large Submarkets	1,800,000	1,800,000	1,800,000
# of areas with Population = 35k/total area	52	52	52
<b>Coverage Area - Small Blog (Population = 20K)</b>			
% of Total Living in Large (Population = 20K)	10%	10%	10%
Total # of People living in Large Submarkets	500,000	500,000	500,000
# of areas with Population = 20k/total area	33	33	33

## LARGE HYPERLOCAL BLOG: REVENUE ASSUMPTIONS

<b>Unique Visitors &amp; Page Views</b>			
% of these who are Large Blog users	35%	49%	60%
Beginning UV	-		
Ending UV	21,000	29,400	36,000
Page Views/User/Mo.	12	12	12
<b>Total Monthly PVs</b>	<b>252,000</b>	<b>352,800</b>	<b>432,000</b>
<b>Total # of Ads Units Per Page</b>	<b>6.6</b>	<b>6.6</b>	<b>6.6</b>
<b>Total Impressions (All Ad Types)</b>	<b>1,663,200</b>	<b>2,328,480</b>	<b>2,851,200</b>
<b>Sell Through Rate (overall)</b>	<b>105%</b>	<b>100%</b>	<b>100%</b>
<b>Average CPM</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Local Banner Ad (Effective CPM)	\$12.00	\$12.00	\$12.00
Local Ad Network CPM	\$7.50	\$7.50	\$7.50
Metrowide Ad Network CPM	\$12.00	\$12.00	\$12.00
National Ad Network CPM	\$5.00	\$5.00	\$5.00
<b>Available Banner Ad Inventory</b>			
Direct Local Banner Ads as % of Tot.Avail.Impressions	65%	50%	45%
Local Ad Network Banner Ads as % of Total Av. Imp.	5%	7%	10%
Metro Network Ads as % of Total Av. Imp.	35%	40%	40%
National Network Ads as % of Total Av. Imp.	0%	3%	5%
<b>Sitewide Sell Through Rate</b>	<b>105%</b>	<b>100%</b>	<b>100%</b>
<b>Contextual Ads (Google, e.g.)</b>			
# of Ads per Page	3	3	3
CPC	\$0.20	\$0.20	\$0.20
CTR	0.36%	0.36%	0.36%
<b>Services</b>			
Average Number of Monthly Advertisers/Site (Metrowide)	40	53	66
% of Monthly Advertisers Serviced by Blogger	20%	20%	20%
Number of Local Companies being Serviced/Month	8	11	13
Flat Fee for Services	\$20.00	\$20.00	\$20.00
<b>Monthly Services Revenues</b>	<b>\$158</b>	<b>\$213</b>	<b>\$264</b>
<b>Ecommerce</b>			
Monthly \$ per Converted User	\$3.50	\$3.50	\$3.50
User Conversion rate	0.50%	0.50%	0.50%
<b>Events</b>			
% of Bloggers who Hold Events	25%	25%	15%
# of Bloggers Holding Events	3	5	6
# of Events/Year	44	44	44
# of Tickets Sold/Event	\$15.00	\$15.00	\$15.00
<b>Total Annual Event Revenue Per Blog</b>	<b>\$660.00</b>	<b>\$660.00</b>	<b>\$660.00</b>

(cont.)

<b>Local Network Ad Sales Commissions</b>			
Total Annual Local Network Sales	\$116,392	\$404,040	\$1,685,076
Commission for Sales into Metro	20%	20%	20%
% of Total Inventory sold by blogger	3%	3%	3%
Annual Commissions/Blogger	\$698	\$2,424	\$10,110

## LARGE HYPERLOCAL BLOG: EXPENSE ASSUMPTIONS

<b>Local Banner Ads Rev Share</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Framework Rev Share	15%	15%	15%
<b>Total Rev Share Local Banner Ads</b>	15%	15%	15%
<b>Local Ad Network Rev Share &amp; Commission</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Commission -- Bloggers	20%	20%	20%
% Sold by Large & Medium Bloggers	100%	100%	100%
Framework Rev Share	20%	20%	20%
<b>Total Rev Share + Commissions</b>	40%	40%	40%
<b>Metro Ad Network Rev Share &amp; Commission</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Commission -- New News Organization	20%	20%	20%
% Sold by New News Organization	100%	100%	100%
Framework Rev Share	15%	15%	15%
<b>Total Rev Share + Commissions</b>	35%	35%	35%
<b>National Ad Network Rev Share &amp; Commission</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Commission -- Framework	20%	20%	20%
% Sold by Framework	100%	100%	100%
Framework Rev Share	20%	20%	20%
<b>Total Rev Share + Commissions</b>	40%	40%	40%
<b>Annual Growth Rates</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
Product Development Costs	10%	10%	10%
Travel/Miscellaneous	50%	50%	50%
Marketing and Promotion	35%	35%	35%
Technology Costs	N/A	25%	25%
Rent & Utilities	10%	10%	10%
<b>Capex per Employee</b>	\$1,000	\$1,000	\$1,000
<b>Rent</b>			
Square footage/person	100	100	100
Cost/Sq. Ft.	\$10	\$10	\$10

## LARGE HYPERLOCAL BLOG: INCOME STATEMENT

Revenues			
	Year 1	Year 2	Year 3
<b>Gross Revenues</b>	<b>\$129,543</b>	<b>\$273,796</b>	<b>\$327,584</b>
Advertising Revenues			
Local Banner Ads	\$82,626	\$149,572	\$163,442
Local Ad Network Ads	\$2,804	\$9,238	\$16,024
Metro Ad Network Ads	\$34,022	\$91,503	\$111,098
National Ad Network Ads	\$-	\$1,760	\$3,561
Contextual Ad Revenue	\$4,079	\$9,598	\$11,654
Affiliated Services	\$1,899	\$2,561	\$3,168
Ecommerce/Affiliate Rev	\$2,754	\$6,480	\$7,868
Events	\$660	\$660	\$660
Commissions/Sales into other sites	\$698	\$2,424	\$10,110
<b>Revenue before Operating Expenses</b>	<b>\$129,543</b>	<b>\$273,796</b>	<b>\$327,584</b>
Expenses			
	Year 1	Year 2	Year 3
<b>SG &amp; A</b>			
Salaries (Including Owner/Operator)	\$63,800	\$214,600	\$232,653
Marketing & Promotion	\$7,500	\$5,000	\$5,000
Technology Costs	\$10,000	\$5,000	\$5,000
Legal Fees	\$3,000	\$1,000	\$1,000
Accounting Costs	\$5,000	\$5,000	\$5,000
Rent & Utilities	\$2,000	\$4,000	\$5,000
Travel/Misc	\$5,000	\$5,000	\$7,500
<b>Total Expenses</b>	<b>\$96,300</b>	<b>\$239,600</b>	<b>\$261,153</b>
<b>Expense/Revenue Margin</b>	<b>74%</b>	<b>88%</b>	<b>80%</b>
<b>Operating Income</b>	<b>\$33,243</b>	<b>\$34,196</b>	<b>\$66,432</b>
<b>Operating Income Margin</b>	<b>25.7%</b>	<b>12.5%</b>	<b>20.3%</b>
<b>Investing Income</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Capital Expenses</b>	<b>\$-</b>	<b>\$1,000</b>	<b>\$1,000</b>
<b>Earnings Before Taxes</b>	<b>\$33,243</b>	<b>\$34,196</b>	<b>\$66,432</b>
<b>Income Taxes @40%</b>	<b>\$13,297</b>	<b>\$13,678</b>	<b>\$26,573</b>
<b>Earnings (Accrue to Owner/Operator)</b>	<b>\$19,946</b>	<b>\$20,517</b>	<b>\$39,859</b>
<b>Net Margin</b>	<b>15%</b>	<b>7%</b>	<b>12%</b>



## MEDIUM HYPERLOCAL BLOG: REVENUE ASSUMPTIONS

<b>Unique Visitors &amp; Page Views</b>				
% of these who are Large Blog users		35%	49%	60%
Beginning UV		-		
Ending UV	12,115		16,962	20,769
Page Views/User/Mo.		12	12	12
<b>Total Monthly PVs</b>	<b>145,385</b>	<b>203,538</b>	<b>249,231</b>	
<b>Total # of Ads Units Per Page</b>		6.6	6.6	6.6
<b>Total Impressions (All Ad Types)</b>	<b>959,538</b>	<b>1,343,354</b>	<b>1,644,923</b>	
<b>Sell Through Rate (overall)</b>		100%	100%	100%
<b>Average CPM</b>		Year 1	Year 2	Year 3
Local Banner Ad (Effective CPM)		\$12.00	\$12.00	\$12.00
Local Ad Network CPM		\$7.50	\$7.50	\$7.50
Metrowide Ad Network CPM		\$12.00	\$12.00	\$12.00
National Ad Network CPM		\$5.00	\$5.00	\$5.00
<b>Available Banner Ad Inventory</b>				
Direct Local Banner Ads as % of Tot.Avail.Impressions		60%	50%	45%
Local Ad Network Banner Ads as % of Total Av. Imp.		5%	7%	10%
Metro Network Ads as % of Total Av. Imp.		35%	40%	40%
National Network Ads as % of Total Av. Imp.		0%	3%	5%
<b>Sitewide Sell Through Rate</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Contextual Ads (Google, e.g.)</b>				
# of Ads per Page		3	3	3
CPC		\$0.20	\$0.20	\$0.20
CTR		0.36%	0.36%	0.36%
<b>Services</b>				
Average Number of Monthly Advertisers/Site (Metrowide)		40	53	66
% of Monthly Advertisers Serviced by Blogger		15%	15%	15%
Number of Local Companies being Serviced/Month		6	8	10
Flat Fee for Services		\$20.00	\$20.00	\$20.00
<b>Monthly Services Revenues</b>	<b>\$119</b>	<b>\$160</b>	<b>\$198</b>	
<b>Ecommerce</b>				
Monthly \$ per Converted User		\$15.00	\$15.00	\$15.00
User Conversion rate		0.50%	0.50%	0.50%
<b>Events</b>				
% of Bloggers who Hold Events		25.00%	25.00%	25.00%
# of Bloggers Holding Events		3	5	8
# of Events/Year		-	15	25
# of Tickets Sold/Event		\$15.00	\$15.00	\$15.00
<b>Total Annual Event Revenue Per Blog</b>	<b>\$-</b>	<b>\$225.00</b>	<b>\$375.00</b>	

(cont.)

<b>Local Network Ad Sales Commissions</b>			
Total Annual Local Network Sales	\$116,392	\$404,040	\$1,685,076
Commission for Sales into Metro	20%	20%	20%
% of Total Inventory sold by blogger	0.75%	0.75%	0.75%
Annual Commissions/Blogger	\$175	\$606	\$2,528

## MEDIUM HYPERLOCAL BLOG: EXPENSE ASSUMPTIONS

<b>Local Banner Ads Rev Share</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Framework Rev Share	15%	15%	15%
<b>Total Rev Share Local Banner Ads</b>	15%	15%	15%
<b>Local Ad Network Rev Share &amp; Commission</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Commission -- Bloggers	20%	20%	20%
% Sold by Large & Medium Bloggers	100%	100%	100%
Framework Rev Share	20%	20%	20%
<b>Total Rev Share + Commissions</b>	40%	40%	40%
<b>Metro Ad Network Rev Share &amp; Commission</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Commission -- New News Organization	20%	20%	20%
% Sold by New News Organization	100%	100%	100%
Framework Rev Share	15%	15%	15%
<b>Total Rev Share + Commissions</b>	35%	35%	35%
<b>National Ad Network Rev Share &amp; Commission</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Commission -- Framework	20%	20%	20%
% Sold by Framework	100%	100%	100%
Framework Rev Share	20%	20%	20%
<b>Total Rev Share + Commissions</b>	40%	40%	40%
<b>Annual Growth Rates</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
Product Development Costs	10%	10%	10%
Travel/Miscellaneous	50%	50%	50%
Marketing and Promotion	35%	35%	35%
Technology Costs	N/A	25%	25%
Rent & Utilities	10%	10%	10%
<b>Capex per Employee</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>
<b>Rent</b>			
Square footage/person	100	100	100
Cost/Sq. Ft.	\$-	\$8	\$8

## MEDIUM HYPERLOCAL BLOG: INCOME STATEMENT

Revenues			
	Year 1	Year 2	Year 3
<b>Gross Revenues</b>	<b>\$64,376</b>	<b>\$127,746</b>	<b>\$160,540</b>
Advertising Revenues			
Local Banner Ads	\$40,862	\$71,447	\$82,989
Local Ad Network Ads	\$1,502	\$4,413	\$8,136
Metro Ad Network Ads	\$18,228	\$43,709	\$56,411
National Ad Network Ads	\$-	\$841	\$1,808
Contextual Ad Revenue	\$2,185	\$4,585	\$5,917
Affiliated Services	\$1,425	\$1,921	\$2,376
Ecommerce/Affiliate Rev	\$-	\$-	\$-
Events	\$-	\$225	\$375
Commissions/Sales into other sites	\$175	\$606	\$2,528
<b>Revenue before Operating Expenses</b>	<b>\$64,376</b>	<b>\$127,746</b>	<b>\$160,540</b>
Expenses			
	Year 1	Year 2	Year 3
<b>SG &amp; A</b>			
Salaries (Including Owner/Operator)	\$42,920	\$92,563	\$115,259
Marketing & Promotion	\$2,000	\$2,500	\$3,000
Technology Costs	\$4,000	\$1,500	\$1,500
Legal Fees	\$1,000	\$1,000	\$1,000
Accounting Costs	\$3,000	\$3,000	\$3,000
Rent & Utilities	\$-	\$2,250	\$2,625
Travel/Misc	\$1,000	\$2,500	\$2,500
<b>Total Expenses</b>	<b>\$53,920</b>	<b>\$105,313</b>	<b>\$128,884</b>
<b>Expense/Revenue Margin</b>	<b>84%</b>	<b>82%</b>	<b>80%</b>
<b>Operating Income</b>	<b>\$10,456</b>	<b>\$22,433</b>	<b>\$31,656</b>
<b>Operating Income Margin</b>	<b>16.2%</b>	<b>17.6%</b>	<b>19.7%</b>
<b>Investing Income</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Capital Expenses</b>	<b>\$500</b>	<b>\$1,500</b>	<b>\$1,750</b>
<b>Earnings Before Taxes</b>	<b>\$10,456</b>	<b>\$22,433</b>	<b>\$31,656</b>
<b>Income Taxes @40%</b>	<b>\$4,182</b>	<b>\$8,973</b>	<b>\$12,662</b>
<b>Earnings (Accrue to Owner/Operator)</b>	<b>\$6,274</b>	<b>\$13,460</b>	<b>\$18,994</b>
<b>Net Margin</b>	<b>10%</b>	<b>11%</b>	<b>12%</b>

## SMALL HYPERLOCAL BLOG: REVENUE ASSUMPTIONS

<b>Unique Visitors &amp; Page Views</b>				
% of these who are Large Blog users		35%	49%	60%
Beginning UV		-		
Ending UV	5,303		7,424	9,091
Page Views/User/Mo.		12	12	12
<b>Total Monthly PVs</b>	63,636		89,091	109,091
<b>Total # of Ads Units Per Page</b>		6.6	6.6	6.6
<b>Total Impressions (All Ad Types)</b>	420,000		588,000	720,000
<b>Sell Through Rate (overall)</b>		100%	100%	140%
<b>Average CPM</b>				
		Year 1	Year 2	Year 3
Local Banner Ad (Effective CPM)		\$12.00	\$12.00	\$12.00
Local Ad Network CPM		\$7.50	\$7.50	\$7.50
Metrowide Ad Network CPM		\$12.00	\$12.00	\$12.00
National Ad Network CPM		\$5.00	\$5.00	\$5.00
<b>Available Banner Ad Inventory</b>				
Direct Local Banner Ads as % of Tot.Avail.Impressions		60%	50%	45%
Local Ad Network Banner Ads as % of Total Av. Imp.		5%	7%	40%
Metro Network Ads as % of Total Av. Imp.		35%	43%	55%
National Network Ads as % of Total Av. Imp.		0%	0%	0%
<b>Sitewide Sell Through Rate</b>	100%		100%	140%
<b>Contextual Ads (Google, e.g.)</b>				
# of Ads per Page		3	3	3
CPC		\$0.20	\$0.20	\$0.20
CTR		0.36%	0.36%	0.36%
<b>Services</b>				
Average Number of Monthly Advertisers/Site (Metrowide)		40	53	66
% of Monthly Advertisers Serviced by Blogger		5%	5%	5%
Number of Local Companies being Serviced/Month		2	3	3
Flat Fee for Services		\$20.00	\$20.00	\$20.00
<b>Monthly Services Revenues</b>		\$40	\$53	\$66
<b>Ecommerce</b>				
Monthly \$ per Converted User		\$15.00	\$15.00	\$15.00
User Conversion rate		0.50%	0.50%	0.50%
<b>Events</b>				
% of Bloggers who Hold Events		0.00%	0.00%	0.00%
# of Bloggers Holding Events		-	-	-
# of Events/Year		-	-	15
# of Tickets Sold/Event		\$15.00	\$15.00	\$15.00
<b>Total Annual Event Revenue Per Blog</b>		\$-	\$-	\$225.00

(cont.)

<b>Local Network Ad Sales Commissions</b>			
Total Annual Local Network Sales	\$116,392	\$404,040	\$1,685,076
Commission for Sales into Metro	20%	20%	20%
% of Total Inventory sold by blogger	0.00%	0.00%	0.00%
Annual Commissions/Blogger	\$-	\$-	\$-

## SMALL HYPERLOCAL BLOG: EXPENSE ASSUMPTIONS

<b>Local Banner Ads Rev Share</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Framework Rev Share	15%	15%	15%
<b>Total Rev Share Local Banner Ads</b>	15%	15%	15%
<b>Local Ad Network Rev Share &amp; Commission</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Commission -- Bloggers	20%	20%	20%
% Sold by Large & Medium Bloggers	100%	100%	100%
Framework Rev Share	20%	20%	20%
<b>Total Rev Share + Commissions</b>	40%	40%	40%
<b>Metro Ad Network Rev Share &amp; Commission</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Commission -- New News Organization	20%	20%	20%
% Sold by New News Organization	100%	100%	100%
Framework Rev Share	15%	15%	15%
<b>Total Rev Share + Commissions</b>	35%	35%	35%
<b>National Ad Network Rev Share &amp; Commission</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Commission -- Framework	20%	20%	20%
% Sold by Framework	100%	100%	100%
Framework Rev Share	20%	20%	20%
<b>Total Rev Share + Commissions</b>	40%	40%	40%
<b>Annual Growth Rates</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
Product Development Costs	10%	10%	10%
Travel/Miscellaneous	50%	50%	50%
Marketing and Promotion	35%	35%	35%
Technology Costs	N/A	25%	25%
Rent & Utilities	10%	10%	10%
<b>Capex per Employee</b>	\$500	\$500	\$500
<b>Rent</b>			
Square footage/person	100	100	100
Cost/Sq. Ft.	\$-	\$-	\$-

## SMALL HYPERLOCAL BLOG: INCOME STATEMENT

Revenues			
	Year 1	Year 2	Year 3
<b>Gross Revenues</b>	<b>\$30,721</b>	<b>\$62,225</b>	<b>\$95,623</b>
Advertising Revenues			
Local Banner Ads	\$17,886	\$31,273	\$36,325
Local Ad Network Ads	\$658	\$1,932	\$14,245
Metro Ad Network Ads	\$7,978	\$20,567	\$33,951
National Ad Network Ads	\$-	\$-	\$-
Contextual Ad Revenue	\$956	\$2,007	\$2,590
Affiliated Services	\$475	\$640	\$792
Ecommerce/Affiliate Rev	\$2,768	\$5,807	\$7,494
Events	\$-	\$-	\$225
Commissions/Sales into other sites	\$-	\$-	\$-
<b>Revenue before Operating Expenses</b>	<b>\$30,721</b>	<b>\$62,225</b>	<b>\$95,623</b>
Expenses			
	Year 1	Year 2	Year 3
<b>SG &amp; A</b>			
Salaries (Including Owner/Operator)	\$20,880	\$48,401	\$64,330
Marketing & Promotion	\$500	\$750	\$1,000
Technology Costs	\$3,000	\$1,000	\$1,000
Legal Fees	\$1,000	\$1,000	\$1,000
Accounting Costs	\$1,000	\$1,000	\$1,000
Rent & Utilities	\$-	\$-	\$-
Travel/Misc	\$1,000	\$1,000	\$1,000
<b>Total Expenses</b>	<b>\$27,380</b>	<b>\$53,151</b>	<b>\$69,330</b>
<b>Expense/Revenue Margin</b>	<b>89%</b>	<b>85%</b>	<b>73%</b>
<b>Operating Income</b>	<b>\$3,341</b>	<b>\$9,074</b>	<b>\$26,293</b>
<b>Operating Income Margin</b>	<b>10.9%</b>	<b>14.6%</b>	<b>27.5%</b>
<b>Investing Income</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Capital Expenses</b>	<b>\$500</b>	<b>\$1,000</b>	<b>\$1,250</b>
<b>Earnings Before Taxes</b>	<b>\$3,341</b>	<b>\$9,074</b>	<b>\$26,293</b>
<b>Income Taxes @40%</b>	<b>\$1,336</b>	<b>\$3,630</b>	<b>\$10,517</b>
<b>Earnings (Accrue to Owner/Operator)</b>	<b>\$2,004</b>	<b>\$5,445</b>	<b>\$15,776</b>
<b>Net Margin</b>	<b>7%</b>	<b>9%</b>	<b>16%</b>

## HYPERLOCAL BLOGS: SALARIES

Large Blog										
Assumptions Compensation Annual Increase Annual Comp. Increase (Owner/Editor)	Year 2	Year 3								
	2%	2%								
	25%	15%								
	HEADCOUNT		SALARIES				ANNUAL SALARY COSTS			
	Year 1	Year 2	Year 3	Base	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Owner/Editor	1	1	1	\$55,000	\$55,000	\$68,750	\$79,063	\$55,000	\$68,750	\$79,063
Staff Writer (F/T)	0	1	1	\$45,000	\$45,000	\$56,250	\$45,000	\$-	\$56,250	\$45,000
Staff Writer (P/T)	0	1	2	\$15,000	\$-	\$15,000	\$15,300	\$-	\$15,000	\$30,600
Sales	1	1	1	\$45,000	\$-	\$45,000	\$45,900	\$-	\$45,000	\$45,900
SubTotal	2	4	5					\$55,000	\$185,000	\$200,563
Payroll Taxes (9% of Salaries)								\$4,950	\$16,650	\$18,051
Benefits (7% of Salaries)**								\$3,850	\$12,950	\$14,039
TOTAL - Salary + Benefits								\$63,800	\$214,600	\$232,653
Medium Blog										
Assumptions Compensation Annual Increase Annual Comp. Increase (Owner/Editor)	Year 2	Year 3								
	2%	2%								
	25%	25%								
	HEADCOUNT		SALARIES				ANNUAL SALARY COSTS			
	Year 1	Year 2	Year 3	Base	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Owner/Editor	1	1	1	\$37,000	\$37,000	\$46,250	\$57,813	\$37,000	\$46,250	\$57,813
Staff Writer (P/T)	0	1	1.5	\$15,000	\$15,000	\$15,300	\$15,606	\$-	\$15,300	\$23,409
Sales (P/T)	0	1	1	\$20,000	\$20,000	\$20,400	\$20,808	\$-	\$20,400	\$20,808
SubTotal	1	3	3.5					\$37,000	\$81,950	\$102,030
Payroll Taxes (9% of Salaries)								\$3,330	\$7,376	\$9,183
Benefits (7% of Salaries)**								\$2,590	\$3,238	\$4,047
TOTAL - Salary + Benefits								\$42,920	\$92,563	\$115,259
**Owner/Editor is the only employee receiving healthcare benefits										
Small Blog										
Assumptions Compensation Annual Increase Annual Comp. Increase (Owner/Editor)	Year 2	Year 3								
	15%	5%								
	20%	10%								
	HEADCOUNT		SALARIES				ANNUAL SALARY COSTS			
	Year 1	Year 2	Year 3	Base	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Owner/Editor	1	1	1	\$18,000	\$18,000	\$21,600	\$23,760	\$18,000	\$21,600	\$23,760
Staff Writer (P/T)/Sales	0	1	1.5	\$17,500	\$17,500	\$20,125	\$21,131	\$-	\$20,125	\$31,697

(cont.)

<b>SubTotal</b>	1	2	2.5		\$18,000	\$41,725	\$55,457
<b>Payroll Taxes (9% of Salaries)</b>					\$1,620	\$3,755	\$4,991
<b>Benefits (7% of Salaries)</b>					\$1,260	\$2,921	\$3,882
<b>TOTAL - Salary + Benefits</b>					\$20,880	\$48,401	\$64,330



## **New News Organization Model**

For purposes of this project, we have assumed a sample metro market of 5 million people.

## NEW NEWS ORGANIZATION: INCOME STATEMENT

REVENUE	Year 1	Year 2	Year 3	Notes
<b>Advertising</b>				
Online Ad Revenues	\$1,988,495	\$5,787,423	\$9,972,956	
Sales Commissions on Metrowide Ad Network Sales	\$260,718	\$744,867	\$1,691,192	
<b>Subtotal</b>	<b>\$2,249,213</b>	<b>\$6,532,290</b>	<b>\$11,664,148</b>	
<b>B-to-C services</b>				
SMS alerts	\$17,753	\$49,708	\$95,866	year 1 launch
Special/Themed issues	\$416,000	\$416,000	\$416,000	year 1 launch
Events	\$165,000	\$275,000	\$330,000	year 1 launch
Local coupon service	\$75,000	\$75,000	\$75,000	year 1 launch
Donation system for watchdog journalism	\$25,200	\$29,400	\$36,400	year 1 launch
Twitter coupons	\$7,316	\$29,263	\$109,737	year 1 launch
Listing sales of local businesses	\$0	\$177,530	\$397,979	year 2 launch
Tickets for local events / entertainment	\$0	\$33,833	\$35,525	year 2 launch
Local websites for targeted markets / communities	\$0	\$843,531	\$3,560,479	year 2 launch
Series of iPhone apps	\$0	\$49,750	\$74,625	year 2 launch
Local shopping comparison app	\$0	\$0	\$0	High cost of data collection
<b>Subtotal</b>	<b>\$706,269</b>	<b>\$1,979,016</b>	<b>\$5,131,611</b>	
<b>B-to-B services</b>				
Listing sales from local businesses	\$928,400	\$1,108,400	\$1,198,400	year 1 launch
Events	\$742,500	\$990,000	\$1,237,500	year 1 launch
Marketplace	\$325,145	\$358,309	\$410,203	year 1 launch
	\$0	\$0	\$0	Don't do due to strong competition
Site builder				
Training in sales & marketing for local businesses	\$0	\$264,000	\$480,000	year 2 launch
Online subscription to weekly e-newsletters	\$0	\$120,000	\$180,000	year 2 launch
Businesses for sale and funding	\$0	\$0	\$0	Not included in this model
Email campaign service	\$0	\$0	\$0	Not included in this model
<b>Subtotal</b>	<b>\$1,996,045</b>	<b>\$2,840,709</b>	<b>\$3,506,103</b>	
<b>Total</b>	<b>\$4,951,526</b>	<b>\$11,352,016</b>	<b>\$20,301,862</b>	

## NEW NEWS ORGANIZATION: INCOME STATEMENT (CONT.)

<b>EXPENSES</b>			
<b>Main Website</b>	\$4,587,500	\$5,380,900	\$6,203,706
<b>B-to-C services</b>			
SMS alerts	\$5,000	\$0	\$0
Special/Themed issues	\$258,800	\$254,300	\$254,810
Events	\$130,000	\$186,000	\$219,320
Local coupon service	\$8,000	\$3,000	\$3,000
Donation system for watchdog journalism	\$2,000	\$0	\$0
Twitter coupons	\$0	\$0	\$0
Listing sales of local businesses	\$0	\$69,388	\$66,675
Tickets for local events / entertainment	\$0	\$5,000	\$0
Local websites for targeted markets / communities	\$0	\$1,135,541	\$2,743,617
Series of iPhone apps	\$0	\$35,000	\$10,000
Local shopping comparison app	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$403,800</b>	<b>\$1,688,229</b>	<b>\$3,297,422</b>
<b>B-to-B services</b>			
Listing sales from local businesses	\$103,495	\$169,145	\$241,948
Events	\$223,000	\$284,000	\$347,270
Marketplace	\$215,000	\$168,100	\$171,262
Site builder	\$0	\$0	\$0
Training in sales & marketing for local businesses	\$0	\$196,450	\$174,850
Online subscription to weekly e-newsletters	\$0	\$41,000	\$54,000
Businesses for sale and funding	\$0	\$0	\$0
Email campaign service	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$541,495</b>	<b>\$858,695</b>	<b>\$989,330</b>
<b>Total</b>	<b>\$5,532,795</b>	<b>\$7,927,824</b>	<b>\$10,490,458</b>
<b>Expense/Revenue Margin</b>	<b>112%</b>	<b>70%</b>	<b>52%</b>
<b>Operating Income (EBITDA)</b>	<b>\$(581,269)</b>	<b>\$3,424,192</b>	<b>\$9,811,404</b>
<b>Operating Income Margin</b>	<b>-12%</b>	<b>30%</b>	<b>48%</b>
<b>Cumulative EBITDA</b>		<b>\$2,842,923</b>	<b>\$12,654,327</b>
<b>Investing Income</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Capital Expense</b>	<b>\$60,000</b>	<b>\$70,500</b>	<b>\$81,000</b>
<b>Earnings Before Taxes</b>	<b>\$(581,269)</b>	<b>\$3,424,192</b>	<b>\$9,811,404</b>
<b>Income Taxes @40%</b>	<b>\$(232,508)</b>	<b>\$1,369,677</b>	<b>\$3,924,562</b>
<b>Earnings</b>	<b>\$(348,761)</b>	<b>\$2,054,515</b>	<b>\$5,886,842</b>
<b>Net Margin</b>	<b>-7%</b>	<b>18%</b>	<b>29%</b>

## NEW NEWS ORGANIZATION: ASSUMPTIONS - ONLINE AD REVENUE

ASSUMPTIONS	Year 1	Year 2	Year 3	Source
<b>Market</b>				
No. of adults (18+)	5,000,000	5,000,000	5,000,000	
% of online users	80%	80%	80%	Internetworldstats.com: US average is 72.5%; so in metro cities, the assumption is that it's higher
% of users visiting site	24%	49%	73%	Average of 4 standard market size; reduced because a new brand; see "UV calc" tab
				<a href="http://www.boston.com/business/globe/articles/2007/11/06/online_figures/">http://www.boston.com/business/globe/articles/2007/11/06/online_figures/</a>
<b>Traffic</b>				
Beginning UV	0			
Ending UV	975,439	1,950,877	2,926,316	
Page views / month	12	12	12	See "UV calc" tab - shaved by a little over 1/3 to be conservative
<b>Display Ads</b>				
No. of ads per page	3	3	3	
CPM (display ads)	\$12.00	\$12.00	\$12.00	NAA; AdPerfect; Centro
Inventory sold	50%	55%	60%	
<b>Local Remnant Ads</b>				
CPM	\$4.50	\$4.50	\$4.50	NAA; AdPerfect; Centro
Inventory sold	20%	17%	14%	
<b>National Remnant Ads</b>				
CPM	\$0.95	\$0.95	\$0.95	NAA; AdPerfect; Centro
Inventory sold	25%	23%	21%	
<b>Contextual Ads</b>				
No. of ads per page	3	3	3	
CPC	\$0.20	\$0.20	\$0.20	NAA; AdPerfect; Centro
CTR	0.36%	0.36%	0.36%	NAA; AdPerfect; Centro
<b>Sponsorship</b>				
Average sponsorship fee / week	\$1,500	\$1,575	\$1,654	
Number of sponsorships / week	5	8	10	
Number of sponsorships / year	52	52	52	
% of sponsorship inventory sold	50%	60%	70%	
<b>Metrowide ad network</b>				
% commission for NNO	20%	20%	20%	

## NEW NEWS ORGANIZATION: EXPENSES-MAIN SITE

<b>Expenses - Main Site</b>		Start-up	Year 1	Year 2	Year 3
Start-up					
	Web service development	\$300,000			
	Start-up cost / person	\$40,000			
Wages and benefits					
	Editorial Staff		\$2,535,000	\$3,082,950	\$3,651,804
	Management & Admin		\$487,500	\$497,250	\$507,195
	Development		\$292,500	\$298,350	\$304,317
SUBTOTAL			\$3,315,000	\$3,878,550	\$4,463,316
Other					
	Citizen Journalism Network		\$400,000	\$400,000	\$400,000
SUBTOTAL			\$400,000	\$400,000	\$400,000
S,G&A					
	Marketing & Sales Staff		\$585,000	\$795,600	\$1,014,390
	Marketing		\$25,000	\$25,000	\$25,000
	Rent & Utilities		\$100,000	\$117,500	\$135,000
	Hosting & Tech Equipment		\$100,000	\$100,000	\$100,000
	Travel & Misc		\$62,500	\$64,250	\$66,000
SUBTOTAL			\$872,500	\$1,102,350	\$1,340,390
TOTAL EXPENSES			\$4,587,500	\$5,380,900	\$6,203,706
<b>ASSUMPTIONS</b>			Year 1	Year 2	Year 3
Start-up					
	Web service development	\$300,000			
	Start-up cost / person	1,000			
Citizen Journalism Network					
	Budget / person		\$1,000	\$1,000	\$1,000
	Number of persons		400	400	400
Marketing			\$25,000	\$25,000	\$25,000
Rent & Utilities					
	Square footage / person		100	100	100
	Cost / sq ft		\$25	\$25	\$25
Hosting & Tech Equipment			\$100,000	\$100,000	\$100,000
Travel & Misc			10%	10%	10%

## NEW NEWS ORGANIZATION: B-TO-C SERVICES REVENUE

B-TO-C SERVICES: REVENUE	Year 1	Year 2	Year 3	Notes
SMS alerts	\$17,753	\$49,708	\$95,866	year 1 launch
Special/Themed issues	\$416,000	\$416,000	\$416,000	year 1 launch
Events	\$165,000	\$275,000	\$330,000	year 1 launch
Local coupon service	\$75,000	\$75,000	\$75,000	year 1 launch
Donation system for watchdog journalism	\$25,200	\$29,400	\$36,400	year 1 launch
Twitter coupons	\$7,316	\$29,263	\$109,737	year 1 launch
Listing sales of local businesses	\$-	\$177,530	\$397,979	year 2 launch
Tickets for local events / entertainment	\$-	\$33,833	\$35,525	year 2 launch
Local websites for targeted markets / communities	\$-	\$843,531	\$3,560,479	year 2 launch
Series of iPhone apps	\$-	\$49,750	\$74,625	year 2 launch
Local shopping comparison app	\$-	\$-	\$-	High cost of data collection
<b>TOTAL REVENUE</b>	<b>\$706,269</b>	<b>\$1,979,016</b>	<b>\$5,131,611</b>	

## NEW NEWS ORGANIZATION: B-TO-C SERVICES REVENUE – ASSUMPTIONS

### SMS ALERTS

(mobile revenue opportunities for news alerts via the cell phone)

- commission on alerts from carrier

ASSUMPTIONS				
	Year 1	Year 2	Year 3	
% of UV	0.5%	0.7%	0.9%	
Number of UV	4,877	13,656	26,337	
Number of alerts / UV / mth	4	4	4	
Carrier charge to customer	\$0.07	\$0.07	\$0.07	Typically, cost is \$.10-\$.15; we reduced because the cost is lower for monthly plan subscribers (could go as low as \$.01)
Commission / alert to NNO	25%	25%	25%	
	Year 1	Year 2	Year 3	
SMS alerts	\$17,753	\$49,708	\$95,866	

### SPECIAL / THEMED ISSUES

(monthly print version; free distribution is through kiosks, stores, hotels; example is local school guide, local tourist guide, etc.)

- advertising from businesses

ASSUMPTIONS			
	Year 1	Year 2	Year 3
Number of themes	4	4	4
Number of copies / theme	50,000	50,000	50,000
Number of pages (52 = 40% ad pages)	52	52	52
% ad pages	40%	40%	40%
Average cost / full page	\$5,000	\$5,000	\$5,000
	Year 1	Year 2	Year 3
Special / Themed issues	\$416,000	\$416,000	\$416,000

## NEW NEWS ORGANIZATION: B-TO-C SERVICES REVENUE – ASSUMPTIONS (Continued)

### EVENTS

(organization of themed events, like real estate, car sales, etc.)

- ticket sales to events
- sponsorship from local businesses

### ASSUMPTIONS

	Year 1	Year 2	Year 3
Number of adults in market	5,000,000	5,000,000	5,000,000
% of adults in target market / event	1%	1%	1%
Number of adults in target market	50,000	50,000	50,000
% of adults who go to an event	6%	6%	6%
Number of adults who go to an event	3,000	3,000	3,000
Number of events	3	5	6
Number of businesses for sponsorship / event	50	50	50
Average price / ticket / person	\$10	\$10	\$10
Average booth fee / event / business	\$500	\$500	\$500
	Year 1	Year 2	Year 3
Events	\$165,000	\$275,000	\$330,000
Ticket sales	\$90,000	\$150,000	\$180,000
Revenue from businesses	\$75,000	\$125,000	\$150,000

### DONATION SYSTEM FOR WATCHDOG JOURNALISM

(ask citizens for donations for specific topics)

- donations from citizens to cover specific topics (spot.us model)

### ASSUMPTIONS

	Year 1	Year 2	Year 3	
Average number of articles	36	42	52	
Average donation / article	\$700	\$700	\$700	Figure from spot.us
	Year 1	Year 2	Year 3	
Donation system for watchdog journalism	\$25,200	\$29,400	\$36,400	



## NEW NEWS ORGANIZATION: B-TO-C SERVICES REVENUE – ASSUMPTIONS (Continued)

### LOCAL COUPON SERVICE

(coupons from local businesses through online and mobile)

- one-time flat fee to businesses to upload a coupon / discount
- annual subscription fee to businesses to upload unlimited coupons / discounts

ASSUMPTIONS			
	Year 1	Year 2	Year 3
Number of businesses in local market	300,000	300,000	300,000
% of businesses one-time upload	0.1%	0.1%	0.1%
% of businesses annual sub	0.03%	0.03%	0.03%
Average fee for one-time upload	\$50	\$50	\$50
Average number of uploads / business	2	2	2
Average annual sub	\$500	\$500	\$500
	Year 1	Year 2	Year 3
Local coupon service	\$75,000	\$75,000	\$75,000
One-time uploads	\$30,000	\$30,000	\$30,000
Annual subs	\$45,000	\$45,000	\$45,000

### TWITTER COUPONS

(businesses have access to post deal Tweets to NNO Twitter followers)

- price per coupon posted

ASSUMPTIONS			
	Year 1	Year 2	Year 3
% of UV that are twitter followers	0.10%	0.10%	0.10%
Number of twitter followers	975	1,951	2,926
Coupon price (by follower) / coupon	\$0.25	\$0.25	\$0.25
Number of businesses in local market	300,000	300,000	300,000
% of businesses buying coupon space	0.01%	0.02%	0.05%
Number of businesses buying coupon space	30	60	150
	Year 1	Year 2	Year 3
Twitter coupons	\$7,316	\$29,263	\$109,737

## NEW NEWS ORGANIZATION: B-TO-C SERVICES REVENUE – ASSUMPTIONS (Continued)

### LISTING SALES OF LOCAL BUSINESSES

(for example, list of all consumer goods companies in the state, list of all doctor offices by county, list of all elementary schools by county, list of all sports clubs by county, list of all nannies / childcare by county, list of all car dealers by county, etc.)

- free for the HTML teaser with the first 10 addresses
- one-time flat fee payment to download PDF file
- one-time flat fee payment to download excel file
- annual subscription to download unlimited files

ASSUMPTIONS			
	Year 1	Year 2	Year 3
Number of new listing titles		2	1
Number of recurring listing titles			2
Total listing titles		2	3
Average number of addresses / listing		300	300
% of UV to purchase a listing		0.05%	0.05%
Number of sales (downloads) / listing		975	1,463
% of sales- excel file		30%	30%
% of sales- PDF file		60%	60%
% of sales- annual sub for unlimited files		10%	10%
Average price / excel address		\$0.60	\$0.60
Average price / PDF address		\$0.20	\$0.20
Annual sub price		\$20.00	\$20.00
	Year 1	Year 2	Year 3
Listing sales of local businesses		\$177,530	\$397,979

**NEW NEWS ORGANIZATION: B-TO-C SERVICES REVENUE – ASSUMPTIONS**  
(Continued)

**TICKETS FOR LOCAL EVENTS / ENTERTAINMENT**

(idea is to be central / go-to place for all local events)

- commission on each ticket sold through the site

<b>ASSUMPTIONS</b>				
	Year 1	Year 2	Year 3	
5% Proxy: Ticketmaster sales in 2008		\$1,450,000,000	\$1,522,500,000	17% growth; but we reduced to 5% to be conservative
Revenue / American		\$4.83	\$5.08	
Number of adults in local market		5,000,000	5,000,000	
Local Proxy: sales		\$24,166,667	\$25,375,000	
% of sales through NNO		2%	2%	
Commission %		7%	7%	
	Year 1	Year 2	Year 3	
Tickets for local events / entertainment		\$33,833	\$35,525	

**SERIES OF IPHONE APPS**

(sports apps for the local teams )

- purchase of the app

<b>ASSUMPTIONS</b>			
	Year 1	Year 2	Year 3
Number of adults in market		5,000,000	5,000,000
% of adults interested in sports		50%	50%
% of adults purchasing app launch in yr 2		1%	0.5%
Number of adults purchasing app launch in yr2		25,000	12,500
% of adults purchasing app launch in yr 3			1%
Number of adults purchasing app launch yr3			25,000
Number of apps		1	2
Price of app		\$1.99	\$1.99
	Year 1	Year 2	Year 3
Series of iPhone apps		\$49,750	\$74,625

**NEW NEWS ORGANIZATION: B-TO-C SERVICES REVENUE – ASSUMPTIONS**  
(Continued)

**LOCAL WEBSITES BASED ON TARGETED MARKETS / COMMUNITIES**

(i.e. Moms, Seniors, Ethnic Groups, Sports / Passions)

- advertising
- commission on services / lead generation

<b>ASSUMPTIONS</b>				
	Year 1	Year 2	Year 3	
<b>TRAFFIC</b>				
Number of sites		1	2	
Number of adults in market		5,000,000	5,000,000	
% of adults / target market		30%	30%	
% of target market as UV		40%	55%	
Ending UV		600,000	825,000	
Page views / month		4	6	
<b>Display Ads</b>				
No. of ads per page		3	3	
CPM (display ads)		\$12.00	\$12.00	NAA; AdPerfect; Centro
Inventory sold		50%	55%	
<b>Local Remnant Ads</b>				
CPM		\$4.50	\$4.50	NAA; AdPerfect; Centro
Inventory sold		20%	17%	
<b>National Remnant Ads</b>				
CPM		\$0.95	\$0.95	NAA; AdPerfect; Centro
Inventory sold		25%	23%	
<b>Contextual Ads</b>				
No. of ads per page		3	3	
CPC		\$0.20	\$0.20	NAA; AdPerfect; Centro
CTR		0.36%	0.36%	NAA; AdPerfect; Centro
<b>Sponsorship</b>				
Average sponsorship fee / week		\$1,500	\$1,575	
Number of sponsorships / week		5	8	
Number of sponsorships / year		52	52	
% of sponsorship inventory sold		50%	60%	
	Year 1	Year 2	Year 3	
Local websites based on targeted markets / communities		\$843,531	\$3,560,479	

## NEW NEWS ORGANIZATION: B-TO-C SERVICES EXPENSES

<b>B-TO-C SERVICES: EXPENSES</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Notes</b>
SMS alerts	\$5,000	\$-	\$-	year 1 launch
Special/Themed issues	\$258,800	\$254,300	\$254,810	year 1 launch
Events	\$130,000	\$186,000	\$219,320	year 1 launch
Local coupon service	\$8,000	\$3,000	\$3,000	year 1 launch
Donation system for watchdog journalism	\$2,000	\$-	\$-	year 1 launch
Twitter coupons	\$-	\$-	\$-	year 1 launch
Listing sales of local businesses	\$-	\$69,388	\$66,675	year 2 launch
Tickets for local events / entertainment	\$-	\$5,000	\$-	year 2 launch
Local websites for targeted markets / communities	\$-	\$1,135,541	\$2,743,617	year 2 launch
Series of iPhone apps	\$-	\$35,000	\$10,000	year 2 launch
Local shopping comparison app	\$-	\$-	\$-	High cost of data collection
<b>TOTAL EXPENSES</b>	<b>\$403,800</b>	<b>\$1,688,229</b>	<b>\$3,297,422</b>	

## NEW NEWS ORGANIZATION: B-TO-C SERVICES EXPENSES – ASSUMPTIONS

### SMS ALERTS

(mobile revenue opportunities for news alerts via the cellphone)

- commission on alerts from carrier

ASSUMPTIONS				
	Year 1	Year 2	Year 3	
Start-up cost	\$5,000			To pay person to put the deal in place
Ongoing costs	-	-	-	
	Year 1	Year 2	Year 3	
SMS alerts	\$5,000	\$-	\$-	

### SPECIAL / THEMED ISSUES

(monthly print version; free distribution is through kiosks, stores, hotels; example is local school guide, local tourist guide, etc.)

- advertising from businesses

ASSUMPTIONS				
	Year 1	Year 2	Year 3	
Start-up cost	\$5,000			For editorial and design concept, and advertising strategy/materials
Project manager	\$25,000	\$25,500	\$26,010	
Sales commission only (% of ad revenue)	30%	30%	30%	
Sales commission / issue	\$31,200	\$31,200	\$31,200	
				Design cost; most of the copy is the aggregation of content; other editorial costs covered by project manager who is also a journalist
Pre-press / issue	\$6,000	\$6,000	\$6,000	
Printing (52 pages) / issue	\$15,000	\$15,000	\$15,000	
				Avg 100 copies / location = 500 locations; drop every 15 min; 16 people; \$10/hr + gas/truck/organization = \$25/hr
Distribution / issue	\$5,000	\$5,000	\$5,000	
	Year 1	Year 2	Year 3	
Special / Themed issues	\$258,800	\$254,300	\$254,810	

## NEW NEWS ORGANIZATION: B-TO-C SERVICES EXPENSES – ASSUMPTIONS (Continued)

### EVENTS

(organization of themed events, like real estate, car sales, etc.)

- ticket sales to events
- sponsorship from local businesses

ASSUMPTIONS		Year 1	Year 2	Year 3
Start-up cost		\$5,000	\$5,000	\$5,000
Project manager		\$50,000	\$51,000	\$52,020
5% Space rental / event		\$10,000	\$10,500	\$11,025
5% Space staff budget / event		\$10,000	\$10,500	\$11,025
Sales commission only (% of sponsor revenue)		20%	20%	20%
Sales commission / event		\$5,000	\$5,000	\$5,000
		Year 1	Year 2	Year 3
Events		\$130,000	\$186,000	\$219,320

### LOCAL COUPON SERVICE

(coupons from local businesses through online and mobile)

- one-time flat fee to businesses to upload a coupon / discount
- annual subscription fee to businesses to upload unlimited coupons / discounts

ASSUMPTIONS		Year 1	Year 2	Year 3
Start-up cost		\$8,000		
Development		\$-	\$3,000	\$3,000
		Year 1	Year 2	Year 3
Local coupon service		\$8,000	\$3,000	\$3,000

## NEW NEWS ORGANIZATION: B-TO-C SERVICES EXPENSES – ASSUMPTIONS (Continued)

### DONATION SYSTEM FOR WATCHDOG JOURNALISM

(ask citizens for donations for specific topics)

- donations from citizens to cover specific topics (spot.us model)

ASSUMPTIONS				
	Year 1	Year 2	Year 3	
Start-up cost	\$2,000			
Ongoing costs	\$-	\$-	\$-	
	Year 1	Year 2	Year 3	
Donation system for watchdog journalism	\$2,000	\$-	\$-	

### TWITTER COUPONS

(businesses have access to post deal Tweets to NNO Twitter followers)

- price per coupon posted

ASSUMPTIONS				
	Year 1	Year 2	Year 3	
Start-up and ongoing costs	Minimal costs to start and maintain			
	Year 1	Year 2	Year 3	
Twitter coupons	\$-	\$-	\$-	



## NEW NEWS ORGANIZATION: B-TO-C SERVICES EXPENSES – ASSUMPTIONS (Continued)

### LISTING SALES OF LOCAL BUSINESSES

(for example, list of all consumer goods companies in the state, list of all doctor offices by county, list of all elementary schools by county, list of all sports clubs by county, list of all nannies / childcare by county, list of all car dealers by county, etc.)

- free for the HTML teaser with the first 10 addresses
- one-time flat fee payment to download PDF file
- one-time flat fee payment to download excel file
- annual subscription to download unlimited files

ASSUMPTIONS			
	Year 1	Year 2	Year 3
Start-up cost		\$4,000	
Number of addresses purchased		4,000	4,000
Purchase cost / address		\$0.25	\$0.25
Staff		\$64,388	\$65,675
	Year 1	Year 2	Year 3
Listing sales of local businesses		\$69,388	\$66,675

### TICKETS FOR LOCAL EVENTS / ENTERTAINMENT

(idea is to be central / go-to place for all local events)

- commission on each ticket sold through the site

ASSUMPTIONS			
	Year 1	Year 2	Year 3
Start-up cost		\$5,000	
Ongoing costs		\$-	\$-
	Year 1	Year 2	Year 3
Tickets for local events / entertainment	\$-	\$5,000	\$-

### SERIES OF IPHONE APPS

(sports apps for the local teams )

- purchase of the app

ASSUMPTIONS			
	Year 1	Year 2	Year 3
Start-up cost		\$35,000	\$10,000
	Year 1	Year 2	Year 3
Series of iPhone apps		\$35,000	\$10,000

**NEW NEWS ORGANIZATION: B-TO-C SERVICES EXPENSES – ASSUMPTIONS**  
(Continued)

**LOCAL WEBSITES BASED ON TARGETED MARKETS / COMMUNITIES**

(i.e. Moms, Seniors, Ethnic Groups, Sports / Passions)

- advertising

- commission on services / lead generation

<b>ASSUMPTIONS</b>				
	Year 1	Year 2	Year 3	
Start-up cost		\$80,000	\$80,000	
Team: Manager, editorial, sales, development		\$893,520	\$2,088,083	
Sales commission %		10%	10%	
- Sales commission / site launch in y2		\$47,580	\$142,223	
- Sales commission / site launch in y3		\$-	\$47,580	
- Sales commission TOTAL		\$47,580	\$189,803	
Citizen journalism network				Produce 50% of content
- % of PV / site		50%	50%	
- Ad revenue sharing % / site		25%	25%	
- Income to the citizen journalists / site launch in yr2		\$45,966	\$161,840	
- Income to the citizen journalists / site launch in yr3		\$-	\$45,966	
- Income to the citizen journalists TOTAL		\$45,966	\$207,807	
Marketing budget		\$25,000	\$50,000	
Rent & Utilities				Using same assumptions as in main site
- Rent & Utilites / site launch in yr2		\$27,250	\$64,500	
- Rent & Utilites / site launch in yr3		\$-	\$27,250	
- Rent & Utilites TOTAL		\$27,250	\$91,750	
Hosting		\$10,000	\$20,000	
Travel & Misc		\$6,225	\$16,175	Using same assumptions as in main site
	Year 1	Year 2	Year 3	
Local websites based on targeted markets / communities	\$-	\$1,135,541	\$2,743,617	

## NEW NEWS ORGANIZATION: B-TO-C BY SERVICE

<b>B-TO-C SERVICES: PROFIT</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Notes</b>
SMS alerts	\$12,753	\$49,708	\$95,866	year 1 launch
Special/Themed issues	\$157,200	\$161,700	\$161,190	year 1 launch
Events	\$35,000	\$89,000	\$110,680	year 1 launch
Local coupon service	\$67,000	\$72,000	\$72,000	year 1 launch
Donation system for watchdog journalism	\$23,200	\$29,400	\$36,400	year 1 launch
Twitter coupons	\$7,316	\$29,263	\$109,737	year 1 launch
Listing sales of local businesses	\$-	\$108,142	\$331,304	year 2 launch
Tickets for local events / entertainment	\$-	\$28,833	\$35,525	year 2 launch
Local websites for targeted markets / communities	\$-	\$(292,010)	\$816,862	year 2 launch
Series of iPhone apps	\$-	\$14,750	\$64,625	year 2 launch
Local shopping comparison app	\$-	\$-	\$-	High cost of data collection
<b>TOTAL</b>	<b>\$302,469</b>	<b>\$290,787</b>	<b>\$1,834,189</b>	

## NEW NEWS ORGANIZATION: B-TO-C BY SERVICE – ASSUMPTIONS

### SMS ALERTS

(mobile revenue opportunities for news alerts via the cellphone)

- commission on alerts from carrier

<b>ASSUMPTIONS</b>	Year 1	Year 2	Year 3
Revenue	\$17,753	\$49,708	\$95,866
Expenses	\$5,000	\$-	\$-
<b>TOTAL</b>	<b>\$12,753</b>	<b>\$49,708</b>	<b>\$95,866</b>

### SPECIAL / THEMED ISSUES

(monthly print version; free distribution is through kiosks, stores, hotels; example is local school guide, local tourist guide, etc.)

- advertising from businesses

<b>ASSUMPTIONS</b>	Year 1	Year 2	Year 3
Revenue	\$416,000	\$416,000	\$416,000
Expenses	\$258,800	\$254,300	\$254,810
<b>TOTAL</b>	<b>\$157,200</b>	<b>\$161,700</b>	<b>\$161,190</b>

### EVENTS

(organization of themed events, like real estate, car sales, etc.)

- ticket sales to events
- sponsorship from local businesses

<b>ASSUMPTIONS</b>	Year 1	Year 2	Year 3
Revenue	\$165,000	\$275,000	\$330,000
Expenses	\$130,000	\$186,000	\$219,320
<b>TOTAL</b>	<b>\$35,000</b>	<b>\$89,000</b>	<b>\$110,680</b>

### LOCAL COUPON SERVICE

(coupons from local businesses through online and mobile)

- one-time flat fee to businesses to upload a coupon / discount
- annual subscription fee to businesses to upload unlimited coupons / discounts

<b>ASSUMPTIONS</b>	Year 1	Year 2	Year 3
Revenue	\$75,000	\$75,000	\$75,000
Expenses	\$8,000	\$3,000	\$3,000
<b>TOTAL</b>	<b>\$67,000</b>	<b>\$72,000</b>	<b>\$72,000</b>

## NEW NEWS ORGANIZATION: B-TO-C BY SERVICE – ASSUMPTIONS (Continued)

### DONATION SYSTEM FOR WATCHDOG JOURNALISM

- (ask citizens for donations for specific topics)  
 - donations from citizens to cover specific topics (spot.us model)

ASSUMPTIONS	Year 1	Year 2	Year 3
Revenue	\$25,200	\$29,400	\$36,400
Expenses	\$2,000	\$-	\$-
TOTAL	\$23,200	\$29,400	\$36,400

### TWITTER COUPONS

- (businesses have access to post deal Tweets to NNO Twitter followers)  
 - price per coupon posted

ASSUMPTIONS	Year 1	Year 2	Year 3
Revenue	\$7,316	\$29,263	\$109,737
Expenses	\$-	\$-	\$-
TOTAL	\$7,316	\$29,263	\$109,737

### LISTING SALES OF LOCAL BUSINESSES: DON'T THINK THAT THERE IS A SUBSTANTIVE BUSINESS DUE TO FIERCE COMPETITION (YP.COM)

(for example, list of all consumer goods companies in the state, list of all doctor offices by county, list of all elementary schools by county, list of all sports clubs by county, list of all nannies / childcare by county, list of all car dealers by county, etc.)

- free for the HTML teaser with the first 10 addresses
- one-time flat fee payment to download PDF file
- one-time flat fee payment to download excel file
- annual subscription to download unlimited files

ASSUMPTIONS	Year 1	Year 2	Year 3
Revenue	\$-	\$177,530	\$397,979
Expenses	\$-	\$69,388	\$66,675
TOTAL	\$-	\$108,142	\$331,304

## NEW NEWS ORGANIZATION: B-TO-C BY SERVICE – ASSUMPTIONS (Continued)

### TICKETS FOR LOCAL EVENTS / ENTERTAINMENT

(idea is to be central / go-to place for all local events)

- commission on each ticket sold through the site

ASSUMPTIONS	Year 1	Year 2	Year 3
Revenue	\$-	\$33,833	\$35,525
Expenses	\$-	\$5,000	\$-
TOTAL	\$-	\$28,833	\$35,525

### LOCAL WEBSITES BASED ON TARGETED MARKETS / COMMUNITIES

(i.e. Moms, Seniors, Ethnic Groups, Sports / Passions)

- advertising

- commission on services / lead generation

ASSUMPTIONS	Year 1	Year 2	Year 3
Revenue	\$-	\$843,531	\$3,560,479
Expenses	\$-	\$1,135,541	\$2,743,617
TOTAL	\$-	\$(292,010)	\$816,862

### SERIES OF IPHONE APPS

(sports apps for the local teams )

- purchase of the app

ASSUMPTIONS	Year 1	Year 2	Year 3
Revenue	\$-	\$49,750	\$74,625
Expenses	\$-	\$35,000	\$10,000
TOTAL	\$-	\$14,750	\$64,625

## NEW NEWS ORGANIZATION: B-TO-B SERVICES REVENUE

B-TO-B SERVICES: REVENUE	Year 1	Year 2	Year 3	Notes
Listing sales from local businesses	\$928,400	\$1,108,400	\$1,198,400	year 1 launch
Conferences	\$742,500	\$990,000	\$1,237,500	year 1 launch
Marketplace	\$325,145	\$358,309	\$410,203	year 1 launch
Site builder	\$-	\$-	\$-	Don't do due to strong competition
Training in sales & marketing for local businesses	\$-	\$264,000	\$480,000	year 2 launch
Online subscription to weekly e-newsletters	\$-	\$120,000	\$180,000	year 2 launch
Businesses for sale and funding	\$-	\$-	\$-	Not included in this model
Email campaign service	\$-	\$-	\$-	Not included in this model
<b>TOTAL REVENUE</b>	<b>\$1,996,045</b>	<b>\$2,840,709</b>	<b>\$3,506,103</b>	

## NEW NEWS ORGANIZATION: B-TO-B SERVICES REVENUE – ASSUMPTIONS

<b>GENERAL ASSUMPTIONS</b>			
	Year 1	Year 2	Year 3
Number of businesses in local market	300,000	300,000	300,000

### LISTING SALES FROM LOCAL BUSINESSES

(for example, list of the I/T buyers of the largest 500 companies in the state, list of the security managers of the largest 500 companies in the state, list of the supply managers of the largest 500 companies in the state, etc.)

- free for the HTML teaser with the first 10 addresses
- one-time flat fee payment to download PDF file
- one-time flat fee payment to download excel file
- annual subscription to download unlimited files
- print titles with top lists

<b>ASSUMPTIONS</b>			
	Year 1	Year 2	Year 3
Number of new listing titles	6	3	3
Number of recurring listing titles		5	6
Total listing titles	6	8	9
Average number of addresses / listing	200	200	200
Number of businesses in local market	300,000	300,000	300,000
% of businesses that buy a listing	0.5%	0.5%	0.5%
Number of businesses that buy a listing	1,500	1,500	1,500
% of sales- PDF file	60%	60%	60%
% of sales- excel file	30%	30%	30%
% of sales- annual sub for unlimited files	10%	10%	10%
Average price / PDF address	\$0.20	\$0.20	\$0.20
Average price / excel address	\$0.60	\$0.60	\$0.60
Annual sub price	\$20.00	\$20.00	\$20.00
Number of print titles	1	1	1
Number of copies / title	10,000	10,000	10,000
% of copies sold	30%	30%	30%
Price per copy	\$125	\$125	\$125
Number of total pages	52	52	52
% of ad pages	20%	20%	20%
Average cost / full page	\$1,000	\$1,000	\$1,000
	Year 1	Year 2	Year 3
Listing sales from local businesses	\$928,400	\$1,108,400	\$1,198,400
Online sales	\$543,000	\$723,000	\$813,000
Print sales	\$385,400	\$385,400	\$385,400



## NEW NEWS ORGANIZATION: B-TO-B SERVICES REVENUE – ASSUMPTIONS (Continued)

### CONFERENCES

(organization of themed conferences, like real estate conferences, car sales conferences, financial services conferences, seniors conferences, healthcare conferences)

- ticket sales to enter the conferences
- booth fee for local business
- fee for local businesses to present at the conference

ASSUMPTIONS			
	Year 1	Year 2	Year 3
Number of businesses in local market	300,000	300,000	300,000
% of businesses in target market / conference	5%	5%	5%
% of businesses to go to a conference	4%	4%	4%
Number of businesses that go to a conference	600	600	600
% of businesses participating in a conference	3%	3%	3%
Number of businesses participating in a conference	450	450	450
% of businesses participating that present	0.10%	0.10%	0.1%
Number of business participating that present	15	15	15
Number of events	3	4	5
Average price / ticket / conf / business	\$50	\$50	\$50
Average number of people / business	2	2	2
Average booth fee/ conf / business	\$400	\$400	\$400
Average fee / business to present	\$500	\$500	\$500
	Year 1	Year 2	Year 3
Conferences	\$742,500	\$990,000	\$1,237,500
Businesses attending	\$180,000	\$240,000	\$300,000
Businesses participating	\$562,500	\$750,000	\$937,500

## NEW NEWS ORGANIZATION: B-TO-B SERVICES REVENUE – ASSUMPTIONS (Continued)

### MARKETPLACE

(online place where businesses submit RFPs and other businesses respond to and bid on the RFPs)

- free to submit RFPs up to 3 RFPs (after 3, one-time flat fee payment to pay per submission; annual subscription to submit unlimited RFPs)

- respond to / bid on RFPs - one-time payment to respond to a specific RFP; annual subscription to respond to / bid on unlimited RFPs)

- NOTE: will also be able to find the local government RFPs (local and state)

<b>ASSUMPTIONS</b>			
	Year 1	Year 2	Year 3
<b>SUBSCRIPTIONS</b>			
Number of businesses in local market	300,000	300,000	300,000
% of businesses submit RFPs (>3)	0.05%	0.05%	0.05%
Number of businesses submit RFPs (>3)	150	150	150
% of businesses submitting- one-time	50%	50%	50%
Number of businesses submitting- one-time	75	75	75
% of businesses submitting- annual sub	50%	50%	50%
Number of businesses submitting- annual sub	75	75	75
% of businesses responding to RFP	1%	1%	1%
Number of businesses responding	3,000	3,000	3,000
% of businesses responding- one-time	50%	50%	50%
Number of businesses respond- one-time	1,500	1,500	1,500
% of businesses responding- annual sub	50%	50%	50%
Number of businesses respond- annual sub	1,500	1,500	1,500
Average number of submissions / business	5	5	5
Average fee / submission	\$20	\$20	\$20
Annual sub fee for submissions	\$100	\$100	\$100
Average number of responses / business	5	5	5
Average fee / response	\$20	\$20	\$20
Annual sub fee for responses	\$100	\$100	\$100

**NEW NEWS ORGANIZATION: B-TO-B SERVICES REVENUE – ASSUMPTIONS**  
(Continued)

<b>ADVERTISING</b>			
% of UV	2%	2%	2%
Number of PV / UV	4	6	8
CPM	\$20	\$20	\$20
	Year 1	Year 2	Year 3
Marketplace	\$325,145	\$358,309	\$410,203
Subscriptions	\$315,000	\$315,000	\$315,000
Advertising	\$10,145	\$43,309	\$95,203

**TRAINING IN SALES & MARKETING FOR LOCAL BUSINESSES**

- online tutorials-- fee / tutorial
- training in-person-- one-time flat fee to attend training session
- white-label system for online training

<b>ASSUMPTIONS</b>			
	Year 1	Year 2	Year 3
<b>AT LOCAL NNO</b>			
Number of businesses in local market		300,000	300,000
% of businesses for training- online tutorials		0.2%	0.2%
Number of businesses- online tutorials		600	600
% of businesses for training- in-person		0.1%	0.1%
Number of businesses- in-person		300	300
Average number of tutorials taken		3	3
Average fee / online tutorials		\$45	\$45
Average number of trainings attended		1	1
Average fee / training		\$450	\$450
<b>WHITE-LABEL SYSTEM FOR ONLINE TRAINING</b>			
Number of clients		8	18
Fee / month		\$1,000	\$1,000
% Revenue realization in year for start-up year		50%	
	Year 1	Year 2	Year 3
Training in sales & marketing for local businesses		\$264,000	\$480,000
Online tutorials		\$81,000	\$81,000
In-person training sessions		\$135,000	\$135,000
White-label system		\$48,000	\$264,000

## NEW NEWS ORGANIZATION: B-TO-B SERVICES REVENUE – ASSUMPTIONS (Continued)

### ONLINE SUBSCRIPTION TO WEEKLY E-NEWSLETTERS

(only possible if the local area has a major industry or industries; create industry newsletter)

- annual subscription for newsletter(s)

ASSUMPTIONS			
	Year 1	Year 2	Year 3
Number of new e-newsletter services		2	1
Number of recurring e-news svcs			2
Total e-newsletter services		2	3
Number of businesses in local market		300,000	300,000
% of businesses in target industry		5%	5%
Number of businesses in target industry		15,000	15,000
% of businesses subscribing		2%	2%
Number of businesses subscribing / industry		300	300
Average sub / newsletter		\$200	\$200
	Year 1	Year 2	Year 3
Online subscription to weekly e-newsletters		\$120,000	\$180,000

### EMAIL CAMPAIGN SERVICE

(service to help local businesses send an email campaign for promotion purposes-- essentially a digital direct marketing campaign)

- upfront set-up fee (which includes providing results)

- price per email

ASSUMPTIONS			
	Year 1	Year 2	Year 3
Number of businesses in local market			300,000
% of businesses for email campaign			5%
Average number of times for campaign			2
Average number of emails / campaign			300
Average fee / email			\$0.05
	Year 1	Year 2	Year 3
Email campaign service			\$450,000

## NEW NEWS ORGANIZATION: B-TO-B SERVICES REVENUE – ASSUMPTIONS (Continued)

### BUSINESSES FOR SALE AND FUNDING

(online place where businesses list their own for sale; and where businesses request funding)

- one-time flat fee payment to post business for sale (3 pricing tiers dependent on the price of the business)
- one-time flat fee payment to post request for funding (3 pricing tiers dependent on the amount of funding requested)
- one-time flat fee payment to respond to any posting

<b>ASSUMPTIONS</b>			
	Year 1	Year 2	Year 3
Number of businesses in local market			300,000
% of businesses for sale			0.01%
Number of businesses for sale			30
% of businesses for sale- >\$1M			5%
% of businesses for sale- bet \$500K-\$1M			20%
% of businesses for sale- <\$500K			75%
% of businesses seeking funding			0.05%
Number of businesses seeking funding			150
% of businesses for funds- >\$1M			5%
% of businesses for funds- bet \$500K-\$1M			20%
% of businesses for funds- <\$500K			75%
% of businesses responding			0.1%
Number of businesses responding			300
Average fee / sale post			
>\$1M			\$500
bet \$500K-\$1M			\$200
<\$500K			\$200
Average fee / funds post			
>\$1M			\$500
bet \$500K-\$1M			\$200
<\$500K			\$200
Average fee / response			\$200
	Year 1	Year 2	Year 3
Businesses for sale and funding			\$98,700
Businesses for sale posts			\$6,450
Businesses seeking funding posts			\$32,250
Businesses responding			\$60,000

## NEW NEWS ORGANIZATIONS: B-TO-B SERVICES EXPENSES

B-TO-B SERVICES: EXPENSES	Year 1	Year 2	Year 3	Notes
Listing sales from local businesses	\$103,495	\$169,145	\$241,948	year 1 launch
Conferences	\$223,000	\$284,000	\$347,270	year 1 launch
Marketplace	\$215,000	\$168,100	\$171,262	year 1 launch
Site builder	\$-	\$-	\$-	Don't do due to strong competition
Training in sales & marketing for local businesses	\$-	\$196,450	\$174,850	year 2 launch
Online subscription to weekly e-newsletters	\$-	\$41,000	\$54,000	year 2 launch
Businesses for sale and funding	\$-	\$-	\$-	Not included in this model
Email campaign service	\$-	\$-	\$-	Not included in this model
<b>TOTAL EXPENSES</b>	\$541,495	\$858,695	\$989,330	

## NEW NEWS ORGANIZATIONS: B-TO-B SERVICES EXPENSES – ASSUMPTIONS

### LISTING SALES FROM LOCAL BUSINESSES

(for example, list of the I/T buyers of the largest 500 companies in the state, list of the security managers of the largest 500 companies in the state, list of the supply managers of the largest 500 companies in the state, etc.)

- free for the HTML teaser with the first 10 addresses
- one-time flat fee payment to download PDF file
- one-time flat fee payment to download excel file
- annual subscription to download unlimited files
- print titles with top lists

<b>ASSUMPTIONS</b>				
	Year 1	Year 2	Year 3	
Start-up cost	\$6,000	\$6,000	\$6,000	
Number of addresses purchased	5,000	5,000	5,000	
Purchase cost / address	\$0.25	\$0.25	\$0.25	
Staff	\$63,125	\$128,775	\$201,578	
Sales commission only (% of ad revenue)	30%	30%	30%	
Sales commission / issue	\$3,120	\$3,120	\$3,120	
Pre-press / issue	\$6,000	\$6,000	\$6,000	
Printing (52 pages) / issue	\$9,000	\$9,000	\$9,000	
Distribution / copy sold	\$5	\$5	\$5	
Distribution cost / issue	\$15,000	\$15,000	\$15,000	
	Year 1	Year 2	Year 3	
Listing sales from local businesses	\$103,495	\$169,145	\$241,948	

## NEW NEWS ORGANIZATIONS: B-TO-B SERVICES EXPENSES – ASSUMPTIONS (Continued)

### CONFERENCES

(organization of themed conferences, like real estate conferences, car sales conferences, financial services conferences, seniors conferences, healthcare conferences)

- ticket sales to enter the conferences
- booth fee for local business
- fee for local businesses to present at the conference

ASSUMPTIONS		Year 1	Year 2	Year 3
Start-up cost		\$5,000	\$5,000	\$5,000
Project manager		\$50,000	\$51,000	\$52,020
5% Space rental / conference		\$10,000	\$10,500	\$11,025
5% Space staff budget / conference		\$10,000	\$10,500	\$11,025
Sales commission only (% of sponsor revenue)		20%	20%	20%
Sales commission / conference		\$36,000	\$36,000	\$36,000
		Year 1	Year 2	Year 3
Conferences		\$223,000	\$284,000	\$347,270

### MARKETPLACE

(online place where businesses submit RFPs and other businesses respond to and bid on the RFPs)

- free to submit RFPs up to 3 RFPs (after 3, one-time flat fee payment to pay per submission; annual subscription to submit unlimited RFPs)
- respond to / bid on RFPs - one-time payment to respond to a specific RFP; annual subscription to respond to / bid on unlimited RFPs)
- NOTE: will also be able to find the local government RFPs (local and state)

ASSUMPTIONS		Year 1	Year 2	Year 3
Start-up cost		\$50,000		
Staff		\$155,000	\$158,100	\$161,262
Marketing budget		\$10,000	\$10,000	\$10,000
		Year 1	Year 2	Year 3
Marketplace		\$215,000	\$168,100	\$171,262



**NEW NEWS ORGANIZATIONS: B-TO-B SERVICES EXPENSES – ASSUMPTIONS**  
(Continued)

**TRAINING IN SALES & MARKETING FOR LOCAL BUSINESSES**

- online tutorials-- fee / tutorial
- training in-person-- one-time flat fee to attend training session
- white-label system for online training

<b>ASSUMPTIONS</b>				
	Year 1	Year 2	Year 3	
Start-up cost		\$105,000		Start with 20 tutorials and white-label system
Service development		\$-	\$50,000	each year add 10 more tutorials
Staff		\$50,000	\$51,000	
Sales commission only on in-person training				
- Sales %		15%	15%	
- Sales commission		\$20,250	\$20,250	
In-person training session costs				
- Number of training sessions		4	4	
- Room rental / session		\$500	\$500	
- Computers (10) / session		\$1,000	\$1,000	
- Trainer / session		\$2,000	\$2,000	
Sales commission only on white-label system				
- Sales %		15%	15%	
- Sales commission		\$7,200	\$39,600	
	Year 1	Year 2	Year 3	
Training in sales & marketing for local businesses		\$196,450	\$174,850	

## NEW NEWS ORGANIZATIONS: B-TO-B SERVICES EXPENSES – ASSUMPTIONS (Continued)

### ONLINE SUBSCRIPTION TO WEEKLY E-NEWSLETTERS

(only possible if the local area has a major industry or industries; create industry newsletter)

- annual subscription for newsletter(s)

ASSUMPTIONS			
	Year 1	Year 2	Year 3
Start-up cost		\$5,000	
Gross cost / e-newsletter / month		\$1,500	\$1,500
	Year 1	Year 2	Year 3
Online subscription to weekly e-newsletters		\$41,000	\$54,000

## NEW NEWS ORGANIZATIONS: B-TO-B BY SERVICE

<b>B-TO-B SERVICES: PROFIT</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Notes</b>
Listing sales from local businesses	\$824,905	\$939,255	\$956,453	year 1 launch
Conferences	\$519,500	\$706,000	\$890,230	year 1 launch
Marketplace	\$110,145	\$190,209	\$238,941	year 1 launch
Site builder	\$-	\$-	\$-	Don't do due to strong competition
Training in sales & marketing for local businesses	\$-	\$67,550	\$305,150	year 2 launch
Online subscription to weekly e-newsletters	\$-	\$79,000	\$126,000	year 2 launch
Businesses for sale and funding	\$-	\$-	\$-	Not included in this model
Email campaign service	\$-	\$-	\$-	Not included in this model
<b>TOTAL</b>	<b>\$1,454,550</b>	<b>\$1,982,014</b>	<b>\$2,516,773</b>	

## NEW NEWS ORGANIZATIONS: B-TO-B BY SERVICE – ASSUMPTIONS

### LISTING SALES FROM LOCAL BUSINESSES

(for example, list of the I/T buyers of the largest 500 companies in the state, list of the security managers of the largest 500 companies in the state, list of the supply managers of the largest 500 companies in the state, etc.)

- free for the HTML teaser with the first 10 addresses
- one-time flat fee payment to download PDF file
- one-time flat fee payment to download excel file
- annual subscription to download unlimited files
- print titles with top lists

	Year 1	Year 2	Year 3
Revenue	\$928,400	\$1,108,400	\$1,198,400
Expenses	\$103,495	\$169,145	\$241,948
TOTAL	\$824,905	\$939,255	\$956,453

### CONFERENCES

(organization of themed conferences, like real estate conferences, car sales conferences, financial services conferences, seniors conferences, healthcare conferences)

- ticket sales to enter the conferences
- booth fee for local business
- fee for local businesses to present at the conference

	Year 1	Year 2	Year 3
Revenue	\$742,500	\$990,000	\$1,237,500
Expenses	\$223,000	\$284,000	\$347,270
TOTAL	\$519,500	\$706,000	\$890,230

### MARKETPLACE

(online place where businesses submit RFPs and other businesses respond to and bid on the RFPs)

- free to submit RFPs up to 3 RFPs (after 3, one-time flat fee payment to pay per submission; annual subscription to submit unlimited RFPs)
- respond to / bid on RFPs - one-time payment to respond to a specific RFP; annual subscription to respond to / bid on unlimited RFPs)
- NOTE: will also be able to find the local government RFPs (local and state)

	Year 1	Year 2	Year 3
Revenue	\$325,145	\$358,309	\$410,203
Expenses	\$215,000	\$168,100	\$171,262
TOTAL	\$110,145	\$190,209	\$238,941

**NEW NEWS ORGANIZATIONS: B-TO-B BY SERVICE – ASSUMPTIONS**  
(Continued)

**TRAINING IN SALES & MARKETING FOR LOCAL BUSINESSES**

- online tutorials-- fee / tutorial
- training in-person-- one-time flat fee to attend training session
- white-label system for online training

	Year 1	Year 2	Year 3
Revenue	\$-	\$264,000	\$480,000
Expenses	\$-	\$196,450	\$174,850
TOTAL	\$-	\$67,550	\$305,150

**ONLINE SUBSCRIPTION TO WEEKLY E-NEWSLETTERS**

- (only possible if the local area has a major industry or industries; create industry newsletter)
- annual subscription for newsletter(s)

	Year 1	Year 2	Year 3
Revenue	\$-	\$120,000	\$180,000
Expenses	\$-	\$41,000	\$54,000
TOTAL	\$-	\$79,000	\$126,000

## NEW NEWS ORGANIZATIONS: STAFFING

Assumptions	Year 1	Year 2	Year 3
Compensation Annual Increase		2%	2%
Compensation Load Factor	25%	25%	25%

TOTAL STAFFING: MAIN SITE + B-TO-C SERVICES + B-TO-B SERVICES (SEE BELOW FOR BREAKOUT BY AREA AND REVENUE STREAM)										
	HEADCOUNT			SALARIES				ANNUAL SALARY COSTS		
	Year 1	Year 2	Year 3	Base *	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
EDITORIAL STAFF										
Journalist/Community Mgr/Blogger	20	30	41	\$78,000	\$78,000	\$79,560	\$81,151	\$1,560,000	\$2,386,800	\$3,327,199
Other editorial staff (top editor, factcheckers, etc)	6	6	6	\$78,000	\$78,000	\$79,560	\$81,151	\$468,000	\$477,360	\$486,907
SubTotal	26	36	47					\$2,028,000	\$2,864,160	\$3,814,106
Benefits								\$507,000	\$716,040	\$953,527
TOTAL - Editorial Staff								\$2,535,000	\$3,580,200	\$4,767,633
SALES & MARKETING										
Sales & Marketing Director	1	1	1	\$78,000	\$78,000	\$79,560	\$81,151	\$78,000	\$79,560	\$81,151
Freelance Sales (base, no commission factored here)	0	2	6	\$24,000	\$24,000	\$24,480	\$24,970			
Sales team	5	7	9	\$78,000	\$78,000	\$79,560	\$81,151	\$390,000	\$556,920	\$730,361
SubTotal	6	10	16					\$468,000	\$636,480	\$811,512
Benefits								\$117,000	\$159,120	\$202,878
TOTAL - Sales & Marketing								\$585,000	\$795,600	\$1,014,390
MANAGEMENT, ADMIN & SERVICES										
CEO/COO/CFO	1	1	1	\$78,000	\$78,000	\$79,560	\$81,151	\$78,000	\$79,560	\$81,151
Business Head	1	2	3	\$85,000	\$85,000	\$86,700	\$88,434	\$85,000	\$173,400	\$265,302
Project Manager	3.8	3.8	3.8	\$40,000	\$40,000	\$40,800	\$41,616	\$152,000	\$155,040	\$158,141
Researcher	1	3	4	\$40,000	\$40,000	\$40,800	\$41,616	\$40,000	\$122,400	\$166,464
Graphic Designer	0	0.3	0.6	\$60,000	\$60,000	\$61,200	\$62,424	\$-	\$18,360	\$37,454
Admin	0.3	1.9	3.3	\$35,000	\$35,000	\$35,700	\$36,414	\$10,500	\$67,830	\$120,166
Payroll/Tech Support/ Other	4	4	4	\$78,000	\$78,000	\$79,560	\$81,151	\$312,000	\$318,240	\$324,605
SubTotal	11.1	16	19.7					\$677,500	\$934,830	\$1,153,283
Benefits								\$169,375	\$233,708	\$288,321
TOTAL - Management & Admin								\$846,875	\$1,168,538	\$1,441,604
DEVELOPMENT										
SEO	1	1.3	1.6	\$78,000	\$78,000	\$79,560	\$81,151	\$78,000	\$103,428	\$129,842
DBA	0	0.3	0.6	\$78,000	\$78,000	\$79,560	\$81,151	\$-	\$23,868	\$48,691
Developer	2.5	3.5	5.5	\$78,000	\$78,000	\$79,560	\$81,151	\$195,000	\$278,460	\$446,332
SubTotal	3.5	5.1	7.7					\$273,000	\$405,756	\$624,864
Benefits								\$68,250	\$101,439	\$156,216
TOTAL - Development								\$341,250	\$507,195	\$781,080
TOTAL STAFF COUNT / SALARIES	46.6	67.1	90.4							
TOTAL ANNUAL SALARY COST								\$4,308,125	\$6,051,533	\$8,004,708

NOTE: \* \$6,500 / month average salary across NNO team

## NEW NEWS ORGANIZATIONS: STAFFING (Continued)

MAIN SITE: STAFFING	HEADCOUNT			SALARIES				ANNUAL SALARY COSTS		
	Year 1	Year 2	Year 3	Base *	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
<b>EDITORIAL STAFF</b>										
Journalist/Community Mgr/Blogger	20	25	30	\$78,000	\$78,000	\$79,560	\$81,151	\$1,560,000	\$1,989,000	\$2,434,536
Other editorial staff (top editor, factcheckers, etc)	6	6	6	\$78,000	\$78,000	\$79,560	\$81,151	\$468,000	\$477,360	\$486,907
SubTotal	26	31	36					\$2,028,000	\$2,466,360	\$2,921,443
Benefits								\$507,000	\$616,590	\$730,361
TOTAL - Editorial Staff								\$2,535,000	\$3,082,950	\$3,651,804
<b>SALES &amp; MARKETING</b>										
Sales & Marketing Director	1	1	1	\$78,000	\$78,000	\$79,560	\$81,151	\$78,000	\$79,560	\$81,151
Sales team	5	7	9	\$78,000	\$78,000	\$79,560	\$81,151	\$390,000	\$556,920	\$730,361
SubTotal	6	8	10					\$468,000	\$636,480	\$811,512
Benefits								\$117,000	\$159,120	\$202,878
TOTAL - Sales & Marketing								\$585,000	\$795,600	\$1,014,390
								29%	14%	10%
<b>MANAGEMENT, ADMIN &amp; SERVICES</b>										
CEO/COO/CFO	1	1	1	\$78,000	\$78,000	\$79,560	\$81,151	\$78,000	\$79,560	\$81,151
Payroll/Tech Support/Other Admin	4	4	4	\$78,000	\$78,000	\$79,560	\$81,151	\$312,000	\$318,240	\$324,605
SubTotal	5	5	5					\$390,000	\$397,800	\$405,756
Benefits								\$97,500	\$99,450	\$101,439
TOTAL - Management & Admin								\$487,500	\$497,250	\$507,195
<b>DEVELOPMENT</b>										
SEO	1	1	1	\$78,000	\$78,000	\$79,560	\$81,151	\$78,000	\$79,560	\$81,151
Developer	2	2	2	\$78,000	\$78,000	\$79,560	\$81,151	\$156,000	\$159,120	\$162,302
SubTotal	3	3	3					\$234,000	\$238,680	\$243,454
Benefits								\$58,500	\$59,670	\$60,863
TOTAL - Development								\$292,500	\$298,350	\$304,317
<b>TOTAL STAFF COUNT / SALARIES</b>	<b>40</b>	<b>47</b>	<b>54</b>							
<b>TOTAL ANNUAL SALARY COST</b>								<b>\$3,900,000</b>	<b>\$4,674,150</b>	<b>\$5,477,706</b>

NOTE: \* \$6,500 / month average salary across NNO team

## NEW NEWS ORGANIZATIONS: STAFFING (Continued)

B-TO-C SERVICES: STAFFING	HEADCOUNT			SALARIES				ANNUAL SALARY COSTS		
	Year 1	Year 2	Year 3	Base	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
<b>SPECIAL/THEMED ISSUES</b>										
Project manager (P/T)	0.5	0.5	0.5	\$40,000	\$40,000	\$40,800	\$41,616	\$20,000	\$20,400	\$20,808
SubTotal	0.5	0.5	0.5					\$20,000	\$20,400	\$20,808
Benefits								\$5,000	\$5,100	\$5,202
TOTAL								\$25,000	\$25,500	\$26,010
<b>EVENTS</b>										
Project manager	1	1	1	\$40,000	\$40,000	\$40,800	\$41,616	\$40,000	\$40,800	\$41,616
SubTotal	1	1	1					\$40,000	\$40,800	\$41,616
Benefits								\$10,000	\$10,200	\$10,404
TOTAL								\$50,000	\$51,000	\$52,020
<b>LISTING SALES OF LOCAL BUSINESSES</b>										
Researcher- address qualification		1	1	\$40,000	\$40,000	\$40,800	\$41,616	\$-	\$40,800	\$41,616
Admin/Customer Service		0.3	0.3	\$35,000	\$35,000	\$35,700	\$36,414	\$-	\$10,710	\$10,924
SubTotal	0	1.3	1.3					\$-	\$51,510	\$52,540
Benefits								\$-	\$12,878	\$13,135
TOTAL								\$-	\$64,388	\$65,675
<b>LOCAL WEBSITES</b>										
Business head	0	1	2	\$85,000	\$85,000	\$86,700	\$88,434	\$-	\$86,700	\$176,868
Editorial team	0	4	9	\$78,000	\$78,000	\$79,560	\$81,151	\$-	\$318,240	\$730,361
Community manager	0	1	2	\$78,000	\$78,000	\$79,560	\$81,151	\$-	\$79,560	\$162,302
Sales team(base salary; no commission)	0	2	6	\$24,000	\$24,000	\$24,480	\$24,970	\$-	\$48,960	\$149,818
Developer	0	1	3	\$78,000	\$78,000	\$79,560	\$81,151	\$-	\$79,560	\$243,454
SEO	0	0.3	0.6	\$78,000	\$78,000	\$79,560	\$81,151	\$-	\$23,868	\$48,691
DBA	0	0.3	0.6	\$78,000	\$78,000	\$79,560	\$81,151	\$-	\$23,868	\$48,691
Graphic designer	0	0.3	0.6	\$60,000	\$60,000	\$61,200	\$62,424	\$-	\$18,360	\$37,454
Admin	0	1	2	\$35,000	\$35,000	\$35,700	\$36,414	\$-	\$35,700	\$72,828
SubTotal	0	10.9	25.8					\$-	\$714,816	\$1,670,466
Benefits								\$-	\$178,704	\$417,617
TOTAL								\$-	\$893,520	\$2,088,083



## NEW NEWS ORGANIZATIONS: STAFFING (Continued)

B-TO-B SERVICES: STAFFING	HEADCOUNT			SALARIES				ANNUAL SALARY COSTS		
	Year 1	Year 2	Year 3	Base *	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
<b>LISTING SALES- LOCAL BUSINESSES</b>										
Researcher- address qualification	1	2	3	\$40,000	\$40,000	\$40,800	\$41,616	\$40,000	\$81,600	\$124,848
Admin/Customer Service	0.3	0.6	1	\$35,000	\$35,000	\$35,700	\$36,414	\$10,500	\$21,420	\$36,414
Project manager / Journalist	0.3	0.3	0.3	\$40,000	\$40,000	\$40,800	\$41,616	\$12,000	\$12,240	\$41,616
SubTotal	1.6	2.9	4.3					\$50,500	\$103,020	\$161,262
Benefits								\$12,625	\$25,755	\$40,316
TOTAL								\$63,125	\$128,775	\$201,578
<b>CONFERENCES</b>										
Project manager	1	1	1	\$40,000	\$40,000	\$40,800	\$41,616	\$40,000	\$40,800	\$41,616
SubTotal	1	1	1					\$40,000	\$40,800	\$41,616
Benefits								\$10,000	\$10,200	\$10,404
TOTAL								\$50,000	\$51,000	\$52,020
<b>MARKETPLACE</b>										
Business head / Sales	1	1	1	\$85,000	\$85,000	\$86,700	\$88,434	\$85,000	\$86,700	\$88,434
Developer	0.5	0.5	0.5	\$78,000	\$78,000	\$79,560	\$81,151	\$39,000	\$39,780	\$40,576
SubTotal	1.5	1.5	1.5					\$124,000	\$126,480	\$129,010
Benefits								\$31,000	\$31,620	\$32,252
TOTAL								\$155,000	\$158,100	\$161,262
<b>TRAINING IN SALES &amp; MARKETING</b>										
Project manager	1	1	1	\$40,000	\$40,000	\$40,800	\$41,616	\$40,000	\$40,800	\$41,616
SubTotal	1	1	1					\$40,000	\$40,800	\$41,616
Benefits								\$10,000	\$10,200	\$10,404
TOTAL								\$50,000	\$51,000	\$52,020

## NEW NEWS ORGANIZATION: UV/PV CALCULATIONS

Newspaper	UV- 2007 *	Inhabitants **	%	Page Views	Page Views / mth / user
NYT	14,000,000	22,000,000	64%		
LA Times + Orange Cty Reg	7,500,000	17,800,000	42%		
Chicago Tribune	3,400,000	9,800,000	35%		
WashPo	9,000,000	8,300,000	108%		
Boston Globe	4,200,000	7,500,000	56%		
SF Chronicle	8,500,000	7,400,000	115%		
Houston Chronicle	3,600,000	5,800,000	62%		
Atlanta Journal Const.	2,500,000	5,700,000	44%		
Seattle PI	3,800,000	4,100,000	93%	100,000,000	26.32
Minn Star Tribune	5,000,000	3,600,000	139%	60,000,000	12.00
Indianapolis Star	2,200,000	2,000,000	110%	38,000,000	17.27
Salt Lake City Tribune	2,900,000	1,700,000	171%	25,000,000	8.62
			122%		19
	Year 1	20% of mature avg	24%		4
	Year 2	40% of mature avg	49%		8
	Year 3	60% of mature avg	73%		11
Source:					
* <a href="http://www.boston.com/business/globe/articles/2007/11/06/online_figures/">http://www.boston.com/business/globe/articles/2007/11/06/online_figures/</a> : Audit Bureau of Circulations					
** US Census Bureau - CSA figures; est July 2008					

## **Not-for-Profit News Organization Model**

For purposes of this project, we have assumed a level of community and foundation support in a sample metro market of 5 million people.

## NON-PROFIT NEWS ORGANIZATION: ASSUMPTIONS

<b>Market Assumptions</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Overall Metrowide Market</b>			
Total # of Adults 18+ (Metrowide)	5,000,000	5,000,000	5,000,000
% of these who are online users	80%	80%	80%
<b>Total # of Adults 18+/Online (Metrowide)</b>	4,000,000	4,000,000	4,000,000
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Revenue Assumptions</b>			
<b>Unique Visitors &amp; Page Views</b>			
% of these who are Non-Profit News Users	5%	7%	10%
Beginning UV	-		
Ending UV	200,000	280,000	400,000
Page Views/User/Mo.	3	5	7
<b>Total Monthly PVs</b>	600,000	1,400,000	2,800,000
<b>Advertising and Corporate Sponsorship</b>			
<b>Total # of Ads Units Per Page</b>	6	6	6
<b>Total Impressions (All Ad Types)</b>	3,600,000	8,400,000	16,800,000
<b>Sell Through Rate (overall)</b>	45%	50%	55%
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Average CPM</b>			
Banner Ads and Sponsorships (Effective CPM)	\$12.00	\$12.00	\$12.00
<b>Contextual Ads (Google, e.g.)</b>			
# of Ads per Page	3	3	3
CPC	\$0.20	\$0.20	\$0.20
CTR	0.36%	0.36%	0.36%
<b>Average Monthly Ad Revenue (Banner Ads &amp; Sponsorships)</b>	\$19,440.00	\$50,400.00	\$110,880.00
<b>Average Monthly Ad Revenue (Contextual)</b>	\$1,296.00	\$3,024.00	\$6,048.00
<b>Total Monthly Ad Revenue (Banner + Contextual)</b>	\$20,736.00	\$53,424.00	\$116,928.00
<b>Total Annual Ad Revenue</b>	\$248,832	\$641,088	\$1,403,136
<b>Foundation Support</b>			
<b>Total # of Foundations Providing Support</b>	1	2	3
<b>Average Grant Size</b>	\$750,000	\$500,000	\$250,000
<b>Total Foundation Support</b>	\$750,000	\$1,000,000	\$750,000

## NON-PROFIT NEWS ORGANIZATION: ASSUMPTIONS (CONT.)

<b>Membership Support</b>				
<b>% of Unique Visitors who become Members</b>	0.35%	0.35%	0.35%	
<b>Total # of Donors</b>	700	980	1,400	
<b>% of Members Donating at Individual Levels</b>				
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	
\$35	8%	8%	8%	
\$50	43%	43%	43%	
\$175	35%	35%	35%	
\$375	7%	7%	7%	
\$750	3%	3%	3%	
\$1,500	2%	2%	2%	
\$2,500	0%	0%	0%	
\$5,000	1%	1%	1%	
\$10,000	0%	0%	0%	
\$25,000	1%	1%	1%	
<b>Total Annual Membership Revenues/Level</b>				
<b>Total # of Members at Individual Levels</b>				
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	
\$35	56	79	113	
\$50	304	426	609	
\$175	243	340	486	
\$375	46	64	92	
\$750	21	29	42	
\$1,500	14	19	28	
\$2,500	3	5	7	
\$5,000	6	9	12	
\$10,000	2	2	3	
\$25,000	4	6	9	
<b>Total Annual Membership Revenues</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	
\$35	\$1,973	\$2,763	\$3,947	
\$50	\$15,223	\$21,312	\$30,446	
\$175	\$42,503	\$59,504	\$85,006	
\$375	\$17,240	\$24,136	\$34,480	
\$750	\$15,613	\$21,859	\$31,227	
\$1,500	\$20,818	\$29,145	\$41,636	
\$2,500	\$8,674	\$12,144	\$17,348	
\$5,000	\$30,359	\$42,503	\$60,719	
\$10,000	\$17,348	\$24,287	\$34,696	
\$25,000	\$108,426	\$151,797	\$216,853	
<b>Total Annual Membership Revenues</b>	<b>\$278,178</b>	<b>\$389,450</b>	<b>\$556,357</b>	

# NON-PROFIT NEWS ORGANIZATION: ASSUMPTIONS (CONT.)

<b>Additional Revenue Opportunities</b>			
<b>Ecommerce</b>			
Monthly \$ per Converted User	\$3.50	\$3.50	\$3.50
User Conversion rate	0.50%	0.50%	0.50%
Total Monthly Ecommerce Revenues	\$3,500	\$4,900	\$7,000
<b>Total Annual Event Revenue</b>	\$42,000	\$58,800	\$84,000
<b>Events</b>			
# of Events/Year	2	2	2
Cost per Ticket per Event	\$100.00	\$100.00	\$100.00
# of Tickets Sold/Event	250	250	250
<b>Total Annual Event Revenue</b>	\$50,000.00	\$50,000.00	\$50,000.00

## NON-PROFIT NEWS ORGANIZATIONS: ASSUMPTIONS (CONT.)

<b>Expenses</b>			
<b>Membership Costs</b>	Year 1	Year 2	Year 3
Membership Expenses	\$278,178	\$389,450	\$556,357
<i>Assumed to be 10% of annual revenue</i>	10%	10%	10%
<b>Total:</b>	\$27,818	\$38,945	\$55,636
<b>Fundraising Costs</b>	Year 1	Year 2	Year 3
<b>Funding from Foundations</b>	\$750,000	\$1,000,000	\$750,000
<i>Assumes 10% of Fundraising Revenues</i>	10%	10%	10%
	\$75,000	\$100,000	\$75,000
<b>Capital Expenses</b>	\$105,000		
<i>Assumptions:</i>			
Computers & Infrastructure	\$50,000		
Website Development/Design	\$9,500		
Utility & Lease Deposits	\$5,500		
Leasehold Improvements	\$40,000		
<b>Annual Growth Rates</b>	Year 2	Year 3	Year 4
Insurance	15%	15%	15%
Legal and Accounting	10%	10%	10%
Technology Costs	N/A	25%	25%
Rent and Utilities	10%	10%	10%
Miscellaneous Expenses	5%	5%	5%
<i>Miscellaneous Expenses includes:</i>	Year 1	Year 2	Year 3
Supplies	\$1,500	\$1,575	\$1,654
Postage and Shipping	\$660	\$693	\$728
Printing and Publications	\$1,500	\$1,575	\$1,654
<b>Total:</b>	\$3,660	\$3,843	\$4,035

## NON-PROFIT NEWS ORGANIZATIONS: P&amp;L

	Year 1	Year 2	Year 3
<b>Gross Revenues</b>	<b>\$1,369,010</b>	<b>\$2,139,338</b>	<b>\$2,843,493</b>
Foundation Support	\$750,000	\$1,000,000	\$750,000
Membership Support	\$278,178	\$389,450	\$556,357
Advertising & Corporate Sponsorship	\$248,832	\$641,088	\$1,403,136
Fundraising Events	\$50,000	\$50,000	\$50,000
E-Commerce	\$42,000	\$58,800	\$84,000
<b>Revenue before Operating Expenses</b>	<b>\$1,369,010</b>	<b>\$2,139,338</b>	<b>\$2,843,493</b>
	Year 1	Year 2	Year 3
SG&A			
Salaries	\$1,025,400	\$1,543,784	\$2,111,371
Membership Expense	\$27,818	\$38,945	\$55,636
Insurance	\$2,100	\$2,415	\$2,777
Rent	\$48,000	\$52,800	\$58,080
Legal & Accounting Fees	\$10,000	\$11,000	\$12,100
Fundraising	\$12,500	\$12,500	\$12,500
Events	\$25,000	\$25,000	\$25,000
Website Development	\$150,000	\$150,000	\$150,000
Travel	\$2,800	\$2,940	\$3,087
Miscellaneous Expenses	\$3,660	\$3,843	\$4,035
<b>Total Expenses</b>	<b>\$1,307,278</b>	<b>\$1,843,227</b>	<b>\$2,434,586</b>
<b>Operating Income</b>	<b>\$61,733</b>	<b>\$296,111</b>	<b>\$408,907</b>
<b>Expense/Revenue Margin</b>	<b>95%</b>	<b>86%</b>	<b>86%</b>
<b>Operating income Margin</b>	<b>4.51%</b>	<b>13.84%</b>	<b>14.38%</b>
<b>Investment Income</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Capital Expenses</b>	<b>\$105,000</b>	<b>\$-</b>	<b>\$-</b>
<b>Earnings Before Income and Taxes</b>	<b>\$61,733</b>	<b>\$296,111</b>	<b>\$408,907</b>
<b>Income Tax Expense (@40%)</b>	<b>\$24,693</b>	<b>\$118,444</b>	<b>\$163,563</b>
<b>Earnings</b>	<b>\$37,040</b>	<b>\$177,666</b>	<b>\$245,344</b>
<b>Net Margin</b>	<b>2.71%</b>	<b>8.30%</b>	<b>8.63%</b>



## NON-PROFIT NEWS ORGANIZATIONS: SALARIES

STAFFING										
Assumptions	Year 2	Year 3								
Compensation Annual Increase	4%	4%								
	HEADCOUNT			SALARIES				ANNUAL SALARY COSTS		
	Year 1	Year 2	Year 3	Base	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Editor & CEO	1	1	1	\$90,000	\$90,000	\$93,600	\$97,344	\$90,000	\$93,600	\$97,344
Managing Editor	1	2	2	\$75,000	\$75,000	\$78,000	\$81,120	\$75,000	\$156,000	\$162,240
Editorial Staff	1	2	4	\$65,000	\$65,000	\$67,600	\$70,304	\$65,000	\$135,200	\$281,216
Staff Writers	3	6	8	\$45,000	\$45,000	\$46,800	\$48,672	\$135,000	\$270,000	\$360,000
Community Manager	1	1	1	\$75,000	\$75,000	\$78,000	\$81,120	\$75,000	\$78,000	\$94,640
Business Manager	1	1	1	\$80,000	\$80,000	\$83,200	\$86,528	\$80,000	\$83,200	\$95,091
Director, Advertising	1	1	1	\$80,000	\$80,000	\$83,200	\$86,528	\$80,000	\$83,200	\$95,541
Director, Product Development	1	1	1	\$75,000	\$75,000	\$78,000	\$81,120	\$75,000	\$78,000	\$81,120
Director, Development	1	1	1	\$75,000	\$75,000	\$78,000	\$81,120	\$75,000	\$75,000	\$75,000
Contract & Contributing Journalists	10	20	30	\$10,000	\$10,000	\$10,400	\$10,816	\$100,000	\$208,000	\$324,480
Payroll/Tech Support/Other Admin	1	2	4	\$40,000	\$40,000	\$41,600	\$43,264	\$40,000	\$83,200	\$173,056
<b>Sub Total</b>	22	38	54					\$890,000	\$1,343,400	\$1,839,728
<b>Payroll Taxes (9% of Salaries)</b>								\$80,100	\$120,906	\$165,576
<b>Benefits (7% of Salaries)</b>								\$55,300	\$79,478	\$106,067
<b>TOTAL - Salary + Benefits</b>								\$1,025,400	\$1,543,784	\$2,111,371

## **Revenue Opportunities**

While traditional advertising units (display, banner, text, directory) continue to generate the main revenue stream for most news websites, fresh revenue opportunities are emerging as sites look for new ways to fund their operations.

## Revenue Opportunities

Here are some of the non-advertising revenue opportunities we've identified, along with a few creative new ad units that look promising. We'll be adding to this list in the weeks ahead, so please send us any innovative revenue opportunities that you come across. (Please see [newsinnovation.com/revenue-opportunities](http://newsinnovation.com/revenue-opportunities) for links and updates.)

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### Coupons & Deals of the Day

Twitter promises to transform delivery of coupons and deals, and while the technology makes it much easier for advertisers to get messages directly to customers, news organizations still provide value to advertisers by reaching a wider audience. The Ann Arbor News, which closed this month and reopened exclusively online as AnnArbor.com, now revolves entirely around deals. Minnesota's not-for-profit news start up, MinnPost, recently launched a Twitter-like "Real Time Ads" service. Others are developing new classifieds businesses around the 140 character messages. There's a great opportunity for geo-located advertising here, and the format is well-suited to hyperlocal content, too.

### Sponsor Posts

Sites like Paid Content have begun using new advertising slots within the flow of posts. They look like regular posts on the site, but they aren't bylined and they are written by the advertiser.

### Video

An old advertising unit that is available to a whole new class of news organizations. As the cost of delivering video goes down, advertisers are increasingly looking to place their own advertising videos on news sites. A number of organizations are experimenting with pre-roll ads and overlay ads that appear on news videos.

### Ad Networks

Creating a way to sell advertising across all levels of the news ecosystem, from hyperlocals to metro news organizations to national publications, is critical. Read more about efforts to do that at our page on ad networks and alliances.

### E-commerce

A good fit for: Metros

There are plenty of folks in the U.S. who've made some cash selling branded items, like t-shirts and mugs. But, e-commerce hasn't gone much further than that here. Public radio, which seems to have done well with its Amazon affiliate program, is the exception.

That's not the case in the U.K. where the Telegraph has developed a contextual e-commerce store. The system required a significant investment on the backend to pair items mentioned in the content with appropriate goods for sale in the e-commerce store. The Telegraph has also faced some challenges selecting product partners. Ironically, the Telegraph has had the most success selling off-the-wall items like hangers and Panama hats, but e-commerce is now an important revenue stream for them.

Establishing a system for taking a cut on transactions made through the site has been a good deal easier. The Telegraph takes a cut on sports bets and mortgages arranged through its sports and personal finance sections. This is common on the U.S. new sites that sell tickets to sporting and cultural events, and even The New York Times has gotten more heavily involved in this game.

### **Paid Content**

A good fit for: Metros

As advertising revenues decline, newspapers around the country are considering subscriptions for online content. While putting what used to be free content behind a paywall certainly curtails readership, publishers like Walter Hussman of the Arkansas Democrat-Gazette argue that subscriptions stave off erosion in print subscriptions (and help keep print advertising prices up) because they're not giving everything away for free online.

New business models are on the way for newspapers and online publications that want to pair subscriptions with micropayments (essentially an iTunes for news that would allow readers to purchase individual stories for nominal prices). Big newspapers are also reportedly looking into a "metered" system, like that used by the Financial Times, which gives away 10 stories before readers hit the paywall.

### **Lists & Databases**

A good fit for: Metros, Business sites and other verticals

Selling data has been a staple of metro newspapers and weekly business publications, like Crain's, for decades, and that market isn't going away. Teaser lists in HTML can be paired with advertising. Downloads of full lists can be provided for a fee or annual subscriptions for unlimited access can be sold.

A book of lists (top businesses by sector, top law firms by practice area, fastest growing neighborhoods, etc.) would make a great annual print edition to grab premium advertising and boost brand awareness.

The UK's Guardian has opened up a Data Store, enabling other sites to use the valuable databases maintained by Guardian reporters and computers. The newspaper has created an open API. Both allow the Guardian to extend its brand with a plan to develop an ad network to put on top still being developed.

This category also provides great opportunities for mobile applications. Basically, anything that's routinely sold from the lists and databases category can be matched with geo-targeting technology to create a useful app.

### **Mobile**

A good fit for: Everyone

Here's the obvious opportunity: a fee for a mobile application carrying the latest news or a subscription for daily news alerts via SMS. The success of Apple's iPhone App store has proven that people will pay for mobile apps. As Mark Potts points out, even hyperlocals should consider getting into the game because the cost to enter is relatively low. In addition to the subscription or download fee, the app or message is a perfect spot for advertising.

New and interesting developments are coming every day on the holy grail of mobile—geo-targeted advertising. Think about the possibilities of combining geo-locating technology with the databases you routinely sell.

### **Premium Products**

A good fit for: Metros

Along with their e-commerce store, the UK's Telegraph newspaper has generated considerable revenues by selling subscriptions to its puzzle site, CluedUp, and fantasy sports games. The fantasy sports ship may have already sailed here in the States, but games and puzzles remain a high-value segment that could draw significant numbers of subscribers. In a hypothetical metro market of 5 million people drawing a conservative 1 million unique visitors annually, convincing just two percent of those readers to buy annual subscriptions would produce significant, stable revenues.

### **Niche Websites**

A good fit for: Metros

Metro publications should break off branded, targeted publications aimed at specific communities that congregate around passions. So, a high school sports site might work in some cities. In others (perhaps in all), a comprehensive education site like New York's Gotham Schools might be a profitable spin-off. Obviously, in a decentralized new news ecosystem, these niche sites might very well stand on their own as independents as well. One interesting twist on this idea: The Voice of San Diego, an investigative not-for-profit that has been around since 2004, says it is looking to develop a premium service based around obituaries.

### **Donations**

A good fit for: Not-for-Profits, Investigative, Niche and Watchdog outfits

An excellent source of funding for news gathering, donations fit best with not-for-profit models because individuals can then use them as tax write-offs. However, for-profits have been known to put up a tip jar, too. Indeed, DavidsonNews.net, a hyperlocal run by David Boraks in Davidson, NC, has been quite successful collecting what he calls "voluntary subscription payments."

Spot.U.S. has recently taken the donation concept one step further. This Knight Foundation-funded start up allows readers to pay for stories they want to read by making small donations. Spot.U.S. recently gained national attention by helping a reporter pay travel expenses for a story on the Great Pacific Garbage Patch that may be picked up by The New York Times.

### **Print Editions**

A good fit for: Metros, Hyperlocals, For-profits, Not-for-profits

Weekly or monthly print editions could provide healthy revenues still open to some print publishers. Many advertisers, especially at the local level, are still more comfortable seeing their ad in a printed newspaper. Even Politico.com, poster child for the new online news generation, derives a sizeable chunk of its revenues from a semi-regular print edition. Hyperlocals could follow the model of MyHeimat in Germany, which uses a reverse publishing model to produce a weekly freesheet. A print product, even one based around an annual event, helps increase brand awareness and can lead to higher ad rates. Regular printings could tap into the free standing insert business, which remains lucrative.

Metro-level organizations could produce themed issues (more likely on a monthly basis) to provide a sales hook. Hyperlocals should also be looking at weekly printed editions, too, says Lisa Williams, head of Placeblogger.com. Indeed, she says that starting a weekly shopper is the simplest way for struggling hyperlocal bloggers out there to pay the bills. On the relative cheap, she estimates at 50% what it costs for existing print publications in most areas, bloggers could expand their reach and advertising base with a weekly print edition. New resources like printcasting.com could provide a way to reduce printing costs and increase profits even further. Still, Williams says nothing comes easy.

“The hassle is you do everything yourself, you do your own layout. And that’s a lot of work, it’s persnickety,” says Williams.

### **Special Reports**

A good fit for: Not-for-profits, Investigative

The Voice of San Diego told us that they are looking to produce customized reports to clients on a fee for service basis. Although they haven’t yet done any special reports, they are hopeful it will be one way to diversify their revenues. A similar approach could work for other not-for-profits with a strong focus on investigations and research.

### **Specialized Advertising Services**

A good fit for: Metros, Hyperlocals

For metro organizations, online advertising training and tutorials. Opportunities include a subscription to online tutorials developed (or sponsored) by the news organization and a one-time fee for in-person training sessions.

The potential here is perhaps even greater for hyperlocals, some of whom are already training local businesses. The idea is to provide advertising consulting services. For a premium on top of an ad buy, the hyperlocal coordinates the businesses entire web presence.

There might also be a market for digital direct marketing campaign service to local businesses. The organization would charge a flat fee to develop the campaign or a charge per email tied to performance.

### **Business Marketplace**

A good fit for: Metros, Business publications

This would be a one-stop service for local businesses to post and respond to requests for proposals. RFPs from local governments would also be available. A fee or subscription-based system would apply to businesses wanting to post or respond. Sites like this do exist, but a local angle might prove profitable, especially to niche publications built around the business community.

The marketplace would also list businesses for sale and provide a space for businesses to request funding.

### **Memberships**

A good fit for: Everyone

Public radio has made the membership model work for decades, handing out tote bags, caps, and umbrellas in exchange for listener support. Now reports indicate that The New York Times may offer memberships, too.

News organizations don't necessarily have to stop at swag. The Times may include personal access to reporters in its membership plan. A similar membership/"freemium" model can work for niche websites that could provide extra attention to members' interests and content, access to specialized content, and events.

### **Events Hosting & Promotion**

A good fit for: Everyone

If a key to online success is developing and speaking to a community of readers, bringing that community together in the real world is one way for online news sites to profit from that community. The Voice of San Diego believes that events are a new way of delivering their content to readers, whether through a post-election analysis event or a forum on the economy.

Brooklyn has been a hotbed for this sort of activity by blogs. Brooklyn Based hosts and promotes events for which it takes a portion of the admission fee. Revenues from those events far outstrip the amount the site makes from advertising. In a notable example, the Brooklyn real estate blog, Brownstoner.com, founded a highly successful weekend flea market, the Brooklyn Flea. Brownstoner founder, Jonathan Butler, has said that expanding his brand in his hometown through the flea market was far more appealing than opening outlets of his site in other cities.

### **Café**

A good fit for: Metros



Here's an extreme variation on the community building idea: news organizations that own a coffee house. Rather than erecting soaring office towers that "blur the boundary between inside and out, between the life of the newspaper and the life of the street," some have argued that new news organizations should put their newsrooms in coffeeshops, the public square of the Internet age. A coffee shop would help build the brand (assuming the coffee is decent) and provide a ready-made venue for all of those events you'll be hosting.

This is actually happening in the Czech Republic, where Futuroom, a project that "aims to reconnect newspapers with readers and advertisers by focusing on neighborhood concerns," has launched.

### **The New Distribution Model and Revenue**

There will be ways for news organizations to make money based on the new distribution model. Newspapers have already published their APIs (Application Programming Interfaces) to allow other developers and sites access to their databases and content.

A **reverse syndication** system could allow journalists to have their content distributed widely, without necessarily having to depend on a link and a click to benefit financially. Politico.com launched a network that allows members to publish stories with advertising sold by Politico attached. The member website then takes a share of the advertising revenues generated by the story. Reverse syndication likely works best for national players like Politico, but with the proper framework might help metros and niche sites as well. It would be interesting to get an update on the Politico Network.

In a similar vein, products like Apture and Google's Web Elements raise the possibility of an **embeddable newspaper**.

### **Gift Cards**

A good fit for: Metros

This is an intriguing system where the media company, such as the Times-Leader in Wilkes-Barre, PA, sells advertising in exchange for gift certificates. The reader then buys the gift card at half off from the media company. Everyone gets a deal.

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## **Survey Of Hyperlocal Websites**

In order to gather relevant data for the New Business Models for News Project, we created a survey that was distributed to a large sample of hyperlocal websites. Aggregated data generated from the survey displayed here comes from 111 sites that are publishing quality content on a regular basis and that are committed to funding an ongoing operation via for-profit or not-for-profits means.

## Hyperlocal Website Survey

Survey software from Qualtrics was utilized for the online Hyperlocal Website Survey. The survey questions are repurposed here. (Please step through the survey at [newsinnovation.com/survey](http://newsinnovation.com/survey).)

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### New Business Models for News - Please Take the Survey

Please take a few minutes to complete our survey. Your information will be treated confidentially. The data we collect will be used only in the aggregate and will not be associated in any identifiable way with an individual website.

We all have a stake in making sure journalism has a healthy future and with your help we'll get there.

- Jeff Jarvis, CUNY Graduate School of Journalism

#### General Information

---

Website Name: \_\_\_\_\_  
 Website URL: \_\_\_\_\_  
 Website Description  
 (50 words max): \_\_\_\_\_  
 Location (town, state): \_\_\_\_\_  
 Date Founded: \_\_\_\_\_  
 Site Contact: \_\_\_\_\_  
 Phone Number: \_\_\_\_\_  
 E-mail Address: \_\_\_\_\_

#### Target Market (Geographic)

---

State: \_\_\_\_\_  
 Town(s): \_\_\_\_\_

**Target Market (Demographic)**

---

Who is the audience for your website? (e.g. men, women, sports fans, moms, etc.) \_\_\_\_\_

How often is your site updated? \_\_\_\_\_

Multiple times daily \_\_\_\_\_  
Daily \_\_\_\_\_  
Multiple times weekly \_\_\_\_\_  
Weekly \_\_\_\_\_  
Monthly \_\_\_\_\_

**Visitors/Page Views**

---

Unique visitors (per month): \_\_\_\_\_  
Page views (per month): \_\_\_\_\_

Are you a for-profit or not-for-profit organization? \_\_\_\_\_

For Profit \_\_\_\_\_  
Not-for-profit \_\_\_\_\_

Does your site accept advertising? \_\_\_\_\_

Yes \_\_\_\_\_  
No \_\_\_\_\_

## Advertising Information

Total advertising revenue (average monthly)?

---

None	_____
\$1-\$499	_____
\$500-\$999	_____
\$1,000-\$1,999	_____
\$2,000-\$4,999	_____
\$5,000-\$9,999	_____
\$10,000-\$14,999	_____
\$15,000 or more	_____

## Breakdown of Advertising

Ad banner/display revenue (average monthly)?

---

None	_____
\$1-\$499	_____
\$500-\$999	_____
\$1,000-\$1,999	_____
\$2,000-\$4,999	_____
\$5,000-\$9,999	_____
\$10,000-\$14,999	_____
\$15,000 or more	_____

What types of ads do you sell?

---

Time-based (e.g. weekly, monthly)	_____
Sponsorship	_____
CPM-based	_____
Other	_____

For time-based ads:

---

What is your monthly rate? \_\_\_\_\_

For CPM-based ads:

---

What is your average CPM?

Less than \$1.00 \_\_\_\_\_  
 \$1.00-\$2.49 \_\_\_\_\_  
 \$2.50-\$4.99 \_\_\_\_\_  
 \$5.00-\$7.49 \_\_\_\_\_  
 \$7.50 or more \_\_\_\_\_

Which ad network do you use?

---

I don't use an ad network \_\_\_\_\_  
 Google \_\_\_\_\_  
 Yahoo \_\_\_\_\_  
 Other \_\_\_\_\_

Google AdSense revenue (average monthly)?

---

None \_\_\_\_\_  
 \$1-\$499 \_\_\_\_\_  
 \$500-\$999 \_\_\_\_\_  
 \$1,000-\$1,999 \_\_\_\_\_  
 \$2,000-\$4,999 \_\_\_\_\_  
 \$5,000-\$9,999 \_\_\_\_\_  
 \$10,000-\$14,999 \_\_\_\_\_  
 \$15,000 or more \_\_\_\_\_

---

Other ad network revenue (average monthly)?

---

None	_____
\$1-\$499	_____
\$500-\$999	_____
\$1,000-\$1,999	_____
\$2,000-\$4,999	_____
\$5,000-\$9,999	_____
\$10,000-\$14,999	_____
\$15,000 or more	_____

---

Additional text ad revenue (average monthly)?

---

None	_____
\$1-\$499	_____
\$500-\$999	_____
\$1,000-\$1,999	_____
\$2,000-\$4,999	_____
\$5,000-\$9,999	_____
\$10,000-\$14,999	_____
\$15,000 or more	_____

---

Directory ad revenue (average monthly)?

---

None	_____
\$1-\$499	_____
\$500-\$999	_____
\$1,000-\$1,999	_____
\$2,000-\$4,999	_____
\$5,000-\$9,999	_____
\$10,000-\$14,999	_____
\$15,000 or more	_____

### Additional Revenue ?

---

None \_\_\_\_\_  
 \$1-\$499 \_\_\_\_\_  
 \$500-\$999 \_\_\_\_\_  
 \$1,000-\$1,999 \_\_\_\_\_  
 \$2,000-\$4,999 \_\_\_\_\_  
 \$5,000-\$9,999 \_\_\_\_\_  
 \$10,000-\$14,999 \_\_\_\_\_  
 \$15,000 or more \_\_\_\_\_

Please describe the source of additional revenue: \_\_\_\_\_

### How do you sell advertising?

---

Sales rep \_\_\_\_\_  
 Information or tools on my site \_\_\_\_\_  
 Other \_\_\_\_\_

### Do you receive donations from:

---

Foundations \_\_\_\_\_  
 Corporations \_\_\_\_\_  
 Users \_\_\_\_\_  
 None \_\_\_\_\_

### Total amount of your donations (average monthly)?

---

None \_\_\_\_\_  
 \$1-\$499 \_\_\_\_\_  
 \$500-\$999 \_\_\_\_\_  
 \$1,000-\$1,999 \_\_\_\_\_  
 \$2,000-\$4,999 \_\_\_\_\_  
 \$5,000-\$9,999 \_\_\_\_\_  
 \$10,000-\$14,999 \_\_\_\_\_  
 \$15,000 or more \_\_\_\_\_



Total number of full-time staff (include yourself where appropriate)

---

Editorial \_\_\_\_\_

Business \_\_\_\_\_

Total number of part-time-time staff (include yourself where appropriate)

---

Editorial \_\_\_\_\_

Business \_\_\_\_\_

Other expenses e.g. rent, web hosting, marketing, equipment, etc (average monthly)?

---

None \_\_\_\_\_

\$1-\$499 \_\_\_\_\_

\$500-\$999 \_\_\_\_\_

\$1,000-\$1,999 \_\_\_\_\_

\$2,000-\$4,999 \_\_\_\_\_

\$5,000-\$9,999 \_\_\_\_\_

\$10,000-\$14,999 \_\_\_\_\_

\$15,000 or more \_\_\_\_\_

Total monthly costs?

---

None \_\_\_\_\_

\$1-\$499 \_\_\_\_\_

\$500-\$999 \_\_\_\_\_

\$1,000-\$1,999 \_\_\_\_\_

\$2,000-\$4,999 \_\_\_\_\_

\$5,000-\$9,999 \_\_\_\_\_

\$10,000-\$14,999 \_\_\_\_\_

\$15,000 or more \_\_\_\_\_

What were your start-up costs?

---

None	_____
\$1-\$499	_____
\$500-\$999	_____
\$1,000-\$1,999	_____
\$2,000-\$4,999	_____
\$5,000-\$9,999	_____
\$10,000-\$14,999	_____
\$15,000 or more	_____

## Two Last Questions

What are your biggest challenges, problems, needs?

---

---

We're compiling a directory of local websites. May we include your website name, URL and location? All other information will remain confidential.

Yes \_\_\_\_\_  
No \_\_\_\_\_

## **Survey Results: For-Profit Websites**

## Survey Results: For-Profit Sites

Aggregated data from 81 websites

### 1. How often is your site updated?

#	Answer		Response	%
1	Multiple times daily		57	69%
2	Daily		15	18%
3	Multiple times weekly		9	11%
4	Weekly		2	2%
5	Monthly		0	0%
	Total		83	100%

### 2. Advertising Information Total advertising revenue (average monthly)?

#	Answer		Response	%
8	NONE		11	14%
1	\$1 - \$499		36	44%
2	\$500-\$999		4	5%
3	\$1,000 - \$1,999		9	11%
4	\$2,000 - \$4,999		9	11%
5	\$5,000 - \$9,999		5	6%
6	\$10,000 - \$14,999		2	2%
7	\$15,000 or more		5	6%
	Total		81	100%

### 3. Breakdown of Advertising Ad banner/display revenue (average monthly)?

#	Answer		Response	%
8	NONE		9	12%
1	\$1 - \$499		35	46%
2	\$500-\$999		6	8%
3	\$1,000 - \$1,999		9	12%
4	\$2,000 - \$4,999		6	8%
5	\$5,000 - \$9,999		4	5%
6	\$10,000 - \$14,999		3	4%
7	\$15,000 or more		4	5%
	Total		76	100%

### 4. What types of ads do you sell?

#	Answer		Response	%
1	Time-based (e.g. weekly, monthly)		50	66%
2	Sponsorship		33	43%
4	CPM-based		34	45%
3	Other		23	30%

#### Other

Amazon Associates

I'm part of two blog networks, BlogHer & Boston Blogs Ad Network. I'm looking for individual sponsors, but it has not worked out.

email newsletter, RSS feed, mobile

blogvertorial, eNewsletter, contest/event sponsorship

CPC based

text links

You would have to talk to Tien Mao at Gothamist for this information.

Email, iPhone

Free PR/Ads for non profits

We utilize a local business directory and in-house web design to fund our hyperlocal site.

newsletter promotions, contests

We've started playing with Google ads after realizing our ad department won't sell online ads

video

Barter






video, pre-roll

Sponsored posts

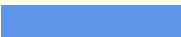



Special real estate package

advertorial blogs; radio/TV spots in conjunction with our media partners (i.e. package opportunities)

## 5. What is your average CPM?

#	Answer		Response	%
1	Less than \$1.00		10	30%
2	\$1.00-\$2.49		9	27%
3	\$2.50 - \$4.99		5	15%
4	\$5.00 - \$7.49		3	9%
5	\$7.50 or more		6	18%
	Total		33	100%

## 6. Which ad network do you use?

#	Answer		Response	%
4	I don't use an ad network		33	40%
1	Google		40	49%
2	Yahoo		1	1%
3	Other		19	23%





Other

Instigate


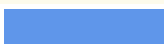




Adify, Tribal Fusion

Yardbarker
Flyerboard and Boston Blogs Network
BlogHer, Boston Blogs Ad Network
Commission Junction
yardbarker
ADSDAQ, Direct Media
Lycos, othe partners
unknown
ADSDAQ
Adsdaq, Technorati Engage
rvanews.com
Amazon, Adbrite
Glam
self
Media General's National Online Ad sales team
Burst Media, PaperG
Doubleclick






## 7. Google AdSense revenue (average monthly)?

#	Answer		Response	%
8	NONE		18	30%
1	\$1 - \$499		40	67%
2	\$500-\$999		1	2%
3	\$1,000 - \$1,999		0	0%
4	\$2,000 - \$4,999		0	0%
5	\$5,000 - \$9,999		1	2%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		0	0%
	Total		60	100%

### 8. Other ad network revenue (average monthly)?






#	Answer		Response	%
8	NONE		31	54%
1	\$1 - \$499		20	35%
2	\$500-\$999		1	2%
3	\$1,000 - \$1,999		3	5%
4	\$2,000 - \$4,999		1	2%
5	\$5,000 - \$9,999		0	0%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		1	2%
	Total		57	100%

### 9. Additional text ad revenue (average monthly)?

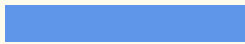






#	Answer		Response	%
8	NONE		38	76%
1	\$1 - \$499		9	18%
2	\$500-\$999		1	2%
3	\$1,000 - \$1,999		1	2%
4	\$2,000 - \$4,999		0	0%
5	\$5,000 - \$9,999		0	0%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		1	2%
	Total		50	100%



### 10. Directory ad revenue (average monthly)

#	Answer		Response	%
8	NONE		41	84%
1	\$1 - \$499		5	10%
2	\$500-\$999		0	0%
3	\$1,000 - \$1,999		1	2%
4	\$2,000 - \$4,999		1	2%
5	\$5,000 - \$9,999		1	2%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		0	0%
	Total		49	100%

### 11. Additional Revenue?

#	Answer		Response	%
8	NONE		27	54%
1	\$1 - \$499		12	24%
2	\$500-\$999		3	6%
3	\$1,000 - \$1,999		3	6%
4	\$2,000 - \$4,999		3	6%
5	\$5,000 - \$9,999		1	2%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		1	2%
	Total		50	100%

### 12. Please describe the source of additional revenue



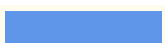
#### Text Response

We produce and promote events. We have relationships with a number of Brooklyn businesses including bars and restaurants where we both promote their events and produce our own there. The partnerships/revenues from this ranges from door splits after expenses to flat fees for promotion only.

Subscriptions from newspapers and television stations that syndicate our blog

aggregation service
Yardbarker, Adify, Blogads
Gifts/donations
I recently started doing paid reviews with BlogHer.
custom publishing, community events site construction, online consulting, design services
t-shirt sales, ticket affiliates
advertising design, website design, photography, logo T-shirt/merchandise sales
T-Shirts
I sell advertising directly to local businesses
Partnership revenue - ie. beyond.com
job boards, coupons, other affiliate programs
Municipal subscriptions, institutional subscriptions, referral fees from telecoms, member donations, expansion fees, grants
Website design, graphic design, social media marketing
newly launched: photo reprints/merchandise, classified advertisements
Playgroundboston.com Presents Concert Series
Voluntary Subscriptions
Advertising from local businesses
We actually have a network of smaller community news sites that RVANews aggregates. We sell ads across the network and take a cut.
Subscriptions
At this point, most operating revenue is coming from business backers who want to keep a news source in the community in light of the likely bankruptcy of our local GateHouse daily newspaper.
Marketing Services
affiliate programs
Trade for products and services to help news coverage (ie) AT&T Wireless Cards
I offer sponsored posts with a flat fee of \$25 - \$75 per post.
I have been able to accept ads for only a few days.
Affiliate partnerships (Amazon, hotel reservations, tourism cards).
sponsorships

### 13. How do you sell advertising?





#	Answer		Response	%
1	Sales rep		33	46%
2	Information or tools on my site		38	54%
3	Other		25	35%

Other
network only
email
third party handles it
Google AdSense
Google
I launched in Oct, so I'm it (for now)
Just Adsense
I sell
Plan to use eBay for online bidding of limited monthly banners
Don't
Word of Mouth
We contact some local vendors directly; service them with a weekly content email
Mostly one-on-one pre-existing business relationships
direct contact
I approach potential advertisers myself
Knocking on doors
Blogads
Blogads

**14. Do you receive donations from:**

#	Answer		Response	%
2	Foundations		2	2%
3	Corporations		2	2%
4	Users		14	17%
1	None		70	84%

**15. Total amount of your donations (average monthly)?**

#	Answer		Response	%
8	NONE		28	68%
1	\$1 - \$499		10	24%
2	\$500-\$999		1	2%
3	\$1,000 - \$1,999		2	5%
4	\$2,000 - \$4,999		0	0%
5	\$5,000 - \$9,999		0	0%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		0	0%
	Total		41	100%








**16. Total number of full-time staff (include yourself where appropriate)**

Question	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	More than 20	
Editorial	3	12	5	1	1	2	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1
Business/Sales	14	3	2	0	0	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0









**17. Total number of part-time staff**

Question	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	More than 20
Editorial	10	3	4	0	3	1	1	1	0	0	1	0	0	0	0	1	0	0	0	0	0	0
Business/Sales	14	4	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

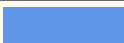
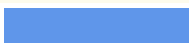






### 18. Other Expenses e.g. rent, web hosting, marketing, equipment, etc (average monthly)?

#	Answer		Response	%
8	NONE		12	15%
1	\$1 - \$499		50	63%
2	\$500-\$999		3	4%
3	\$1,000 - \$1,999		3	4%
4	\$2,000 - \$4,999		6	8%
5	\$5,000 - \$9,999		3	4%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		2	3%
	Total		79	100%

### 19. Total monthly costs?

#	Answer		Response	%
8	NONE		11	14%
1	\$1 - \$499		45	59%
2	\$500-\$999		2	3%
3	\$1,000 - \$1,999		2	3%
4	\$2,000 - \$4,999		5	7%
5	\$5,000 - \$9,999		4	5%
6	\$10,000 - \$14,999		1	1%
7	\$15,000 or more		6	8%
	Total		76	100%

## 20. What were your start-up costs?

#	Answer		Response	%
8	NONE		21	27%
1	\$1 - \$499		32	41%
2	\$500-\$999		2	3%
3	\$1,000 - \$1,999		4	5%
4	\$2,000 - \$4,999		5	6%
5	\$5,000 - \$9,999		4	5%
6	\$10,000 - \$14,999		1	1%
7	\$15,000 or more		9	12%
	Total		78	100%

## Comments from Survey Participants

The survey concluded with an open-end question: **What are your biggest challenges, needs etc?**

Here is a sampling of responses:

---

Need to find sources of 'bridge' revenue as the self-serve advertising base builds up. I have the audience, content and traffic — the revenue trails but it is growing. Finding a source of revenue that 'snaps into' what I'm already doing is key. Possible solution is working with a business or organization on large/medium scale sponsorship that is above my flat/cpm ad rates.

\* \* \* \* \*

I need sales people who know Chicago . . . Ad networks will never work for people who go local. You need to make a product that's useful to a specific demo large enough to be relevant to an advertiser, and then you need someone to approach and sell to them. It's low-margin, but that's how it is.

\* \* \* \* \*

The pay rate of advertising is too low. Online advertising is better and more targeted than print ads, yet the pay is much lower.

\* \* \* \* \*

Biggest challenge: Maintaining a site that provides high-quality content while (as yet) providing no income. The current model seems to be to operate a website as a loss leader, as something to establish a personal brand that can then be leveraged into profitable projects. However, in my past life as a newspaper reporter, I was \*paid\* to spend hours per day researching and writing... it's very hard now to spend hours per day on my paying freelance work, then spend more hours into the night on my non-paying website.

\* \* \* \* \*

Selling more ads, getting more pageviews. Avoiding condescension from the mainstream media and from visionaries who think that we're not contributing to the reinvention of journalism.

\* \* \* \* \*

Biggest problem is selling ads because companies are still leery of the internet. Plus, I need to cover travel expenses.

\* \* \* \* \*

Software that allows advertisers to set up their own ad buys on my site without my intervention.

\* \* \* \* \*

As the owner/editor/publisher, I have trouble balancing the news and administrative aspects of the job. I'm really a journalist at heart, so given a choice, I'd rather write a news story than work on a spreadsheet or a web page coding problem. I am actively seeking a publisher to join me, perhaps as a partner, to help guide the business side. Also, since part of our business model depends on advertising, we find that small local businesses are not web-savvy, and in some cases, not very clear about how to market. We spend a lot of time educating them about both how to market themselves and why the Web is a good marketing vehicle in our market. Our biggest competition are the big local daily print newspaper, weekly print newspapers and local glossy magazines. Our battle is to persuade business owners to take a chance on online ads, which in our case can help them reach more readers more frequently than other options.

\* \* \* \* \*

Getting advertising structure set up, finding somebody to sell ads.

\* \* \* \* \*

The biggest challenge was creating a useful, informative site from scratch. I have a journalism background, so I spent a lot of time early on looking for things going on in the neighborhood to seed the forum and get the conversation started. That resulted in good adoption and ultimately strong information contributions from other members of the site.

\* \* \* \* \*

Getting local businesses to understand the value of advertising on the internet. This problem is HUGE. Even with our large amount of traffic, it's hard to get local businesses to take us seriously because we don't have a print product.

\* \* \* \* \*

We've grown readership so much that we are unable to keep up with editorial demands due to lack of income.

\* \* \* \* \*



As a new media outlet within a somewhat competitive field our biggest challenge lies within spreading the word about our site and building buzz.

\* \* \* \* \*

Finding a motivated, knowledgeable sales person is next to impossible. Creating new revenue streams requires a huge investment of time and cash or both.

\* \* \* \* \*

Mostly lack of time. I'd love to put more time into enterprise reporting, ad sales, and development. I feel like I have a good business model that could work as a part-time job and eventually as a full-time occupation.

\* \* \* \* \*

Content, content, content. Without a large operating budget we cannot afford to hire a full time reporter.

\* \* \* \* \*

The single biggest technical problem, after the usual initial start-up issues, has been web sluggishness. I live in an area where dialup speeds are still standard and wi-fi access is unusual.

\* \* \* \* \*

Selling advertising - hard for an old editorial person!

\* \* \* \* \*

Technical help.

\* \* \* \* \*

Communicating the value of interactive marketing to traditional brick and mortar businesses.

\* \* \* \* \*

Sales, sales, sales. And pricing. I think I have a service I can sell here. But I need to sell it and then handle the invoicing and record-keeping. Since this is something I'm doing on the side, I let the sales efforts lag while I spend most of my effort creating the content.

---

## **Survey Results:**

### **Not-for-Profit Websites**

## Survey Results: Not-for-Profit Sites

Aggregated data from 30 websites

### 1. How often is your site updated?

#	Answer		Response	%
1	Multiple times daily		14	47%
2	Daily		8	27%
3	Multiple times weekly		4	13%
4	Weekly		1	3%
5	Monthly		3	10%
	Total		30	100%






### 2. Does your site accept advertising?

#	Answer		Response	%
1	Yes		17	57%
2	No		13	43%
	Total		30	100%





### 3. Advertising Information Total advertising revenue (average monthly)?

#	Answer		Response	%
8	NONE		5	29%
1	\$1 - \$499		8	47%
2	\$500-\$999		1	6%
3	\$1,000 - \$1,999		0	0%
4	\$2,000 - \$4,999		1	6%
5	\$5,000 - \$9,999		0	0%
6	\$10,000 - \$14,999		1	6%
7	\$15,000 or more		1	6%
	Total		17	100%

#### 4. Breakdown of Advertising Ad banner/display revenue (average monthly)?

#	Answer		Response	%
8	NONE		5	29%
1	\$1 - \$499		9	53%
2	\$500-\$999		0	0%
3	\$1,000 - \$1,999		0	0%
4	\$2,000 - \$4,999		1	6%
5	\$5,000 - \$9,999		1	6%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		1	6%
	Total		17	100%

#### 5. What types of ads do you sell?

#	Answer		Response	%
1	Time-based (e.g. weekly, monthly)		9	56%
2	Sponsorship		7	44%
4	CPM-based		6	38%
3	Other		6	38%

##### Other

affiliate

will accept ads

Real-time ads, based on RSS feeds, sold weekly  
mostly trades

we don't put a lot of effort into getting revenue

## 6. What is your average CPM?

#	Answer		Response	%
1	Less than \$1.00		1	25%
2	\$1.00-\$2.49		1	25%
3	\$2.50 - \$4.99		1	25%
4	\$5.00 - \$7.49		0	0%
5	\$7.50 or more		1	25%
	Total		4	100%

## 7. Which ad network do you use?

#	Answer		Response	%
4	I don't use an ad network		6	38%
1	Google		7	44%
2	Yahoo		1	6%
3	Other		4	25%


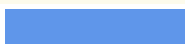
### Other

Network is only to serve readers outside Minnesota complex

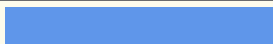


MOG

PaperG



### 8. Google AdSense revenue (average monthly)?

#	Answer		Response	%
8	NONE		6	60%
1	\$1 - \$499		4	40%
2	\$500-\$999		0	0%
3	\$1,000 - \$1,999		0	0%
4	\$2,000 - \$4,999		0	0%
5	\$5,000 - \$9,999		0	0%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		0	0%
	Total		10	100%

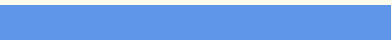

### 9. Other ad network revenue (average monthly)?

#	Answer		Response	%
8	NONE		6	60%
1	\$1 - \$499		3	30%
2	\$500-\$999		1	10%
3	\$1,000 - \$1,999		0	0%
4	\$2,000 - \$4,999		0	0%
5	\$5,000 - \$9,999		0	0%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		0	0%
	Total		10	100%





### 10. Additional text ad revenue (average monthly)?

#	Answer		Response	%
8	NONE		9	90%
1	\$1 - \$499		0	0%
2	\$500-\$999		1	10%
3	\$1,000 - \$1,999		0	0%
4	\$2,000 - \$4,999		0	0%
5	\$5,000 - \$9,999		0	0%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		0	0%
	Total		10	100%

### 11. Directory ad revenue (average monthly)

#	Answer		Response	%
8	NONE		7	88%
1	\$1 - \$499		1	13%
2	\$500-\$999		0	0%
3	\$1,000 - \$1,999		0	0%
4	\$2,000 - \$4,999		0	0%
5	\$5,000 - \$9,999		0	0%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		0	0%
	Total		8	100%

## 12. Additional Revenue?

#	Answer		Response	%
8	NONE		6	60%
1	\$1 - \$499		1	10%
2	\$500-\$999		1	10%
3	\$1,000 - \$1,999		0	0%
4	\$2,000 - \$4,999		0	0%
5	\$5,000 - \$9,999		2	20%
6	\$10,000 - \$14,999		0	0%
7	\$15,000 or more		0	0%
	Total		10	100%

## 13. Please describe the source of additional revenue

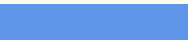

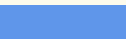
### Text Response

Home-page sponsorships of features on the site that appear on the home page.  
Example: Daily Glean sponsored by the Minneapolis Foundation

Festivals, Shows, Fundraisers, Donations, Merchandise

Ads on daily free newsletter

## 14. How do you sell advertising?

#	Answer		Response	%
1	Sales rep		6	43%
2	Information or tools on my site		7	50%
3	Other		4	29%

### Other

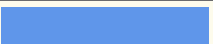

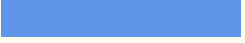

via community contacts

Publisher and associate publisher sell

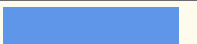






automated



### 15. Do you receive donations from:

#	Answer		Response	%
2	Foundations		13	46%
3	Corporations		8	29%
4	Users		15	54%
1	None		11	39%

### 16. Total amount of your donations (average monthly)?

#	Answer		Response	%
8	NONE		9	39%
1	\$1 - \$499		3	13%
2	\$500-\$999		2	9%
3	\$1,000 - \$1,999		2	9%
4	\$2,000 - \$4,999		0	0%
5	\$5,000 - \$9,999		2	9%
6	\$10,000 - \$14,999		1	4%
7	\$15,000 or more		4	17%
	Total		23	100%







### 17.Total number of full-time staff (include yourself where appropriate)

Question	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	More than 20
Editorial	15	43	6	4	1	2	0	0	3	0	1	0	0	0	0	0	0	0	0	0	0	1
Business/Sales	30	21	4	4	1	1	0	1	0	0	1	1	0	0	0	0	0	0	0	0	0	1







### 18. Total number of part-time staff

Question	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	More than 20
Editorial	10	3	4	0	3	1	1	1	0	0	1	0	0	0	0	1	0	0	0	0	0	0
Business/Sales	14	4	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0


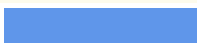




### 19. Other Expenses e.g. rent, web hosting, marketing, equipment, etc (average monthly)?

#	Answer		Response	%
8	NONE		4	14%
1	\$1 - \$499		15	54%
2	\$500-\$999		1	4%
3	\$1,000 - \$1,999		0	0%
4	\$2,000 - \$4,999		4	14%
5	\$5,000 - \$9,999		0	0%
6	\$10,000 - \$14,999		1	4%
7	\$15,000 or more		3	11%
	Total		28	100%

### 20. Total monthly costs?

#	Answer		Response	%
8	NONE		5	17%
1	\$1 - \$499		13	45%
2	\$500-\$999		1	3%
3	\$1,000 - \$1,999		0	0%
4	\$2,000 - \$4,999		2	7%
5	\$5,000 - \$9,999		0	0%
6	\$10,000 - \$14,999		2	7%
7	\$15,000 or more		6	21%
	Total		29	100%

## 21. What were your start-up costs?

#	Answer		Response	%
8	NONE		4	14%
1	\$1 - \$499		12	43%
2	\$500-\$999		3	11%
3	\$1,000 - \$1,999		0	0%
4	\$2,000 - \$4,999		0	0%
5	\$5,000 - \$9,999		2	7%
6	\$10,000 - \$14,999		1	4%
7	\$15,000 or more		6	21%
	Total		28	100%

## Comments from Survey Participants

The survey concluded with an open-end question: **What are your biggest challenges, needs etc?**

Here is a sampling of responses:

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Sustainability, of course, is our paramount concern. But we seem to be on a road to a healthy and robust diversification of our resources. Our biggest concerns revolve around defending potential legal attacks and improving technology without investing in innovation.

\* \* \* \* \*

We need to make some improvements in our technology platform so we that in the future we will be able to make changes to it faster and cheaper. We also would like to venture into more sophisticated forms of reader engagement.

\* \* \* \* \*

Money: for paying journalists and for paying web developers.

\* \* \* \* \*

Finding a steady source of income in order to continue to employ an editor and to offer him a decent salary and benefits.

\* \* \* \* \*

Fundraising. Everything else is a dream.

\* \* \* \* \*

Finding someone to sell and produce advertisements both for print and the web.

\* \* \* \* \*

Continuing to raise funds to pay our community editor and to begin to provide benefits, so that he will remain on the job.

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## **Website Directory**

Our thanks to the 111 websites who generously provided valuable data for our hyperlocal survey.

# Survey Participants

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## 6

[www.thinksix.net](http://www.thinksix.net)

Beijing, China

### **A Better Oakland**

[www.abetteroakland.com](http://www.abetteroakland.com)

Oakland, CA

### **A Salem Blog**

[www.salemassblog.blogspot.com](http://www.salemassblog.blogspot.com)

Salem, MA

### **About Amherst**

[www.aboutamherst.blogspot.com](http://www.aboutamherst.blogspot.com)

Amherst, MA

### **AlamoCityTimes.com**

[www.alamocitytimes.com](http://www.alamocitytimes.com)

San Antonio, TX

### **The Alternative Press**

[www.TheAlternativePress.com](http://www.TheAlternativePress.com)

NJ towns: Millburn, Summit, Westfield, New Providence, Berkeley Heights,  
Madison, Chatham Borough, Chatham Township, Livingston

### **Anacortes Now**

[www.anacortesnow.com](http://www.anacortesnow.com)

Anacortes, WA

### **Arizona Rural Headlines Examiner**

[www.examiner.com/x-4805-Arizona-Rural-Headlines-Examiner](http://www.examiner.com/x-4805-Arizona-Rural-Headlines-Examiner)

Rural Arizona

### **Around Carson**

[www.aroundcarson.com](http://www.aroundcarson.com)

Carson City, NV

**Atlantic Yards Report**

[www.atlanticyardsreport.com](http://www.atlanticyardsreport.com)

Brooklyn, NY

**The Ave Herald**

[www.aveherald.com](http://www.aveherald.com)

Ave Maria, FL

**Baltimore Brew**

[www.baltimorebrew.com](http://www.baltimorebrew.com)

Baltimore, MD.

**The Batavain**

[www.thebatavian.com](http://www.thebatavian.com)

Batavia, NY

**The Bay Bridged**

[www.thebaybridged.com](http://www.thebaybridged.com)

San Francisco, CA

**Bel Air News & Views**

[www.belairnewsandviews.com](http://www.belairnewsandviews.com)

Bel Air, MD

**Belltown People**

[www.belltownpeople.com](http://www.belltownpeople.com)

Seattle, WA

**BlogNetNews**

[www.blognetnews.com](http://www.blognetnews.com)

Newton, IA

**Boogers and Burps**

[www.boogersandburps.com](http://www.boogersandburps.com)

Ankeny, IA

**Boston Children's Music**

[www.bostonchildrensmusic.com](http://www.bostonchildrensmusic.com)

Watertown, MA

**Boston Real Estate Blog**

[www.bostonreb.com](http://www.bostonreb.com)

Boston, MA

**Boston Sports Media Watch**

[www.bostonsportsmedia.com](http://www.bostonsportsmedia.com)

Epping, NH

**Brooklyn Based**

[www.brooklynbased.net](http://www.brooklynbased.net)

Brooklyn, NY

**Brooklyn Heights Blog**

[www.brooklynheightsblog.com](http://www.brooklynheightsblog.com)

Brooklyn Heights, NY

**The Bruins Blog**

[www.TheBruinsBlog.net](http://www.TheBruinsBlog.net)

Boston, MA

**cenla.org**

[www.cenla.org](http://www.cenla.org)

Alexandria, LA

**Center for Public Integrity**

[www.publicintegrity.org](http://www.publicintegrity.org)

Washington, DC

**Chattarati**

[www.chattarati.com](http://www.chattarati.com)

Chattanooga, TN

**Chi-Town Daily News**

[www.chitowndailynews.org](http://www.chitowndailynews.org)

Chicago, IL

**CHS Capitol Hill Seattle**

[www.capitolhillseattle.com](http://www.capitolhillseattle.com)

Seattle, WA



**citybiz real estate**

[www.baltimore realestate.citybizlist.com/](http://www.baltimore realestate.citybizlist.com/)  
Baltimore, MD

**Citybizlist**

[www.citybizlist.com](http://www.citybizlist.com)  
Baltimore, MD

**Coastsider**

[www.coastsider.com](http://www.coastsider.com)  
Montara, CA

**coronadelmartoday.com**

[www.coronadelmartoday.com](http://www.coronadelmartoday.com)  
Corona del Mar, CA

**Crosscut**

[www.crosscut.com](http://www.crosscut.com)  
Seattle, WA

**Cuyahoga County Planning Commission Weblog**

[www.planning.co.cuyahoga.oh.us/blog/](http://www.planning.co.cuyahoga.oh.us/blog/)  
Cleveland, OH

**DalianDalian**

[www.daliandalian.com](http://www.daliandalian.com)  
Dalian, Liaoning, China

**Dallas Cowboys Nation**

[www.dallascowboysnation.com](http://www.dallascowboysnation.com)  
Bedford, TX

**DavidsonNews.net**

[www.davidsonnews.net](http://www.davidsonnews.net)  
Davidson, North Carolina

**DCBlogs**

[www.dcblogs.com](http://www.dcblogs.com)  
Washington DC

**Eastlake Ave.**

[www.eastlakeave.com](http://www.eastlakeave.com)  
Seattle, WA

**ECGroom**

[www.ecgroom.tumblr.com](http://www.ecgroom.tumblr.com)  
Brooklyn, NY

**Edhat**

[www.edhat.com](http://www.edhat.com)  
Santa Barbara, CA

**Empire Report**

[www.EmpireReport.org/](http://www.EmpireReport.org/)  
Sonoma County, CA

**en-zero-dee-three**

[www.n0d3.org](http://www.n0d3.org)  
Burlington, VT

**Everything Geneva**

[www.everythinggeneva.com](http://www.everythinggeneva.com)  
Geneva, IL

**Fashion Copious-Latest In High End Fashion**

[www.fashioncopious.typepad.com](http://www.fashioncopious.typepad.com)  
New York, NY

**Fayetteville Flyer**

[www.fayettevilleflyer.com](http://www.fayettevilleflyer.com)  
Fayetteville, AR

**Fitzroyalty**

[www.indolentdandy.net/fitzroyalty/](http://www.indolentdandy.net/fitzroyalty/)  
Fitzroy, Melbourne, Victoria, Australia

**fresh.mn**

[www.fresh.mn](http://www.fresh.mn)  
Minneapolis, MN

**Front Porch Forum**

[www.frontporchforum.com](http://www.frontporchforum.com)

Burlington, VT

**Fussy Eater**

[www.fussy eater.blogspot.com](http://www.fussy eater.blogspot.com)

Boston, MA

**GalionLive!**

[www.galionlive.com](http://www.galionlive.com)

Galion, OH

**Gothamist**

[www.Gothamist.com](http://www.Gothamist.com)

New York, NY

**Hamiltonspace.com**

[www.hamiltonspace.com](http://www.hamiltonspace.com)

Hamilton, NJ

**hburgnews.com**

[www.hburgnews.com](http://www.hburgnews.com)

Harrisonburg, VA

**Here on Earth Radio**

[www.hereonearth.org](http://www.hereonearth.org)

Madison, WI

**Hometowntimes.com**

[www.Hometowntimes.com](http://www.Hometowntimes.com)

Cumming, GA

**The Hunts Point Express**

[www.huntspointexpress.com](http://www.huntspointexpress.com)

Bronx, NY

**iBrattleboro.com**

[www.ibrattleboro.com](http://www.ibrattleboro.com)

Brattleboro, VT

**IM Westend.de**

[www.im-westend.de](http://www.im-westend.de)

Munich, Germany

**Innermost Parts**

[www.innermostparts.org](http://www.innermostparts.org)

Waltham, MA

**Irish Philadelphia**

[www.irishphiladelphia.com](http://www.irishphiladelphia.com)

Philadelphia, PA

**kings cross environment**

[www.kingscrossenvironment.com](http://www.kingscrossenvironment.com)

London, United Kingdom

**Lake City Live**

[www.lakecitylive.net](http://www.lakecitylive.net)

Seattle, WA

**The Lake Sarasota Community Blog**

[www.lakesarasota.blogspot.com/](http://www.lakesarasota.blogspot.com/)

Sarasota, FL

**Linglestown Gazette**

[www.linglestowngazette.com](http://www.linglestowngazette.com)

Lower Paxton Twp., PA

**Locally Grown**

[www.locallygrownnorthfield.org/](http://www.locallygrownnorthfield.org/)

Northfield, MN

**Los Angeles Times Pressmen's 20 Year Club**

[www.edpadgett.com/blog/blog.html](http://www.edpadgett.com/blog/blog.html)

San Dimas, CA

**Madison Park Blogger**

[www.madisonparkblogger.com](http://www.madisonparkblogger.com)

Seattle, WA

**MassReady News**

[www.massready.com/](http://www.massready.com/)  
Massachusetts

**mercanti di bisogni**

[www.newsgathering.blogspot.com/](http://www.newsgathering.blogspot.com/)  
Italy

**MGoBlog**

[mgoblog.com](http://mgoblog.com)  
Ann Arbor, MI

**MiddBlog**

[www.middblog.com](http://www.middblog.com)  
Middlebury, VT

**Minimum Failure**

[www.minimumfailure.com](http://www.minimumfailure.com)  
Charlotte, NC

**MinnPost**

[www.minnpost.com](http://www.minnpost.com)  
Minneapolis, MN

**Mott Haven Herald**

[www.motthavenherald.com](http://www.motthavenherald.com)  
Bronx, NY

**Musing Mommies**

[www.musingmommies.com](http://www.musingmommies.com)  
Austin, TX

**My Hometown Advice**

[www.myhometownadvice.com](http://www.myhometownadvice.com)  
Hutchinson, MN

**My Southborough**

[www.mysouthborough.com](http://www.mysouthborough.com)  
Southborough, MA

**MyNC.com**

[www.mync.com](http://www.mync.com)

Raleigh, NC

**Nevada County Voices**

[www.ncvoices.us](http://www.ncvoices.us)

Grass Valley, CA

**The Newburgh Advocate**

[www.newburghadvocate.com](http://www.newburghadvocate.com)

Newburgh, NY

**New Haven Independent**

[www.newhavenindependent.org](http://www.newhavenindependent.org)

New Haven, CT

**New Raleigh**

[www.newraleigh.com](http://www.newraleigh.com)

Raleigh, NC

**Newmediahub**

[www.newmediahub.com](http://www.newmediahub.com)

San Jose, CA

**Newton Independent**

[www.newtonindependent.com/newton\\_independent/](http://www.newtonindependent.com/newton_independent/)

Newton, IA

**NewWest.Net**

[www.newwest.net](http://www.newwest.net)

Missoula, MT

**Next Season Sports**

[www.nextseasonsports.com](http://www.nextseasonsports.com)

Seattle, WA

**NorthEastTweets**

[www.twitter.com/NorthEastTweets](http://www.twitter.com/NorthEastTweets)

North East England (Newcastle upon Tyne). UK

**Northern Community Internet**

[www.northerncommunityinternet.org](http://www.northerncommunityinternet.org)  
Grand Rapids, MN

**NYC Is**

[www.nyc.is](http://www.nyc.is)  
New York, NY

**Oakland Local**

[www.oaklandlocal.com](http://www.oaklandlocal.com)  
Oakland, CA

**OpEdNews.com**

[www.opednews.com](http://www.opednews.com)  
Newtown, PA

**Open Media Boston**

[www.openmediaboston.org](http://www.openmediaboston.org)  
Boston, MA

**Oregon Hill**

[www.oregonhill.net](http://www.oregonhill.net)  
Richmond, VA

**Ourtown.com**

[www.ourtown.com/fortmitchellky](http://www.ourtown.com/fortmitchellky)  
Northern KY

**Pasadena Now**

[www.pasadenanow.com](http://www.pasadenanow.com)  
Pasadena, CA

**Pegasus News**

[www.pegasusnews.com](http://www.pegasusnews.com)  
Dallas, TX

**Plano Pronto**

[www.planopronto.com](http://www.planopronto.com)  
Plano, TX

**Playground Boston**

[www.playgroundboston.com](http://www.playgroundboston.com)  
Boston, MA

**Post Register sports**

[www.postregister.com/blogs/sports](http://www.postregister.com/blogs/sports)  
Idaho Falls, ID

**ProPublica**

[www.ProPublica.org](http://www.ProPublica.org)

**Pulaski County Daily News**

[www.pulaskicountydaily.com](http://www.pulaskicountydaily.com)  
Saint Robert, MO

**Raleigh Public Record**

[www.raleighpublicrecord.org](http://www.raleighpublicrecord.org)  
Raleigh, NC

**Raleigh Shelter**

[www.raleighshelter.com](http://www.raleighshelter.com)  
Raleigh, N.C.

**The Rancho Cordova Post**

[www.ranchocordovapost.com](http://www.ranchocordovapost.com)  
Rancho Cordova, CA

**RanchoMurieta.com**

[www.ranchomurieta.com](http://www.ranchomurieta.com)  
Rancho Murieta, CA

**Roosevelt Islander**

[www.rooseveltislander.blogspot.com/](http://www.rooseveltislander.blogspot.com/)  
New York, NY

**RVANews**

[www.rvanews.com](http://www.rvanews.com)  
Richmond, VA



**SA4Mayor.com**

[www.sa4mayor.com](http://www.sa4mayor.com)

San Antonio, TX

**sandiegoDTOWN**

[sandiegoDTOWN.com](http://sandiegoDTOWN.com)

San Diego, CA

**SeaTown Sports**

[www.seatownsports.net](http://www.seatownsports.net)

Seattle, WA

**Spare Change News**

[sparechangenews.net](http://sparechangenews.net)

Cambridge, MA

**Stem Neighbors**

[www.stemneighbors.com](http://www.stemneighbors.com)

Stem, NC

**Sticks of Fire**

[www.sticksoffire.com](http://www.sticksoffire.com)

Tampa, FL

**Stranger Dance**

[www.strangerdance.com](http://www.strangerdance.com)

San Francisco, CA

**TBDF Connects**

[www.tbdfconnects.org](http://www.tbdfconnects.org)

Pittsburgh, PA

**Tommy Devine's Cosmos Report**

[www.tommydevine.blogspot.com](http://www.tommydevine.blogspot.com)

Northampton MA

**TucsonSentinel**

[www.tucsonsentinel.com](http://www.tucsonsentinel.com)

Tucson, AZ

**Under Oak**

[www.underoak.blogspot.com](http://www.underoak.blogspot.com)  
Charlotte, NC

**Universal Hub**

[www.universalhub.com](http://www.universalhub.com)  
Boston, MA

**The UpTake**

[www.theuptake.org/](http://www.theuptake.org/)  
Saint Paul, MN

**VAFireNews.com**

[www.vafirenews.com](http://www.vafirenews.com)  
Roanoke, VA

**voiceofsandiego.org**

[www.voiceofsandiego.org](http://www.voiceofsandiego.org)  
San Diego, CA

**West of the I**

[www.westofthei.com/](http://www.westofthei.com/)  
Paddock Lake, WI

**West Seattle Blog**

[www.westseattleblog.com](http://www.westseattleblog.com)  
West Seattle, WA

**WestportNow.com**

[www.westportnow.com](http://www.westportnow.com)  
Westport, CT

**Windy Citizen**

[www.windycitizen.com](http://www.windycitizen.com)  
Chicago, IL

**Writes Like She Talks**

[www.writeslikeshetalks.com](http://www.writeslikeshetalks.com)  
Pepper Pike, OH

## **News Innovators On The Frontline**

Independent journalists, website publishers and entrepreneurs across the country are already engaged in building new forms of sustainable news businesses. Here are profiles of some news innovators on the frontline. (Originally published on [newsinnovation.com](http://newsinnovation.com))

## **News Innovators on the Frontline: Voice of San Diego**

Posted on July 24, 2009 by Matthew Sollars.

As metro newspapers have faced an ugly year of decline and collapse, media observers have pointed to a number of not-for-profit efforts around the country that might fill the void. The Voice of San Diego ([voiceofsaniego.org](http://voiceofsaniego.org)) is a notable example of a new breed of news organizations already taking up the slack, which is more than simply a theoretical discussion since the Union-Tribune was recently sold and endured a hefty round of layoffs.

The Economist, in a story on the future of the news business, called Voice of San Diego a “small, scrappy news website,” praising them for covering “nitty-gritty issues such as water, crime and health care—the sort of stories that local newspapers used to cover extensively.” That coverage has included an award-winning series on local redevelopment projects gone wrong. Founded in 2004, the Voice now employs 11 reporters, supported by a combination of foundation support (including the Knight Foundation, which is also funding this project), individual donations, and advertising. Their readership has grown too, peaking this spring at just over 60,000 unique visitors per month, according to Quantcast. We spoke to Voice editor Andrew Donohue earlier this week.

### **What is the key to the success you guys have enjoyed that others coming behind should know?**

I think a really important thing is to have people from outside of journalism on your board. There’s a natural tendency to try to put a bunch of journalists on your board, in actuality that’s what you know as a journalist. We have people who’ve run start ups, who’ve done venture capital, people who’ve had to know how to run smart agile and small companies and learned to adapt to changing technologies really quickly. That’s a huge plus for us. They challenge you to think in ways you probably wouldn’t have otherwise.

Another one is to be incredibly focused on what you’re covering and to know you’re personality from the start. So many people, if they’ve come from a big newspaper, want to try to be everything to everybody. They want to be that general interest, department store kind of publication. Inevitably, if you start something like this you’re going to have a small staff and you need to be incredibly focused and just be the best at something rather than be okay at a lot of things.

When you know your personality you can make news decisions a lot easier. Everyday you have to balance what you cover and decide if you’re going to chase that story or

ignore it, put your head down and keep going on a longer-term project that you know you have and that you know no one else has. Or are you going to be one of eight reporters at a press conference?

**I'm glad you mentioned the importance of being focused. You've written about the luxury your reporters enjoy in not worrying about being a general-interest paper of record, that they "learn how to let the small stuff slide in order to go after the more ambitious stories." But, what happens if the San Diego Union-Tribune folds? That would take away your ability to lean on that paper of record and go after the high-impact stories, right?**

You've asked a question that we've thought through a hundred times. First, my hope would be that even if the UT did cease to exist, there still would be other publications to do that day-to-day coverage.

Second, I think a lot of that information is being distributed directly by a lot of these organizations now. You have the fire department and police department with their own Twitter feeds and websites. For a long time reporters have served as the police blotter and simply transcribed that back to the public. A lot of the time people don't need a reporter translating that stuff. So I'm hoping that — the barriers to distribution being lower — some of this stuff can be communicated to people without a middleman. The idea is that we would be there to fact check and go after the more interesting and necessary stories in-depth.

There will be an ecosystem to replace a lot of that, but what you're going to see are a lot more but smaller publications.

**But, do you envision an expansion of the Voice of San Diego to take up some of that slack? Which gaps would you fill?**

We're envisioning that anyways. We think there is some really interesting and intelligent ways of doing arts and sports that haven't been done by traditional media through blogs and building communities around readers.

We would certainly like to have a dedicated investigative team. We wouldn't mind doubling back on some of the things we already cover. We have one full-time political reporter and a region certainly needs more than just one of those. So we'd certainly double back on things like politics education housing and the economy. There are a lot of things we still don't cover like health care. We have a lot of business stories here that aren't always told.

**So, how do you plan to pay for that expansion and build something that is sustainable without relying on foundation support?**

Knight has always been clear that they are not a long-term solution. But, if you look at public broadcasting they still do get funding from foundations. So, we believe we are sustainable. But we don't ever want to have to rely on one or two revenue streams.

We're starting to dream up a lot of different ways to monetize different things. We're laying the foundation for a syndication service. Another is an obituary section with different levels of service that you would pay different amounts for. We're also looking at producing reports or content for people very specifically.

None of those are in play right now, as far as getting money, or have any of the rules built around them, but that's what we're incubating.

**Can you tell me more about the syndication idea?**

With the contraction of the last six months, not only in print but also in radio and television, we've seen a drastic increase in the desire to partner with us. At the start we were overjoyed to have a partnership with say the NBC affiliate because we had access to a whole new audience that we wanted to get to our site and to magnify the impact of our stories.

The more that that's happened, the more people have asked us to partner, we've realized that the quid pro quo, the trade-off, isn't as great for us, now that we've done a pretty good job of getting into those markets.

The trade-off for our content no longer is just publicity and we can't continue providing free content to a bunch of for-profit companies without exploring a way to get some of that money back. So, that's a primary one. Also, if there is going to be a void in the media world we also have an obligation as a non-profit to fill it with public service reporting and high quality news.

Also, part of our metamorphosis is understanding that we're not a website. A website is the main way that we distribute our information right now, but that's not in our mission and that's not our identity. As soon as we're okay with that, then we're okay with syndicating our content and then we understand there's a lot of ways to engage people. For some people that may be the website, for others that's us putting on on a forum about housing or the economy or post-election analysis.

Those other outlets cut both ways. Yes, they're great exposure and allow us to fundraise, but they also allow us to get our stories out.

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## **News Innovators on the Frontline: Texas Watchdog**

Posted on July 17, 2009 by Damian Ghigliotty.

Two and half years ago, Trent Seibert, of Texas Watchdog ([texaswatchdog.org](http://texaswatchdog.org)), saw the potential for a local online investigative news outlet. Having worked in both journalism — at The Tennessean and The Denver Post — as well government accountability — at the Tennessee Center for Policy Research — Trent had all the right credentials.

Fortunately, a chance meeting with some like-minded funders at a journalism conference in 2006 brought him enough start-up money to launch Texas Watchdog, a nonprofit news site in Houston covering local and state government corruption and waste. The Watchdog's first story went online in August 2008. Since then the three-member team has divided up the work needed to run an investigative news outlet. All three tackle the editorial work: reporting, editing and assigning stories to freelancers. In addition, Trent handles their public affairs and “carnival barking,” while his colleagues, Jennifer Peebles and Lee Ann O’Neal, manage the site’s databases and bookkeeping.

Texas Watchdog recently joined 25 other nonprofit news organizations at the Pocantico Estate in New York to lay the foundation for an investigative news network.

### **How did Texas Watchdog get started?**

When the Sam Adams Alliance gave us our start-up money, part of the deal was that if we were to make this work, we would have to be in a place with a big enough market for this kind of journalism, a place where we can sustain the work we do. There are only a few places in the U.S. to do that, and I hate to say that because I was living in Nashville, Tennessee, at the time and I love Nashville. But you need to be in a state with a big media market, and that means California, New York, or Texas. These are the places where America’s ideas come from, for good or for bad. So, we ended up picking Houston, Texas, as a place to launch this idea.

In part we thought it was a great market down here, because it’s a big city that wasn’t drenched in media. There was room for us. And Houston has more than it’s share of billionaires, so we thought we might be able to knock on a door and make a 501I(3) work.

### **How do you keep new revenue coming in?**

We’re real new, and this whole concept is real new. We don’t have a big benefactor yet. So, a big chunk of our revenue comes from running educational programs that teach people about journalism. Half of our time is doing investigative and enterprise journalism here in Texas. The other half is us, at different times, going around the country and

getting revenue by teaching individual groups — whether civic groups, public policy groups or blogging groups — how to do, for lack of a better term, journalism. We teach them how to file a public records request. We teach them how to look at their city halls and their schools.

With the decline of newspapers, they're getting less information than ever before, so we're able to give them the tools to find that information themselves. We've been able to cobble together a budget, between our initial grant money and creating revenue this way, to get us to the end of the year.

**What do your freelancers get out of that?**

Well, I can't tell you exactly how much we pay them. But I will say that we pay our freelancers very well. I know how it feels to be in that boat. I worked at a newspaper once that paid something like 50 bucks for a freelance front-page story. It made me want to walk into the publisher's office and beat her like a baby seal. It was embarrassing. Good writing deserves good money. Although, keep in mind, our medical benefits amount to a couple of Band Aids and some Aspirin. We're not in a good position there yet, but hopefully we'll be there in the next few years.

**Sounds good, maybe I'll swing by Houston in the near future. Do you see any opportunities to expand in other ways?**

If you look at New York City as an example, The Village Voice used to be the one waving its fists in the face of City Hall and at the same time doing great media and music coverage. Alternative weeklies have all gone down hill since those days. So, I wouldn't mind expanding to other areas of coverage some day. But that's really down the road. Right now our bread and butter is doing the investigative journalism that major metros just don't have the time and budget to cover anymore. And the local-er, the better for me. If I could find corruption on the sewer commission, brother, I would work on that all day.

**What about working in conjunction with other local news outlets?**

We get picked up by other news outlets fairly often. But it's weird. We're here to help supplement what's missing in journalism in Houston, but at the end of the day we're a competitor. We've been all over this great story about the Houston airport, with these bizarre companies operating in secret, and nobody's picked up on it yet. But that doesn't shock me, because we did the same thing when I was in Denver. When I was working with The Denver Post, our competitor was the Rocky Mountain News, and when they broke something really good that we didn't have, we tried to make every excuse in the world to convince our editors, "aw, that's not a real story. We knew that all along."

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## **News Innovators on the Frontline: WestSeattleBlog.com**

Posted on July 3, 2009 by Matthew Sollars.

The husband-and-wife team of Patrick Sand and Tracy Record run WestSeattleBlog.com. She is the site's primary reporter and editor, while he handles advertising sales and business development. Since January 2006, the pair have covered the bedroom community of West Seattle (over 65,000 residents) seven days a week, 365 days a year. They started selling ads about a year later. The site now has about 60 advertisers and brings in enough to support the couple and their teenage son, and to pay for occasional freelancers. Next on the agenda: hiring a Saturday editor so they get a day off. We spoke with Tracy earlier this week.

### **What have you done to build your advertiser roster?**

We're involved in the chamber of commerce; we joined more than a year ago. We sponsor a number of community events. It sounds mercenary, but there's a lot of ways that you end up networking out of those. We run a banner on a local foot ferry to downtown Seattle.

We offered a free seminar to help businesses interact with their customers on the web. It wasn't an advertising pitch, we provided some basic information like setting Google alerts so you know if your business is being discussed someplace on the web. Way before you get to Facebook and Twitter, that's something that a lot of people don't really know a lot about.

### **So, how much hand-holding do you end up doing with your advertisers?**

That's my husband's full-time job. He explains how this is going to work and how we're going to build a relationship with the business.

I have this disagreement with several people here—we don't believe people are ready for self-service advertising yet. In some contexts they are, but a larger portion need service. I'm not being stupid like the travel industry that said people are always going to need travel agents. It'll get to the point where people are ready for self-serve, but it isn't there yet.

We have learned over the year and a half to better explain to people upfront, before they ever make a commitment, what this is all about and how it might work for them. This is display advt, this is not click-through, this is not conversions.

Overall, as the site gains more of an audience, it becomes something that people are proud of, they say I want to be part of WestSeattleBlog.

Also, when people join, we offer them the chance to have a little advertorial story published, just a couple of paragraphs and a picture. We thought the most interesting reaction came from readers who say it helps them learn about local businesses they didn't know were here.

**What is the big challenge, the big obstacle, you'd most like to get over?**

It's been a struggle invoicing and we've just hired a part-time bookkeeper, because it's clearly getting beyond something we can deal with ourselves. If you try to do that too, besides dealing with clients and covering the news, it just gets out of control.

But, the next obstacle is finding additional advertising opportunities on the site without clutter.

We've had inquiries about sponsoring certain parts of the site, but right now it would require some design work.

We also want to be fair. We've set up a first come, first served positioning. And to say we're adding a feature at the top of the page that is a sponsored traffic camera, do we need to tell all 60 advertisers that we have this opportunity and we'd like to offer it to all of you?

**People on the business side would say, "Don't worry about that, we'll build enough inventory to provide other sponsorship opportunities and that's the fairness."**

Possibly, but it's the same challenge that I'm sure our parents faced in running their small businesses. We're at that point where you know you are going to have to broaden the fold, to bring in someone, whether its on the business side or a Saturday editor, and that person is going to have some thoughts and some ideas. You know it's not going to be just your little thing anymore.

We know that we're at that point and we're trying to figure out the right way to go about it. We feel blessed to get to that point.

**You've provided a deep dive into your editorial process elsewhere, but do you use citizen journalists to provide coverage of certain events?**

It's a point of pride for us that we don't ask people to do this volunteer, which even the local newspaper apparently does. If you're going to write something for us then we're going to pay you. So, if there's something that needs news coverage that's what we do, or we'll pay a freelancer.

When it comes to reporting something you saw, either crime reports or a little league game, we have a fair amount of that. But, what we don't do is say "here's an upload tool,

come and give us your stuff automatically.” All of it is done with actual human contact or via email where we write back to say thank you or to ask follow-up questions.

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## **News Innovators on the Frontline: The Alternative Press**

Posted on July 22, 2009 by Matthew Sollars.

The publisher of The Alternative Press ([thealternativepress.com](http://thealternativepress.com)), Michael Shapiro, left his position as a litigator at a law firm in New York City to launch the site in October 2008. A longtime blogger, he started The Alternative Press (the online-only alternative to printed papers in the area) in just his hometown of New Providence, NJ. But the coverage area expanded quickly and now includes 10 surrounding communities. He says life has improved since trading in his legal eagle wings for community news, even though he's still pulling 20-hour days.

Notably, Shapiro's territory includes Millburn and Westfield, where he rubs shoulders with some big-time media players—Patch (recently bought by AOL) and The New York Times' The Local (in Millburn)—experimenting in hyperlocal.

### **How has the launch of Patch and The New York Times' The Local blog affected your business?**

It's interesting; I've been pleasantly surprised so far with how it's affected our business. Before they got there, I wondered how it was going to impact us. I thought the lure of a big company, with lots of money, would cause a problem. But, we've not only held our own, we've attracted a lot of their users and one of their reporters came over to us.

The only place it's hurt us is in the area of publicity. Believe it or not, despite what we're doing and the success we've had, not a single media outlet has covered us at all. They've done all of these stories about Patch, The New York Times, and BaristaNet and here we are, I created the site from scratch, we're bringing in money, we're bringing in more in revenues than any of those sites with the possible exception of BaristaNet, which has been around for years, and nobody has covered it. [Editor's Note: The NYT launched a self-service advertising vehicle for The Local on Wednesday.]

It's kind of frustrating because it's like, "this is newsworthy!" Here's a local guy, with all local people competing with him in the same market and we're never mentioned. If it was something where we weren't getting traffic or we had no advertisers, I well could understand it. But at this point, we have more advertising than both of them combined. That's incredible to me.

### **Have you done marketing to get the word out?**

We've done PRNewswire and other things to get publicity but nobody picks it up. Otherwise we have grassroots pr. We're at the Summit street fair and we're doing email marketing. But, that kind of limits us at this point. Our traffic keeps going up, but if we

could get mentioned in a major publication, even in the stories they're doing about Patch or the Times, our users would go through the roof.

**Talk about how you've been able to ramp up so quickly. Your staff has grown right along with your coverage area, how have you been able to manage it?**

We now have over 100 paid freelance reporters, over 20 columnists and a 3-member sales team, all built up since October.

On the sales and business side, one avenue has been bringing on people like realtors or people with sales experience who are looking for part-time gigs. Like moms whose kids are gone in the morning until three, so they have that chunk of the day and then they're back to being moms.

Basically, we're always looking for sales people. We are struggling to handle the volume, we cannot handle the number of calls coming into us. Just in our 10 towns alone, there are approximately 20,000 businesses, so we need more bodies reaching out to the businesses that are not calling us.

**What do you see as the potential for growth on your sites?**

We have almost unlimited space for advertising, even if we hit the space we can start rotating ads. If we do a back of the envelope, it's literally millions in revenue. We say to people you can advertise on our site for as little as \$99 up to whatever.

We have a free business directory. For \$99 you get an annual premium directory listing, which includes a logo or photo, a link to their website and it comes up first in the directory. The same goes for real estate listing, which runs \$15 to post your house for 3 months, as well as the community calendar. Inventory for those is basically unlimited, but our sales people aren't even selling them right now.

As far as growing the number of towns, we could be in 100 towns tomorrow, but my feeling is you do it right. Before we launch, we go to do outreach to leaders, build a local advisory board, and put some reporters on the ground.

We're probably going to continue a gradual expansion to more towns in our area. I don't know if we'll grow at the pace we went in the first year because 10 towns is a lot to cover.

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## **News Innovators on the Frontline: Pegasus News**

Posted on August 6, 2009 by Matthew Sollars.

Mike Orren launched Pegasus News ([pegasusnews.com](http://pegasusnews.com)) in 2006 with the idea that local neighborhood news is more important “than things happening on the other side of town.” Now the site covers what appears to be every neighborhood in the Dallas Fort-Worth area. Although Pegasus has gone through some corporate turnover, it is now owned by Gap Broadcasting, which runs 116 radio stations in 24 markets. That alliance has Pegasus poised for an expansion. We spoke with Orren late last month.

### **Pegasus News was founded around local news, but you don’t like the hyperlocal tag. Can you tell us why?**

We launched at the time when hyperlocal was at the peak of being a big buzzword and we were sort of lumped in with that movement. But, I actually don’t believe there is a business model with hyperlocal. What we went after is what I call pan local.

You’ve got to have the hyperlocal neighborhood information in the context of what’s going on in the larger market. There is such a finite universe of people in a specific neighborhood that care enough to go out of their way to look for information and news about where they live, that universe is not enough to sell advertisers. But if you can put that in the context of ‘where am I going to go eat tonight, what’s going on locally in niche areas of interest that I have,’ that’s an opportunity to bring a lot more people into the fold. Then when you put neighborhood information in front of them they’re more likely to engage with it.

We cover all of Dallas-Fort Worth, but then we slice it up for the user geographically and behaviorally based on information that we gather from your clicks around our site.

We are not covering any one neighborhood at near the level of specificity that say a West Seattle Blog is. Though, there are some niches in those areas that we probably cover in that depth.

### **Still, local news is key to your editorial model. What is the plan for Pegasus News if the daily newspaper goes away?**

Even though The Dallas Morning News isn’t going away tomorrow, we think they’re going behind a paywall soon. On the one hand, it’s a great opportunity for us to fill a void, because I don’t believe a substantial number of people are going to pay for that content. The flip side is it’s very expensive content to produce.

My view is that ten years from now you're going to see more good real useful local news coverage than at any time in our history. But, between now and then there is going to be something of a dark age. Say the Morning News quits covering city hall. We haven't yet grown enough to have people covering city hall. I believe there comes a point where the models cross and Pegasus or a network of blogs become sustainable to fill that void and even surpass it.

The question becomes what happens during that interim period. I tell people all the time, if I were a small local government person who wanted to pull some shenanigans I would do it in the next three years. Seriously.

When we launched I set out to truly be a replacement for the daily newspaper, but the revenues aren't there to sustain that. I would rather live and get our shots in and grow into that over a long period of time than kill ourselves and try to do something beyond our grasp.

**What obstacles on the revenue side prevent you from taking that bigger role now?**

The biggest obstacle for us on revenue has been brand awareness in the local marketplace. We're pushing 500,000 monthly unique visitors. That is enough to sustain a business. The problem is we're just now getting over the hump where we know when we go to talk to someone about advertising that they're going to have heard of us. That's starting to change, but it's taken a long time.

**What's next?**

We're getting ready to launch sites in some of Gap Media's markets. They own a bunch of the old ClearChannel stations, all in markets smaller than Dallas-Fort Worth. So, we will launch in Shreveport, Tyler and Yakima this year. We'll have them on air constantly promoting us and their experienced sales staff out selling us.

First we're doing a redesign, relaunch of Pegasus that will serve as the template for all of the sites to come. The database stuff is going to be done here in Dallas and we'll have one person on the ground creating content in those markets.

**Where do your revenues come from?**

It's all advertising, a combination of display, sponsorships, and direct marketing. A big part of our model is the ability to customize behaviorally and geographically. We're able to sell ad campaigns that are very targeted. So even though it looks and feels like a display ad, there's a lot more going on behind it.

We do some direct e-mail; some of our email blasts are ridiculously small. For instance, say you are FC Dallas and you want to push a ticket special for the game this weekend.

We'll send an email only to the 220 people who've shown an interest in FC Dallas based on their clicking patterns on our site.

We also have geo-located mobile ads on our iPhone app. Our app is much more transactional than news, so it lists garage sales, restaurants, concerts, gyms. We'll show sponsored listings based on where the user is.

**How much did the app cost to develop?**

It's hard to say because we developed it internally. It took two developers three weeks. It's a very simple app. We're starting to look at some of the iPhone 3.0 possibilities and that will cost us some money if we go forward.

**How well has the iPhone app gone over with advertisers?**

Really, really well. They're very excited about it. I don't think we have anybody running who's just running mobile. Generally they're doing it as an add-on. But when we tell them we're going to reach out to everyone in a 3-mile radius of your business, they're like 'that's awesome.'

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## **News Innovators on the Frontline: Brooklyn-Based**

Posted on August 3, 2009 by Matthew Sollars.

Founded two years ago by Nicole Davis, Brooklyn Based ([brooklynbased.com](http://brooklynbased.com)) is a thrice-weekly events and entertainment email and blog that focuses exclusively on New York City's largest borough. In addition to listing events, Davis and her partners, Annaliese Griffin and Chrysanthé Tenentes also write feature articles on food, music, film and anything else they think is cool. Brooklyn Based could also pass for an entertainment company in its own right, based on the events they've planned, promoted and hosted (in exchange for a cut on the admissions). We spoke with Griffin late last week (full disclosure, she and I attended graduate school together).

### **Explain the idea behind Brooklyn Based. You're sort of a hybrid between email product, website and events hosting business. Which of those is the most important?**

The most important thing is our email list. Our Wednesday email is the Tip Sheet; it's all event listings and it grounds the whole thing. Even if you don't like the other two posts, at least on Wednesday you read about 10 events you want to go to that week.

On Tuesday and Thursday we have feature posts—a neighborhood story about a restaurant or an art event or an interview. We try to stay at 500 words or less with a higher level of writing and editing than your average blog. We're not all snappy one-liners and 15-word paragraphs. We try to have a front-of-the-book-magazine feel to our posts.

Our blog is not the majority of our content. We're not going to be one of the tabs in your Firefox. We're the site where people say, I need something cool to do, what's on Brooklyn Based?

### **You sell ads, but how much of your revenue comes from events?**

I'd estimate 60 percent of our revenues come from sponsoring events, with the rest split between advertising and events we host ourselves. Our own events are a big chunk of cash, but we don't do them very often.

### **So, can you explain how that media sponsorship works?**

It fits somewhere in between PR, event planning and local blogging. We'll sometimes send a fourth email in a week that's labeled an invitation, that's sort of our code that it's an advertorial for an event we sponsor.

We do this with The Bell House in the Gowanus a lot. They come up with an idea for an event, they ask us to promote and organize part of it, and they give us a cut of the door. In

January, we sponsored a Lost season premiere party for them. We brought in snacks and set up a Facebook page and promoted the event to our subscribers.

We're working right now on a garden party with Brooklyn Botanic Garden. They want it to be more interesting than just hiring caterers and event planners, so we're stepping into that role and utilizing our email list and media contacts.

**How are the sponsored events different from Brooklyn Based-hosted events?**

When it's our own, we come up with an idea and pitch it to the venue. We get a portion of the door. We hosted a documentary film series. We did the Brooklyn premiere of Food, Inc. with local food types and made it a bigger event than just a screening. We've done a pig roast where we had 600 people lined up in Bushwick.

With these events, we are creating content, the content is just an event rather than a blog post. Bringing all of those elements together and planning it is a skill that people are willing to pay for. Venues are willing to pay for our list and the cachet that goes with the recognition that it's an event that we're producing. Our readers know that we only put our name on something that's really fun. It's a matter of aesthetics and curating.

**How do you use social media, like Twitter. It sounds like a perfect fit for your business?**

We use Twitter all the time. We use it to promote events and we use it a lot like a blog. If we have a hot piece of information, like an event we're really excited about, we'll often tweet it first, before putting it in the email. Or, if I'm out at a bar, and a celebrity comes in, I'll tweet that out as a silly bit of content. It's almost an award for our most committed readers. In fact, I have a personal Twitter account that I haven't used in months simply because I find it more interesting and satisfying to tweet as Brooklyn Based.

**What has been the biggest challenge for Brooklyn Based so far?**

We've been having a hard time keeping up with advertising. We're doing a complete redesign, and that should help. We need more space for ads than we have and we need them to be easier to manage. That said, I think we're going to see ad revenue make up 40 percent of the pie soon.

I also don't think we've properly sold ourselves at this point. People on our list are really engaged. We have a high open rate and higher than average click-through rate. Right now we charge a flat-fee for ads. If you buy a month of advertising we'll do five appearances for the price of four.

I think we've been low-balling ourselves. But, we're beginning to understand better all the time who we are, and who we're selling to.

**After the redesign, what's the next step for Brooklyn Based?**

As part of the redesign, we are going down the road of do we want to rebrand and have a new logo. Our long-term plan is to add cities and be able to sell across that network and we need the site and brand to be scalable.

On the promotion side, we are actively trying to branch out. We have great partnerships, but we need to make sure people understand we're not just an arm of Bell House or the Roebling Tea Room. We're talking about ways of courting more moms and kids events, and adding a bit more Park Slope to the Williamsburg we have in our email list.

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## **News Innovators on the Frontline: The Arizona Guardian**

Posted on July 28, 2009 by Damian Ghigliotty.

Often, the slimmer the news organization the more dedicated its staff.

The Arizona Guardian ([arizonaguardian.com](http://arizonaguardian.com)), a subscription-based news site in Phoenix, covers state politics as closely as any of its competitors. Except the Guardian's five partners manage everything from the site's political coverage to its information technology and sales. Their initial funder and co-owner, Bob Grossfeld — a political and media strategist — handles the Guardian's marketing and web development. The other four co-owners, Patti Epler, Mary K. Reinhart, Paul Giblin and Dennis Welch — all veteran journalists — handle the editorial content with the help of one additional part-time reporter and occasional guest columnists.

The Guardian went live in January 2009 in the wake of an East Valley Tribune layoff storm. As of now the site pulls in about 8,000 unique visitors a month and enough paid subscribers to keep it in the black. The vast majority of those subscribers are members of the Arizona State Legislature and lobbyists, which the Guardian covers “from the inside out.” With hopes of expanding its audience, the site offers three subscription plans: a 6-month “Professional subscription” for \$900, a 6-month “Non-Profit subscription” for \$720, and a 6-month “Individual subscription” for \$180.

We spoke with Patti and Bob earlier this week about their new news organization, which recently won an award for its state government coverage.

### **How did The Arizona Guardian get started?**

Patti: After several of us were laid off from the East Valley Tribune, we got together and talked about starting a political news site. Hooking up with Bob is what really made it happen. What was stumping the band for us as journalists was “how do you do a website?” Bob was far more web-savvy than us and he also had the business side down. So, we came up with the idea of setting up a site that could compete with the Arizona Capitol Times' Yellow Sheet Report, a subscription-only newsletter that covers politics and political gossip.

Bob: It's an old-school cooperative. Everybody has something to contribute and it's not all identical. But that doesn't mean it's not all equal. Aside from their time and energy, their investment was effectively their severance pay. We measured the equity by a term you often hear in the construction industry called sweat equity. Everybody had and has a contribution to make and how that contribution translates in terms of currency is somewhat secondary.

**What were your upfront costs?**

Patti: We basically started with no capitalization, as they like to say in this world. Bob threw \$10,000 into a bank account that paid for the legal fees to set up the corporation, since we're an LLC, as well as some business cards and other minor office expenses. He's easily recouped that money by now. But there was certainly no major funding behind us.

When we first launched in January, we started working out of the Senate pressroom, which is where all of the other state Capitol reporters were. The Senate had been leasing space to those media outlets for the past 30-40 years. However, the Senate President had already decided to kick the press corps out of the pressroom, because he said he wanted the space for legislative meetings. But who knows? We still think it's because we were aggressively covering his affairs.

So, we took our little laptops, our Internet cards and our cell phones, and worked out of the Senate hallway for the next couple of weeks. It was actually kind of fun and we got a lot of attention. Lobbyists and legislators would stop by and commiserate.

After that we finally rented some space in the League of Arizona Cities and Towns Building, which is still on the Capitol campus. And now that the rest of the press corps has been kicked out, they're all moving into the League of Cities building with us.

**Now that you guys are situated, are you making a profit?**

Bob: Yup. At this point we're making enough to get everybody paid and keep the place operating. Which is certainly a bit more than what some early predictions were, and a lot more than what some other operations around the country are making solely on advertising. We rely on advertising a bit, but most of our revenue comes from our subscriptions.

Right now about 75% of our readers are involved in state politics and 25% are civilians, for lack of a better term. But that latter number has grown in the last quarter and eventually we expect that 75/25 will flip. All these news web aggregators can stretch themselves thin recycling other people's work. But at the end of the day somebody has to do the real reporting, and that's our niche.

Our model is based on the idea that you've got to eat, and effectively you eat what you kill. You want to eat this week? Great, you have to get more subscribers.

**Are there ever any conflicts with Bob's involvement in the political arena?**

Patti: Yes. From the beginning when we decided we'd throw in with him, we made it clear that he would have no involvement in the editorial side, whatsoever. He likes to say,

“I’m the only publisher in America who can be fired by his reporters.” And to a large degree that’s true, because we could vote him off the island if we ever needed to.

We also made a big point of disclosure. Of just openly saying, “here’s who are, here’s Bob. Bob’s well known in Arizona as a political strategist and in particular as a Democratic political strategist.” So, when we write a story about something that he has had some involvement in we put a note right in the story at that point that explains his background.

Now the people who initially looked at us as a front for the Democrats when we started, no longer think that all. We’ve done a good job of alleviating that.

**Have you ever considered expanding to add a full-time sales person?**

Patti: One of our goals is to build our business to a point where we can hire more people to take up some of the burden. What we need right now is someone who is a dedicated sales and marketing person. We’ve never had what I would consider a serious advertising or marketing campaign. But we’re doing well for never having really reached out to advertisers.

Bob: We signed up for a few ad networks, but the level of revenue we’ve made is minuscule compared to our subscriptions. Advertising works very well if your goal is to follow the same model that made the old newspapers fail, which is just get as many eyeballs as you possibly can. When you’re doing narrow casting to a niche audience, you can’t build your revenue model based on the quantity of eyeballs, because you’re never going to get there without sacrificing the very product you’re creating.

We could have done more things with advertisers, and probably could still. And at that point we wouldn’t be what we are. We wouldn’t be producing the product that the five of us saw the need for.

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## **News Innovators on the Frontline: CityBizList**

Posted on July 15, 2009 by Matthew Sollars.

CityBizList (citybizlist.com) is a free email product sent to business people every morning in five metro areas—Baltimore, Atlanta, Philadelphia, Boston and Washington, D.C. Founded in 2005 by Edwin Warfield, CityBizList is aimed at the general business readers, but with an added emphasis on commercial real estate and the lawyers and bankers who serve that industry in each city. They also have a commercial real estate email for the state of Maryland.

Warfield and his partner, Jay Rickey, produce the emails for each market everyday, with production help from partners overseas. They see an opportunity to fill a void in local business journalism as both daily newspapers and business weeklies struggle with their print legacies and a sour advertising market. We spoke to Mr. Rickey late last week.

### **Can you describe the product and your editorial process?**

Everyday is a grind. We're generally running 35 to 40 headlines everyday in each of the five markets that we're in. So, Edwin and I are buried in SEC filings. We get a lot of our news from public information that generally journalists don't go get. We also post news from different sources, whether blogs and other news sites that allow us to reproduce their information or press releases we receive.

### **You have an outside contractor in India handling some of your production and editorial work. Can you tell us a bit more about that relationship?**

They do a lot of work for us. We serve as the creativity behind all of the work, to make sure that it's locally relevant. But as far as some of the manual labor, even some of the editorial judgment, there are companies over there formed by people who have earned their MBA in America and went back to India. They're brilliant people, and the costs are lower.

Generally, they compile the information, post it to the site, and show it to us to make sure it reads properly. On top of that, if there's an SEC filing that comes out, as I'm scouring an 8-K or 10-K, I pull the information I want them to summarize for me. I understand what's newsworthy, I just don't have time as I'm compiling 20 news stories everyday to actually do all of that work.

### **Your business is completely based on advertising and you sell some that advertising yourself. How do you feel about selling advertising as a journalist?**

I was associate publisher and general manager of a real estate publishing group in Chicago and I think if you were to interview my former editorial team they will tell you that I've skated that line as well as any body they'd ever worked with.

Coming from journalism school, I understand the journalism side. But I also understand that companies need to make a profit. I'm fine with it because I'm an entrepreneur trying to create a business. I'm okay with it, but that's just me. I think other people would not be comfortable with it.

**Do you think journalists should work on becoming more comfortable with selling ads?**

I think that sales people and journalists are two completely different personalities. Most of the journalists I've worked with would never ever want to be on the sales side, it's just not in their personality. Whereas on the sales side most of these guys wouldn't know how to write a sentence, but they're great communicators, they love to go out and schmooze with people. There's just not a whole lot of people that can do both sides.

**How many markets do you plan to get into? What comes next?**

We'd like to be in 10 markets by the end of the year. It would require that we get a little bit of VC funding. The staff would come through. We'd like to hire a managing editor and an outside sales person. Those would be our next two positions, but we would need a little bit of funding in order to get up to the next steps.

**How do you identify those markets? Is it based more on advertising or editorial?**

A lot of it is synergy based on locations we currently serve. It's both advertising and editorial. For advertising, there's a historical theater that's being auctioned. The client, a local development corporation, is advertising in Philadelphia, D.C. and Baltimore. There's a reason for them to be advertising in multiple markets.

Editorially, for instance, today I had a story about a new retailer coming on to the market in Prince Georges County in Maryland. That's an interesting story to both the Baltimore and D.C. markets.

We broke the story this morning, before most other media markets had it, that Smith & Hawken was shutting its stores. The SEC filing came across last night. That ran in every single market because its pertinent in all of them, so that story got re-purposed. With a business-to-business crowd there's some interesting things you can do.

**What do you see as an obstacle to the growth of your company?**

The primary thing is revenue, and it should be that way with anyone you talk to. Let's say the Chicago Tribune went down. There are still 150 to 200 blog sites out there that get a pretty good audience. So, why couldn't the Tribune be a central source of information



from all of those blog sites? Then you could establish a sales force to represent those sites—it would have to be some sort of revenue sharing model.

I would think that an outsourced sales staff that someone launching a site like ours could turn to would certainly create an opportunity for people like Edwin and I to grow more quickly.

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## **News Innovators on the Frontline: Gothamist.com**

Posted on July 13, 2009 by Matthew Sollars.

Gothamist.com was launched in 2003, as co-founder Jake Dobkin says, “by a few friends having a good time, talking about a subject they were interested in.” They only realized a few years later that they could sell more than enough advertising to sustain the site. Today, the Gothamist is a profitable brand with sites in 10 cities across the country and 3 cities abroad. But even with a national footprint and stable of national advertisers, Gothamist remains a lean organization with just a dozen full-time employees. Scores more write for the sites part-time. We spoke with Dobkin earlier this week.

### **What happens if the daily newspapers start going out of business, what does that mean for Gothamist?**

Newspapers like The New York Times have really been financed by wasting an enormous amount of other people’s money and it’s hard to feel good about what they’re doing.

If the Times goes out of business because they’ve made poor business decisions, then so be it. They haven’t been that innovative, they tend to copy other people’s ideas, and they’ve made some poor decisions by investing in declining assets. And that same argument applies to pretty much every paper.

It’s businesses like Gothamist that will replace the Times or other dailies. It might not be Gothamist per se, because this business is very competitive, but it will be somebody like us.

Things are going to get much smaller, but that’s what happens when a monopoly dies. That doesn’t sound like a horrible thing to me. In fact it sounds like a pretty exciting thing. I don’t know why we should root for the 500-lb gorilla.

### **Gothamist relies on the reporting in those papers for a certain percentage of its coverage, will Gothamist increase its editorial staffing to fill the void?**

We only aggregate 30 percent of our content from the Times, the Post or the News. Some of that news will come from independent media. There are something like 500 or 600 independent news sources in New York, and they will not disappear. Some of the rest we will report ourselves. So, we’d still have sources for the news, we might have to work a bit harder at it. If the Times went out of business, we’d get a bit of that advertising and be able to pay for more writers.

I'm sick of this idea that we're just parasites. We break 5 or 10 stories a week. We broke the pug story last week- where the lady with a sick dog was arrested after an altercation with a Hasidic cop on the subway. That story ended up in the Post and The Daily News the next day. We broke the story about the Vox Pop Statue of Liberty being tortured. That made it into the Post.

We definitely aggregate more stuff from the dailies than they take from us, but given their budget is 300 times as large that's not surprising.

**Most of your advertisers are national, are they generally buying into the entire Gothamist network? Do you use sales reps?**

Most of our advertisers are national, but they generally prefer specific cities. They're national brand advertisers who have a preference to buy cities per campaign.

We'll still do most of the sales ourselves. I've hired a couple of people over the years to help in reaching out to specific brands. But, mostly it's a lot of people coming to us. Hopefully we please them and hopefully they come back—maybe they tell their friends or other media partners about us.

**Do you have a local sales operation?**

Only to the extent that we have a list of target local advertisers—30 or 40 in each of our big cities—that we talk to. They're advertisers like museums, show venues, large stores, people who organize events in those cities. They are the same kinds of advertisers that you'd see in an alt-weekly.

**What needs to happen on the business side of the online news space, in your view?**

The one thing I'd like to see that would be helpful to smaller guys is some kind of real self-service model that works and is targeted at smaller local advertisers.

All of the alt weeklies collaborate in a clearinghouse to sell national accounts. Each of them owns a portion of the company, and gets a share of the profits. We need something like that, but it first requires a tech solution for local self-service and I haven't seen it yet. Maybe it's that they've tried and it hasn't worked.

Without it, if you're trying to run a neighborhood blog it's going to be hard to do if you're not doing direct sales. I believe in sales, but hearing it isn't going to make you do it.

## **News Innovators on the Frontline: MGoBlog**

Posted on July 7, 2009 by Damian Ghigliotty.

Brian Cook — a longtime University of Michigan sports fan — runs MGoBlog.com as a solo operation and brings in enough money to keep his blog up to speed with the likes of freshman quarterback Denard Robinson. Brian launched his site in December 2004 and has watched its audience grow to 100,000 unique visitors to date. Since taking on blogging as a full-time gig in mid-2006, he's relied on the sports-based ad network Yardbarker for half of his monthly revenue. The rest comes from t-shirt sales, ticket links and reader donations, allowing him to fully dedicate his time to managing the site's content and writing in-depth posts that sometimes hit the 10,000-word mark. We spoke to the Ann Arbor-based blogger yesterday about his business and his belief that traditional sports coverage needs more room for conversation among readers and fans.

### **What got you into sports blogging?**

In college I had written for the school's satire newspaper, their version of The Onion, and I had been looking for a job where I could keep writing after I left. I tried a few things that never panned out, and then it occurred to me that I spent a lot of my time following the Michigan football team. Whenever anybody ever asked me, I would rattle on for about 15 minutes, usually until their eyes glazed over. So, I figured there might be a better spot for that kind of knowledge other than the disinterested ears of my friends. From there I started my blog and went about feeling my way.

### **What was your level of business and sales experience at that point?**

Zero. And it's pretty much stayed that way. Luckily I'm in a nice position, since MGoBlog is probably the number one college football blog in terms of traffic. When you're in that position, the ad networks that want to get you in the fold will offer you certain CPM minimum guarantees — shares of the advertising dollars they make, as long as your site gets enough traffic. So, I've stayed with Yardbarker for the past couple of years, and that's really helped me out. At this point, they're still in the venture phase and don't mind spending money to keep me.

And I'm able to supplement that with other revenue sources. One of the nice things about being a sports blogger is that there are ticket and betting companies that will pay you just to put text links up. I've also been selling t-shirts through the site, which have done very well. And then there are donations from fans, which bring in a couple of thousand dollars a year.

### **Have you ever thought about hiring a sales person to help expand your advertising reach?**

Yes, I have, and I've thought about adding some freelance coders to help out as well. But it's hard to tell if that would be worthwhile at this point. Before I get there my biggest priority is to expand the amount of traffic I'm getting. One day the site might hit a saturation point, and stop growing as quickly as it has been over the past few years. If that happens, then getting more mileage out of my traffic will probably become more important.

**So, how do you keep Michigan sports fans coming to your site?**

There's a lot of advice out there. It's always like write this or do this, and I kind of defy it. My signature post is something called Upon Further Review, which is a play-by-play break down of every play in every Michigan football game, which usually runs about 10,000 words per game. And I split that up into offense and defense. My strategy has always been to just kill a category. If you want analysis of a Michigan football game there's nowhere else you can go.

A lot of newspaper sports writing strives for objectivity, and it holds itself a little bit aloof. And then when it tries to talk to about the intense emotions inspired by a game, it kind of falls flat. To the readers it's like asking a virgin for his opinion on what an orgasm feels like.

**The Ann Arbor News recently reported that it will become an online-only news source this month. What impact will that likely have on MGoBlog.com?**

I don't know how much of an impact it will actually have, because the kind of people who are still subscribing to The Ann Arbor News aren't my core demographic. My core demographic is very male, very young, highly educated, and I would assume, highly internet-oriented. The kind of people who are affected by The Ann Arbor News becoming annarbor.com are generally less hardcore about their sports coverage.

But with the transition to the web, they are promising to link out a lot, so having more of a two-way relationship with the local news sites would help, probably just in terms of Google ranking and maybe some traffic. Right now I link to them and The Free Press fairly often, and I don't think I've ever received a link from any of those sources. That seems a little unbalanced.

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## **News Innovators on the Frontline: DavidsonNews.net**

Posted on July 1, 2009 by Matthew Sollars.

David Boraks, an experienced writer and editor, founded DavidsonNews.net in 2006 as a “volunteer community news website” for Davidson, NC. He and two other writers update the site at least twice daily with news from town hall and the people, churches and non-profits of this small community. Boraks finally cut a check to himself—so far he says the amount is “modest”—for the first time earlier this year. We caught up with him this week while he was on (gasp!) vacation.

### **What has made DavidsonNews work so far?**

We’re moving more and more towards the public radio model. Since mid-2008, we’ve signed up 300 readers paying on average \$60-65 a year. Before we’d taken donations, but now I call them “voluntary subscription payments” because I really want to reinforce that people are paying for valuable information.

I see our revenues being split 50/50 between advertising and subscriptions. I would love to have 1,000 people a year give me money—getting to that subscription level, plus the advertising revenue that we’re projecting, would allow me to pay myself and the other writers a regular salary. Then, I’d also think about a paywall. If I could transition from free to pay site, I would. I think that needs to be the way the whole industry moves.

### **Wouldn’t you lament the loss of readership that might result?**

I feel like I provide content that’s of value to people and the readers have shown that they are willing to pay for it. There are 6,500 registered voters in our town and we get over 12,000 unique visitors per month. I look at that number and I see that about one quarter are one-time readers who come off of the search engines for one story. We have several thousand who read once a week or more. So, when I talk to folks I say we have several thousand readers.

At 1,000 subscribers we would have about one-third of the people who read the site right now. I’m confident that, if we asked, a substantial number of the others would sign up.

### **So, how do you plan to go from 300 to 1,000 subscribers?**

We will continue to do promotion and marketing to build our subscriber base. We recently hosted our first public event, which I called a subscriber party, at a well-known coffee shop downtown. Some local musicians donated performances and we had a few speeches. We had a promotional campaign in advance on the site, which cost us a few hundred dollars. We were hoping for 50 new subscribers, but I think we got 90 who donated \$50 or above. Some gave more, I think the highest was \$250.

**Davidson is a small community. Do you have plans to expand your coverage area?**

The total population in Davidson is 9,100 people, but when you include the surrounding towns there are several times that — closer to 100,000. In Davidson, you can't sell one ad and pay for a lot of employees.

My plan is for a network of sites that connects those other towns. I think there is a market for a network of local news sites that are sharing content and advertising. Even if I don't own those other sites, I could have my ad sales person selling advertising for the network.

**What would you need to expand to those areas?**

I would need a town editor, someone who could do there what I do in Davidson. Alternatively, I would need someone to take over Davidson so I could report and edit that town. I do not expect to find a volunteer, so I would need to raise some capital — either from myself or from investors — to finance the expansion. That would cost \$50,000 or more.

Beyond that, I wouldn't need much else. I would add to the part-time schedules of both my designer/assistant and my ad sales rep. As for our technology platform, both our editorial software and ad server software can easily be scaled up to handle an additional market, at no additional cost.

**Are there any other revenue opportunities you see out there?**

I have had offers from local print publications to republish work from DavidsonNews. I haven't seen an arrangement that makes sense financially, though, and I'm concerned about diluting my readership. What happens to the value of my content if it's also published elsewhere? Besides, more people in our town read me than read the local daily newspaper. Our reader survey found that more than half of our readers do not read the daily newspaper at all, which was surprising. But, syndication is something I'm studying.

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## **News Innovators on the Frontline: Sun Valley Online**

Posted on August 10, 2009 by Matthew Sollars.

Sun Valley Online, a news site covering the ski town of Ketchum, Idaho, launched in 2004. Dave Chase came on board as a business partner in 2006 after spending a number of years at Microsoft and working on various other media/technology projects. He is also a principal at the newly minted local news infrastructure company, GrowthSpur. As Chase describes it, SVO follows a “pro-am” model, will take submissions from citizen journalists, drawing upon its readership for insights on subjects like riparian habitats and endurance sports. The discussion that follows was edited from a series of emails.

### **What have you done to build your advertiser roster?**

Establishing thought leadership around Internet marketing has been pivotal. I wrote about what we did on OJR. I have given a lot of seminars that have had anywhere from 7 to 75 attendees who are small business owners. In a nutshell, we believe that if we are top of mind when a business owner thinks about Internet marketing, we are going to get our unfair share of the market. A fairly recent example was a restaurant owner who gave us a call out of the blue to do a Twitter campaign for him even though we have no formal offering. I’ve also written a few related pieces on this topic that blend some of what we have done on our website with what my consulting firm has done on behalf of others.

Partnering with various non-profits has been a key part of our strategy for both building our audience and building our advertiser base. We have had a matching program with some non-profits to add value to their sponsorships. For example, we partnered with the local Rotary so that they could say to their potential sponsors that for let’s say a \$2500 sponsorship that we’d do a match. That is, for every dollar they spent with us, we’d double it in value up to \$2500. I wouldn’t say this approach has been a barn burner but it has helped us land some new/big advertisers.

Of course, good ol’ shoe leather sales has been a big factor as well. There’s no substitute for that early on in one of these ventures.

### **So, how much hand-holding do you end up doing with your advertisers?**

A ton. For most of our advertisers, this is the first ever Internet advertising they have done. One bright spot of the downturn is that it has caused some advertisers to question every dollar they are spending. As I have often said, as online-only play, our biggest competition is inertia...they have always spent the bulk of their ad budgets in newspapers and yellow pages. Since we lost 100% of the deals we didn’t compete in, just the fact that we are in the consideration set is a big win.



There has been a lot of discussion about the self-serve ad model as a way of serving the so-called hyperlocal advertiser. My belief is the self-serve ad model is like many things in tech — overestimated in the short term and underestimated in the long term. My consulting firm has worked with one of the leaders in the self-serve ad space. Though I can't go into the specifics, I can unequivocally tell you that the self-serve ad model isn't yet the "next Google Adwords" by any stretch of the imagination. What I am more bullish on is what I call the "publisher assist model" using those same tools to serve local advertisers better, faster, cheaper.

**Sounds like you'd advise local publishers to pair self-serve with another revenue opportunity that seems available—training advertisers. Is that what you mean by "publisher assist model"?**

My hunch is that there are three stages to full self-serve advertising adoption.

1. Publishers use the "self serve" tools strictly as a way to produce online display ads more efficiently as many of us have been doing one-off ad creation for small advertisers who don't have their own resource to do this.
2. Publishers spend time to familiarize and train small advertisers as a co-pilot of sorts.
3. Many, not all, advertisers begin to use the self-serve ad tools as they take advantage of price incentives when using self-serve and they also appreciate the quick turnaround of using self-serve ad tools (e.g., they have a special for the day and don't want to go through the publisher for quicker turnaround items).

**What is the obstacle you'd most like to get over?**

Scaling up our ad sales and account management. After having seen hundreds of millions hemorrhaged in the local Internet sector, I vowed that I would go to the other end of the continuum and only bootstrap my local venture. That forced discipline would enable me to create a sustainable and scalable model. The irony for me is that I haven't put in place many of the things I put in place for my consulting clients in terms of more sophisticated sales infrastructures as I have put our limited profits back into other areas of the business.

I am in the formative stage of setting up an industry group of local online-only publishers. I have seen industry associations work very well in other areas so I want to pull together a group that can compare notes, share best practices, etc. If it makes sense, we might formalize the group.

**Do you think the local online news model will get past enforced discipline and begin to expand more rapidly?**

While fiscal discipline is always a good idea, I have no doubt that as soon as there are some successes that prove they can scale beyond a single site, we'll see money flowing rapidly into the category. That is, there are now several isolated successes where individual sites such as ours have gotten profitable. However, from an investor standpoint, they might consider it an anomaly since there's so many tales of failure in the

local arena. Once there's a broader set of successes particularly if they emanate out of a common model, investors will support it. The good news is that local information is consumed more than ever. I'd never underestimate the ability of entrepreneurs to meet the needs of a category of businesses.

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## **News Innovators on the Frontline: San Diego News Network**

Posted on August 10, 2009 by Damian Ghigliotty.

When Neil Senturia and Barbara Bry launched San Diego News Network in March 2009, their vision was to create a nationwide news organization of local sites that could cover breaking news, politics, business, sports, lifestyle and entertainment in each respective city.

After watching the San Diego Union-Tribune shed nearly half its employees over the past two years, the husband and wife team saw an opportunity to fill the void with an editorial, development and sales staff of about 20 people supported by outside freelancers and bloggers for their first site. “Ad revenue at the San Diego Union-Tribune has dropped 40% since 2006,” Forbes.com recently reported in a story on the future of journalism in San Diego. As an incentive to pick up those and other local advertisers, SDNN allows its most successful freelancers to take a cut of the ad money generated by their stories, along with a smaller stipend, if they so chose. Their full-time staffers get regular salaries. In terms of its readership, the site averages 156,000 unique visitors a month in the U.S., according to Quantcast.

Neil, an adjunct professor of new venture creation at San Diego State University and a former software entrepreneur, acts as the network’s CEO and software manager. Barbara, a former journalist who started her career as a political and business writer for the Sacramento Bee and the Los Angeles Times, acts as the network’s publisher and executive editor. We spoke with the couple last Friday as they sipped Martinis and Pinot Grigio in their hotel room in celebration of the near \$2 million investment they received for their second site: Southwest Riverside News Network, which they plan to launch in the next few weeks.

### **What does the geographical plan look like for your upcoming expansion?**

Neil: After we launch Southwest Riverside News Network, we’re going to roll out in another city in Southern California. After that we’re going to start to roll out in somewhat larger cities over the next 24 months. We’ve identified about 20 cities in total across the country, but I can’t tell you which ones yet. What’s interesting is that we picked those cities in varying configurations; some are big, some are small. The way we’ve gone about it is by asking, where is the biggest need and where is the biggest potential for profit?

While we think we know what we're doing, we're also willing to concede that we're not sure whether it's better to be in Billings, Montana, which has a local University, or Baton Rouge. We certainly want to be in Seattle, Denver and Phoenix, but we also want to be in small cities that get less coverage, like the Twin Cities.

One thing we do know for sure, it's not a one-size-fits-all business. There are some parameters, but each city is different, so have to learn as we go. The Holy Grail is a national network of local online sites working seven days a week, 365 days a year.

### **How much will that cost per city?**

Neil: To do about 20 cities takes about \$22 million, and this \$2 million covered San Diego and Southwest Riverside. On average it'll run us about a million to a million and a half for the larger ones and 350,000 to 400,000 for the smaller ones. Plenty of the bigger guys like CNN have thought about this, but the key is in daily execution, cost construction, cost containment and web analytics, which we do a lot of. What we've learned is that this is a business of picking up nickels. You've gotta pick them up one at a time, and you've gotta bend over to pick them up. There are billions of nickels, but there's no vacuum cleaner.

In the past I ran a half-dozen software companies and that was great because you build a piece of software and you can sell it over and over and over again. But the news business is different. Everyday there's a different amount of real news. Some days nothing happens, and some days you blow the door off. It's the same whether it happens for us or for CNN.

### **How does your San Diego staff break down?**

Barbara: It's about 20 people, including the two of us. That encompasses the full-time journalists, the sales staff, and the technology staff. And then we have another 20 freelance writers and contributing editors and columnists.

Neil: On the management side, which includes marketing and analytics, there are 6 or 7 staffers. On the editorial side, there are 8 full-time journalists, and then we have 4 sales people.

We also have bloggers from the community that contribute for free. Those bloggers are important, but the truth is, at the end of the day people want substantive content and you cannot get around that. Blogging is interesting, but it's like whipped cream on apple pie. If you only had whipped cream, you'd get clogged arteries and drop dead.

### **How much do your full-time reporters make?**

Barbara: Right now they make just below the market rate in San Diego, which is about \$60,000, and they get health and dental insurance as well.

Neil: And every single person has stock in the company. Each person is a brand and a part of the process. The view is that if we don't make it, our employees won't get anything. You have to understand that a journalist has never in his life had equity. The people who get paid \$180,000 a year at the LA Times and The Washington Post don't own stock, unless they bought it in a public market. So there is a whole concept that says you now have a vested interest in this thing. It is no longer us and them; the worker and the management. Now there's a correlation between how well we do as a whole and what you make.

But there's also a correlation between salaries and the economy. When advertising picks back up, we'll be able to pay our journalists more. We'd like to run cpms of 14, 15, and 16, but right now we're running cpms of 8, 9, and 10.

**What does it take to make a slimmer news organization work efficiently?**

Barbara: For one, we've cut down on the amount of people proofreading and copy editing a story. Last Sunday there was a New York Times column by the public editor about Alessandra Stanley. Apparently over the years, she had made so many mistakes that at one point she had a copy editor assigned to her to fact-check her work. First off, we couldn't tolerate that at SDNN. If somebody made that many mistakes, believe me, they'd be gone. Secondly, in Stanley's case, more mistakes were then made in the editing process. Ultimately, there were too many fingers on her stories.

Neil: Software is also a key component. I think The New York Times may have the best website and content management system in the world — navigating through their site is like cruising in a Lamborghini — and they easily spend \$10 million to \$15 million on it. One of the places where we've excelled is that we built really good proprietary and easy to use software, which we spent an initial \$300,000 on, plus monthly fees to keep it up to speed and add new features. That's nothing compared to the Times, but compared to other small news organizations that are trying to put their papers online, it's a lot.

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## **Reporting, Research & Opinion**

Selections from the Project website: [newsinnovation.com](http://newsinnovation.com)

From [newsinnovation.com](http://newsinnovation.com)

## E-commerce and News: Lessons from the UK's Telegraph

Posted on July 17, 2009 by Matthew Sollars.

Revenue, revenue, revenue. For good reason in this economy, all of the sites we've talked to so far have wanted to hear ideas for making more of it.

So we've been a bit surprised at how few are experimenting with e-commerce, which is frequently held up as a strong potential revenue stream for online news. Sure, we've heard from a few sites making good money from t-shirt sales and affiliate programs.

But American publishers should heed the experience of the Telegraph in the UK, which started launching a series of e-commerce efforts in 2008. The 154-year-old newspaper now says that a hefty percentage of its revenues come from online users buying those goods and services directly through the site. That's a nice figure going onto the P&L as advertising revenues continue to shrivel.

"One shouldn't expect advertising on its own to support the costs of a newsroom," says Edward Roussel, the Telegraph's digital editor. "E-commerce is less cyclical, less prone to downturn and more reliable as a revenue stream."

The Telegraph has been quite successful getting readers to pay for access to games or to services that highlight the organization's databases. The site's fantasy football and cricket service and CluedUp, a brand aimed at puzzle nuts, have been perhaps most successful. The Telegraph also gets a commission on transactions made with their personal finance and sports betting partners.

Of course, the Telegraph sells merchandise, too, ranging from tulips or a pond vacuum in the garden store, to Panama hats sold in the travel section. Roussel says developing a system that seamlessly matches product to editorial content is still a challenge, but he envisions a day when the e-commerce gardening application will recognize the rose in an article and serve up offers for that rose or something close to it.

Roussel says not all merchandise lines work as well as others, saying the fashion shop, for one, hasn't broken through as hoped.

"That's not how people view a site like ours, they don't view us as a destination to shop," he says. "That means we have to work harder to come up with the partners that will work."

Roussel says that publishers need to embrace the ways in which the web has drastically “shortened the transaction chain” between advertiser and consumer. Whereas advertising used to be about delivering information to readers so they could then go out to make a purchase, Roussel says, “now we can say: do it here and now. That’s the value added for news sites—allowing people to make the acquisition on the spot.”

Far better, he thinks, for news sites to embrace this updated approach—providing valuable services for a fee—than to erect paywalls around content that in the age of Google is readily available elsewhere (an opinion echoed here today).

“The fundamental value of journalism is that you pull in a wide audience, then you can direct them to a series of high value services that they’ll pay for,” Roussel says.

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From [newsinnovation.com](http://newsinnovation.com)

## Charity or collaboration?

Posted on July 19, 2009 by Jeff Jarvis.

The New York Times has accepted free stories from ProPublica. It has endorsed a journalist getting help from the public via Spot.US to underwrite a story that might appear at NYTimes.com. And Poynter's Bill Mitchell says the paper is even wondering about foundation support for its work (but for perspective, I suspect one could safely say The Times is wondering about any possible economic model of support).

All this is being viewed as charity: giving The Times gifts directly or indirectly to produce journalism in its pages, physical or digital.

I think that's looking at it – and at The Times – the wrong way. I prefer to think of it as a few of many possible forms of collaboration to create journalism that may or may not appear in the paper (and to which it may or may not link). I prefer to think of the paper as the organizer of networks of journalism.

Thinking that way, then when The Local, the hyperlocal blog at The Times, asked for a volunteer to cover a meeting it wasn't planning to cover, you could say that it was asking for a charitable act. I'd rather say The Times was opening up to collaboration.

And let's say that a local blogger covers the meeting and reports on it on her own blog and The Local takes advantage of that by aggregating, curating, quoting, and/or linking to that report. The net result is the same but that's not charity. It's cooperation.

Go one step farther: Say that The Times lends a video or sound recorder to that blogger so she can better report on the meeting and provide more coverage to her and The Local's readers. Is that support an act of charity to the blogger? No, it's collaboration. (By the way, this will be happening when CUNY provides equipment and training to members of the communities in The Local's footprint as part of a Carnegie Corporation grant we just received.)

When we define The Times solely as a commercial institution that produces and controls an asset – the news – then any provision of money or effort to it appears to be charity. But when we define the news as the creation of a larger ecosystem and The Times as just one member of it, then help – money, effort, equipment, training – instead appears to be collaboration.

And once one looks at the ecosystem through the lens of collaboration, then many other things are possible: then The Times (or any other member) could organize many

members to work together to produce journalism no one of them could do alone. Then we start to account for the value of the work of the entire news ecosystem not based solely on the size of the staff of the last newsroom standing in the community; we open up to volunteer and entrepreneurial effort that can expand the scope of journalism far, far past what that one newsroom could do.

So I say that The Times and other papers opening up to the work of others supported by others is not an act of begging and charity if it is one bit of evidence of opening up to collaboration.

Now having said all that, I'm aware of the issues that are raised by giving of any sort and Clark Hoyt's and Bill Mitchell's columns address many of them: the potential for influence from the donor leading the list. There can also be tax questions (only a gift to a 501c3 is a charitable deduction and when is value received by a for-profit company taxable income?). There are labor delicacies when volunteer take on the work formerly done by staffers (there's one of the reasons that professional journalists sneer at citizen journalism; it's not always about high standards but instead about self-interest).

Still, I say it's important to open up journalism and its institutions and players to many kinds of collaboration in a new ecosystem. That cooperation should extend to the commercial – revenue – side of the equation as well, as advertising and ecommerce networks enable each member of the ecosystem to gain more value together than they could alone. This is a key assumption of our work at the CUNY New Business Models for News Project.

One more caution: As we debate and explore the opportunities for charitable and volunteer support of journalism, it is important – critical – that we not declare surrender against the hope that journalism can be sustained in profitable enterprises. This is the keystone of our NewBizNews work at CUNY. We will estimate how much charitable support is possible in a market and what it can buy. We will also emphasize the importance of including volunteer effort in viewing the value of the ecosystem. But we also stipulate that none of that – not foundations, not the goodwill work of bloggers and neighbors – will support the level of reporting and journalism a community needs. And we believe that the market will support journalism – even the growth of journalism – commercially. We are working on models to examine how both the revenue and efficiency of enterprises in the ecosystem – news organizations to bloggers – can be optimized (we'll be putting out models as we get closer to our first August deadline).

LATER: Include in this discussion HuffingtonPost's charitably supported investigative arm; the new Texas Tribune supported by VC John Thornton and friends; and a new philanthropically supported investigative unit in the U.K. They are not the future of journalism; they are part of it.

From [newsinnovation.com](http://newsinnovation.com)

## **MinnPost Tweets Local Ads**

Posted on June 26, 2009 by Matthew Sollars.

MinnPost.com launched an innovative micro-blogging advertising service yesterday that they're calling Real-Time Ads. The Minnesota-based not-for-profit created a new sidebar widget that will publish messages from an advertiser's Twitter account or blog RSS feed, as long as it has been updated within the last 72 hours.

In a post announcing the launch yesterday, MinnPost founder Joel Kramer described the Real-Time Ads product as "a fast-paced marketplace, full of advertisers' messages that are newly posted and thus up-to-date." Moreover, he believes this kind of "just-in-time" advertising provides a kind of information that could draw readers back again and again.

He wrote: "Imagine a restaurant that can post its daily lunch special in the morning and then its dinner special in the afternoon. Or a sports team that can keep you up-to-date on its games and other team news. Or a store that could offer a coupon good only for today. Or a performance venue that can let you know whether tickets are available for tonight. Or a publisher or blogger who gives you his or her latest headline."

The service is in a free, four-week trial period and has already drawn over a dozen testers from a pool of over 30 invitees. The final cost to subscribe will be set at the end of the test period, but Kramer says it will be "below \$100." Each MinnPost page will carry three subscriber messages in the widget, selected randomly. According to their real-time ad media kit, MinnPost averages 700,000 page views a month, which means a subscriber's message will be viewed roughly 70,000 times.

Certainly, at such a low price point and with only 32 slots available (for now), Real-Time Ads won't be a revenue game changer right off the bat for an organization looking for a path to sustainability. Maximum revenues would be about \$150,000 per year, enough to pay for another staff reporter, but not much else.

"We look for game-enhancers, and this could prove to be one," says Kramer. "The important thing is that the current set-up is just the beta set-up; we can do many more things — at both higher and lower prices — if the demand is there."

He says two ideas would be to create premium slots to guarantee placement at certain times of the day or a lower-cost model that would function more like a classifieds page. Kramer says the widget did not cost much to develop—under \$5,000—and Kramer says it will remain a relatively inexpensive, self-service product aimed at advertisers who already blog or tweet.

“We hope if people find it exciting it will encourage them to set up their own blog or Twitter account,” says Kramer. “But we’re not going to be their online advertising consultants.”

But, at least in the short term, even experienced online customers may need some hand holding. Although MinnPost is not the first site to use Twitter and RSS as an advertising tool—see TheDeets and The Windy Citizen—the concept confused some of the internet savvy advertisers they approached for the free trial.

“Only a few people understood it immediately,” Sally Waterman, the MinnPost advertising director, wrote in an email. “Most ‘decision-makers’ did not. I had to talk to most people about it at least once — and most of them had to pull in the people that are actually doing the tweeting and the RSS updating, and then I had to talk to them, too. Once they understood it, they liked it a lot. This has also been a catalyst for many of our clients to start conversations about social marketing and how it fits into their business.”

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From [newsinnovation.com](http://newsinnovation.com)

## Not-for-Profit News Deep in the Heart of Texas

Posted on July 27, 2009 by Matthew Sollars.

The wave of not-for-profit start-ups looking to cover local and statewide news continued to grow last week with the announcement that the Texas Tribune acquired the Texas Weekly, a subscription newsletter devoted to Texas politics and government. As newspapers continue to struggle and advertising revenues fall, it seems like new news organizations are finding it easier to get off the ground without having to worry about making a profit in the bottomline (MinnPost, Voice of San Diego, and the St. Louis Beacon are three examples that leap to mind). In our research so far, we've come across successful for-profit news start ups less frequently.

As Neiman Lab noted, the deal gives the Tribune, which is set to launch this fall, a team of experienced reporters and an archive of content dating back to 1984.

The Tribune's founder, venture capitalist John Thornton, told Alan Mutter last week why he thinks the not-for-profit model is the only avenue for quality, public-service journalism:

"In 2006, we looked at the challenges being faced by newspapers and how guys like us could make a profit," he said. "The for-profit conclusion was to buy lead-generation businesses and that has worked out for us."

But...

"I was reminded of something my pastor said when I was a kid growing up," he explained. "If you mix politics and religion, the pastor said, you get politics. The same thing seems to be true in journalism. If you mix journalism and business, you get business. That's when I realized serious journalism is never going to be a really good business again."

Thornton told our own Jeff Jarvis last month that raising enough money through donations to cover state government should be a cakewalk, and might even lead to an increase in reporters on the beat:

"Dance companies in Texas raise \$20mm a year. . . . If journalism philanthropy, 10 years from now, were the size of dance, we'd put 150 reporters on statewide issues and could literally change the way state government operates. Think about that: an extra 20 at the capital; a couple each for all the agencies and the school board; 20 on the border. You

almost can't spend that much money responsibly. I don't need opera. I don't need visual arts. Don't need symphony. Just give me dance, and I'll change state government."

But, the starting budget will be closer to one ball than the entire dance season. Thornton tells Mutter the Tribune will run on a budget of \$2 million and support a staff of 15 reporters. They won't cover the waterfront of the state government, but they will be able to focus on the energy industry, the border with Mexico, and how demographic change is transforming the state's politics. As Andrew Donohue, the editor of Voice of San Diego, another not-for-profit newsroom, noted in a chat with us last week, focusing on getting just a few things right in the beginning works best for a start up.

Finally, here is a surely a meaningless, though still interesting, indication of the Tribune's anticipated Web 2.0-ness: even though it won't even begin publishing for a while yet, it already claims more Facebook followers than any other newspaper in the state.

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From [newsinnovation.com](http://newsinnovation.com)

## Chi-Town Daily Discloses Costs for Donations

Posted on July 23, 2009 by Damian Ghigliottty.

The Chicago-based Chi-Town Daily News, a nonprofit metro news site that launched in December 2005, has set up a new kind of tip jar this month. As a way to pull in more funding, the site now tells readers the value of every article they read before requesting donations to support its ongoing coverage.

“Reader donations allow us to hire talented full-time journalists to cover key beats like housing, the environment and Chicago’s community college system, and to train volunteer neighborhood reporters,” the site denotes.

Individual stories on the site cost between \$250-\$1,000 to produce, depending on the word length. A typical story is worth about \$350.

“It’s completely based on cost per word,” says Geoff Dougherty, the Chi-Town Daily News’ editor and CEO. “We took our expenditures for the last fiscal year and divided them by the number of words that we published over the same period.”

“In addition to boosting our donations, we’re offering people a really useful window into the cost of producing public affairs news,” he adds.

Donations from readers go to the organization’s general overhead — rent and utilities, “the occasional computer,” and paying the website’s seven-member staff, which includes a community organizer, three beat reporters, and two part-time editors.

Plenty of nonprofit news organizations like NPR have asked for donations from their audiences over the years, but Chi-Town Daily News is one of the first to breakdown its costs on a story-to-story basis. Their model resembles the one developed by Spot.U.s, which asks for readers to cover the costs of investigative stories — like the origins of the Great Pacific Garbage Patch — before the fact.

“If you look at NPR, they often talk about how much it costs to run a news station,” says Geoff. “But there’s never been a specific breakdown of costs. We thought this might be a good way to get readers more engaged in the funding of news.”

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From [newsinnovation.com](http://newsinnovation.com)

## Lessons from [SeattleCourant.com](http://SeattleCourant.com)

Posted on July 8, 2009 by Matthew Sollars.

We've tried to highlight some successful local news sites out there in recent weeks (and we'll do more, so please take our survey!), but there is no question that for most start-ups life bends more towards the Hobbesian view. The story of the [SeattleCourant.com](http://SeattleCourant.com), which shut down late last month, is a stark reminder of how tough things can be, especially in Seattle—a hot-bed for local news innovation.

Founder Keith Vance wrote in a farewell blog post that the Courant failed because it couldn't bring enough money in quickly enough to support his vision for a 5-person newsroom. He figured that would cost a bit more than \$500,000 per year while he worked for free for the first year. Here is Vance's revenue plan:

"I envisioned levels of customers. Some businesses might just want a simple banner ad, but the more sophisticated customer could purchase custom landing pages for events, sales, etc. Or they could buy full-blown Web applications, databases and custom business applications. The Courant would essentially be a technology firm that focused on creative online publication, advertising and business services."

Sounds like a pretty good concept. But, in the end, the Courant suffered from the same flaw that kills so many small businesses (and not just news organizations) trying to get off the ground: under-capitalization. Vance writes:

"The Courant failed because I didn't have enough cash and I didn't find someone who could handle the business side, such as finding customers, technologists and managing projects. The trick I had to pull off was to be able to fund the Courant while I not only built a newsroom, but also a technology firm to support it. I couldn't do it all.

"My advice to anyone who seeks to create something like The Seattle Courant is to make sure you have at least enough money to get you through the first year and someone who's as committed as you are to the business. To generate revenue, focus your efforts on providing technology solutions to your customers and not just selling banner ads. You have to be able to do something that other people can't, or don't want to do. Going to city council meetings and covering press conferences counts as something people don't want to do, but news doesn't make money it costs money. One way to think of it is that instead of a print shop that supports a newsroom, we need to build a technology firm that supports a newsroom. It's really not that different, it just requires a different skill set."



Meanwhile, Seattle PostGlobe, a site run by reporter-refugees from the online-only Seattle Post-Intelligencer, has put out a call for new donations from readers. The start-up launched in April and now says it has enough money to keep going for 3 more weeks.

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From [newsinnovation.com](http://newsinnovation.com)

## State Coverage as a Worthy Charity

Posted on Jun 22, 2009 by Jeff Jarvis.

There's nothing unsexier in journalism than covering state government. "Trenton bureau" just doesn't have the same ring as "Paris bureau," does it? Do you know the names of your statehouse reps? I'll confess I don't.

And so my biggest fear in the death of metro papers is the vacuum that will be left in coverage of state capitals. I don't buy the dire predictions that journalism itself or investigative journalism will die with those papers. Washington will still be covered; one could say it's over-covered (if often poorly covered) today. City government will be covered because it affects people's lives directly and because there'll always be somebody to catch the mayor red-handed.

But statehouses? Unless your governor is a former movie star or pro wrestler or client of prostitutes, they don't get much – enough – attention. And even when it does get covered, there's no obvious and endemic advertising support. Capital coverage was the gift of broccoli from news organizations and no one's likely to bring that dish to the new news potluck.

That's why I think that in the new ecosystem of news, state capital coverage may need to be publicly and charitably supported. Unsexy though it may be, it does affect our lives and purses. And witness the inanity in Albany lately, state government is populated too often with crooked fools who must be watched.

I've had a few email exchanges on the topic with John Thornton, a venture capitalist in Texas who's worrying about state coverage. "It's where the economics are the most upside down," he said:

Think about this: the total 08 Fed budget was \$3.1 trillion. Subtract, national defense and entitlements, and it shrinks to \$1.3 trillion. That's the "discretionary spend" which is the dominion of Congress. Sure, there is always room for better coverage of Congress, but I'd submit that it's pretty well covered as is.

On the other hand, the cumulative state budgets are \$1.6 trillion, or 30% *\*more\** than the discretionary spend of Congress. These taxpayer dollars are, of course, spread out into 50 byzantine and corrupt state capitols, the coverage of which has fallen dramatically and continues to do so.

So how will such coverage be funded? Thornton is counting on philanthropy. He said:

“It’s certainly apropos to look at the public radio and tv numbers. Austin’s NPR station, kut has 200k listeners and 17k contributors—the best conversion rate I know of. They raise \$3m from individuals and \$3m from contributors. . . .

Dance companies in Texas raise \$20mm a year. . . . If journalism philanthropy, 10 years from now, were the size of dance, we’d put 150 reporters on statewide issues and could literally change the way state government operates. Think about that: an extra 20 at the capital; a couple each for all the agencies and the school board; 20 on the border. You almost can’t spend that much money responsibly. I don’t need opera. I don’t need visual arts. Don’t need symphony. Just give me dance, and I’ll change state government.”

What this needs is people with the passion of a Thornton to sell the cause and raise the money. But as with NPR and Wikipedia and Spot.US, not everyone who benefits has to give to make the nut.

This is one of the areas we are investigating at the New Business Models for News Project. The question we are asking is how much potential charitable giving we can project for news in a market and what that will support.

We will also look at how the rest of the ecosystem can support this coverage. For example, wouldn’t it be wonderful if your town and city blogs and sites had at the ready charts to tell you who your state reps were and what they’ve been doing: their votes and expense accounts, too? Support will come not only with money – it has to start there – but also with the attention papers used to be able to give such coverage.

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From [newsinnovation.com](http://newsinnovation.com)

## Could Campaign Finance Reform Benefit Journalism?

Posted on June 16, 2009 by Damian Ghigliotty.

Absolutely, says Jay Hamilton, who argues that changes in campaign funding would bring untapped information to the public.

Earlier today we spoke with Hamilton, a Duke University economics professor and author of the book, “All the News That’s Fit to Sell: How the Market Transforms Information into News,” who told us how campaign finance reform could open a new valve for news, especially as mainstream media coverage shrinks.

“If you think about the problem as people not having enough information about public affairs,” he says, “campaign finance laws further limit the amount of information we’re able to get.”

The idea behind tying campaign financing to journalism is that fewer funding restrictions would lead to an expanded role for campaigns to publish more useful content along with their own takes on current events. Increases in their allowed spending would, presumably, lead to more campaign members performing research, conducting surveys and aggregating news for the public’s use.

And while campaign ads, sites and infomercials don’t exactly scream journalism!, they certainly play a vital role in the broader information world. In his book Hamilton divides that world into four markets:

- A market for producers — Information that helps you do your job. The majority of people who work on Wall Street read the Journal in some form. So do most business journalists.
- A market for consumers — Information that lets you know the best places to eat, shop, visit and rent.
- A market for entertainment audiences — Information that satisfies your personal interests. Or helps you forget about the economy for a little while.
- And a market for voters — Information that allows you to make smarter electoral decisions. For example checking a campaign website to find out how your local assemblywoman voted on different bills.

“Today there are enough campaign organizations like MoveOn.org that have a journalistic function,” says Hamilton. “And the web makes it so much easier for people to examine information thoroughly.”

Of course the typical concern with a campaign or special interest group that provides information to the public is how certain political agendas come into play. Then again, that could easily be said about the blogosphere. As The New York Times reported a few months ago, a group of liberal bloggers have linked up with organized labor and MoveOn to form a new political action committee they are calling Accountability Now.

Perhaps journalism is coming full circle to the days of pamphleteers, when most of the country’s news was published by highly partisan printers. And if so, would the American public see a difference?

“The argument among opponents of campaign finance reform is that voters can’t process information well enough, that they are easily deceived by ads.” Hamilton says. “But I believe in the Web 2.0 world, where there is a new demand for political knowledge, the discussion should be reopened.”

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From [newsinnovation.com](http://newsinnovation.com)

## **Video Volunteers Brings Citizen Media to Disadvantaged Communities**

Posted on August 4, 2009 by Damian Ghigliotty.

Imagine if citizens in low-income neighborhoods around the U.S. were given the necessary cameras, software and training to make short videos about important issues in their communities. Say, cultural, socioeconomic and political issues not covered by their local newspapers or television networks.

That is what Jessica Mayberry, co-founder of the global social media network Video Volunteers, has brought to underdeveloped and underreported communities in India. Her organization trains everyday citizens how to cover newsworthy subjects like local government inefficiencies, health and class divisions.

Most of the training is performed through workshops, where aspiring community producers are taught how to perform research, create story outlines, use the equipment and software, and then go out and shoot. The successful ones are then compensated by the organization for their work. Since 2006, Video Volunteers has trained 150 community producers in 350 villages with the help of other nonprofit organizations.

“What we’re seeking to demonstrate is look, you can produce topical videos,” says Jessica, a New York native who spawned the idea for Video Volunteers with her partner, Stalin K., in 2003. “What matters is that you’re from that local region, you know the issues there, and you have the communication skills to get the best stories out.”

The idea behind using video to tell those stories — apart from its visceral impact — is that many of the targeted communities have low literacy rates, she says, which keeps newspapers and magazines at a distance. Her organization’s work has resulted in a heightened awareness among audiences of how their communities function.

“Some of our community producers did a story a while back on the closing of a water treatment plant in their region,” says Jessica. “A lot of people got sick, and after the producers started to record what was going on, the local government came to one of the community screenings and told everyone, ‘No, no, no. We’re going to reopen the plant.’

“The purpose wasn’t to bring fresh water to India, but to empower local people with the communication and information tools to solve these problems on their own.”

One of the organization's initial challenges was finding the money needed to buy cameras, computers and the right software. Fortunately in 2008 Video Volunteers won \$275,000 in the annual Knight Foundation News Challenge, which awards several million dollars a year for innovative ideas that bring new "platforms, tools and services" "to community news, conversations, information distribution and visualization."

Their other challenge has been keeping morale up among the community producers they train. Very often the effort put in outweighs the compensation — just like with most journalism (or advocacy) in America.

"It's a tough job," says Jessica. "They love it because of the attention they get, and producing videos is far more interesting than what they were doing before. But, they work really late at night and they feel they're not getting paid enough, especially knowing that they have this very monetizable skill. If we were a bricklaying organization, they would know exactly how much they should get paid for their work and that pay would be far more concrete."

Now as Video Volunteers extends its reach to other communities around the world, Jessica hopes to see her current model pick up enough momentum to sustain itself.

"The thing we need to figure out is how to do this in a way that's permanent and ongoing," she says. "What we're trying to figure out is: what's the lowest cost model to keep this going? How do we equip tens of thousands of marginalized people around the world with the necessary tools to tell their own stories?"

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## **New Ad Networks And Alliances**

As local and vertical category sites proliferate throughout the evolving ecosystems of news, a new generation of ad networks, alliances and exchanges is emerging.



## Ad Networks, Alliances and Exchanges in the New Ecosystem

As local and vertical category sites proliferate throughout the evolving ecosystems of news, a new generation of ad networks, alliances and exchanges is emerging. Here are some of the current players. (Go to [newsinnovation.com/ad-networks](http://newsinnovation.com/ad-networks) for more info, links and updates.)

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### AdBright

- The AdBright network ([adbrite.com](http://adbrite.com)) reaches 85 million unique viewers across 70,000 sites, according to their website.
- Selling point: “Now serving 307 million impressions a day on 110,301 sites,” as of 7/28/09.

### BlogAds

- The BlogAds network ([blogads.com](http://blogads.com)) of 2,000+ websites reaches an estimated 45 million unique viewers a month (Quantcast.)
- Selling point: “The average blogger makes \$50 a month selling BlogAds, with some pulling in more than \$5,000 monthly.”

### BlogHer

- The BlogHer.com community hub and ad network ([blogherads.com](http://blogherads.com)) of 2,500 blogs reach more than 14 million women viewers a month (Nielsen.)
- Editorial guideline: “All blogs are continually vetted for appropriateness of content, category relevance, blog frequency, and adherence to editorial standards.”

### Boston Blogs

- The Boston Blog network ([bostonblogs.com](http://bostonblogs.com)) of 1,000+ websites in the Boston area reaches more than 100,000 unique viewers a month, according to their website.
- Local range: “Our sites cover everything from breaking news and political analysis to sports and entertainment, all with a Boston focus.”

## **Complex Media**

- The Complex Media network ([complexmedianetwork.com](http://complexmedianetwork.com)) reaches more than 100 million unique viewers a month (Quantcast.)
- Case study: “To drive sales and the success of the Adidas Superstar footwear collection, Complex created a fully integrated marketing program which included a custom branded in- book unit.”

## **Federated Media**

- The Federated Media network ([federatedmedia.net](http://federatedmedia.net)) reaches more than 50 million unique viewers a month, according to their website.
- Content commitment: “FM is committed to the highest quality independent voices, communities and conversations. We represent more than 150 of the most respected social media properties on the Web.”

## **Glam Media**

- The Glam Media network ([glammedia.com](http://glammedia.com)) of 1,100 fashion sites reaches more than 54 million unique viewers a month in the U.S. and 111 million unique viewers worldwide (Nielsen.)
- Recent innovation: “With the launch of Tinker.com — the first micro bloggers platform where users can find, follow, filter, create, and share real-time conversations for events and breaking news — we can harness the value of the vast social media stream.”

## **Lycos**

- The Lycos network ([lycos.com](http://lycos.com)) reaches between 12 and 15 million unique viewers a month in the U.S. and nearly 60 million unique viewers worldwide, according to their website.
- Brand history: “Lycos is one of the original (est. 1995) and most widely-known Internet brands in the world, evolving from one of the first search engines on the web, into a comprehensive network of social media web sites that foster online communities.”

**MOG Music Network**

- The MOG Music Network ([mog.com/mmn](http://mog.com/mmn)) reaches about 5.7 million unique viewers a month (TechCrunch.)
- Selling point: “We publish your post excerpts via RSS to millions of music fans across MOG and the network, who click through to your site to access the full posts”

**ReachLocal**

- The ReachLocal XChange ([reachlocal.com](http://reachlocal.com)) reaches 90% of internet users in the U.S. through search engine marketing and online display advertising (comSource.)
- Company background: “ReachLocal has over 700 employees operating in more than 35 offices in the United States, Australia, Canada and the United Kingdom.”

**ShortTail Media**

- The ShortTail Media alliance ([shorttailmedia.com](http://shorttailmedia.com)) reaches reaches over 90% of internet readers, according to their website.
- Content commitment: “Our members are handpicked and represent the most respected, brand name, journalistic and information sources in the world.”

**Yardbarker**

- The Yardbarker community hub ([yardbarker.com](http://yardbarker.com)) and sports ad network of 600+ publishers reaches more than 14 million unique viewers a month, according to their website.
  - Selling point: “86 percent of YBNers read blogs and independent sites as much or more than mainstream sites like ESPN.”
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## **Shaping The Future: Reports, Studies, Essays & Conferences**

## Shaping the Future: Reports, Studies, Essays and Conferences

As part of our research for the new business models for news project, we're providing summaries and links to a wide range of material that brings value to the discussion. (Go to [newsinnovation.com/reports](http://newsinnovation.com/reports) for more info, links and updates.)

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### **University of Southern California Report**

Growing Funders of the News (7/7/09) Philanthropic foundations have become increasingly involved in supporting journalism, the report shows. A clear example: the Kaiser Family Foundation recently gave \$3.5 million for the creation of a health news website ([kaiserhealthnews.org](http://kaiserhealthnews.org)). But while “a growing number of foundations are getting into the business of supporting news-and-information nonprofits” — including a \$5 million investment from the Knight Foundation to persuade community foundations to follow suit — philanthropic organizations are unlikely to become the primary source of funding for news anytime soon, the report concludes.

### **Pocantico Conference: Building an Investigative News Network (6/28/09 – 6/30/09)**

The initial joining of an investigative journalism network represented by 25 nonprofit news organizations around the country. The new network's members include Bill Buzenberg of The Center for Public Integrity ([centerforinvestigativereporting.org](http://centerforinvestigativereporting.org)) and Robert Rosenthal of The Center for Investigative Reporting. Their first conference at the Pocantico Estate in New York established a shared aim to foster the “highest quality investigative journalism,” but also addressed more personal concerns for the reporters and editors involved like employee benefits, health care, and general liability insurance.

### **Free Press Conference: We're Changing Media Together (5/14/09)**

Highlighting the fact that 40% of the country still lacks broadband access, the conference's panelists offer several initiatives — discounting the idea of pay walls — for sustaining quality journalism. One of their key proposals is to refine existing bankruptcy and tax laws to encourage local investors and community groups to take over failing news operations instead of large corporations and private equity firms. The panelists also propose the “development of a government-seeded innovation fund for journalism – a taxpayer-supported venture capital firm that invests in new journalism models.”

### **Duke University Conference: New Models for Nonprofit Ownership of Media**

More big names in journalism and philanthropy met to discuss how nonprofit business models could be applied to the broader media landscape. (5/5/09)

Joel Kramer of MinnPost.com and Jon Sawyer of the Pulitzer Center presented an outline for a nationwide “donor collaborative.” The collaborative would grant money based on a nonprofit’s success at raising revenues through other venues (donations, subscriptions, etc.)

Penelope Muse Abernathy of The Knight Foundation presented four models for a nonprofit-based New York Times:

1. Establish an endowment that would help fund the Times’ annual \$200 million budget.
2. Create a mixed nonprofit model where the Times’ more costly desks — like the Foreign Reporting desk — would be funded through philanthropic efforts
3. Sell the Times to a well-endowed University or educational institution
4. Sell the Times to an “angel” investor who would ensure the company’s journalistic independence

### **PricewaterhouseCoopers Study: Outlook for Newspaper Publishing in Digital Age**

Newspaper consumers are willing to pay 62% of what they pay for their regular paper when it comes to online content, the May 2009 study shows. Out of 5,000 interviews conducted in seven countries, the study also found that Americans are willing to pay the most (68%), while Dutch citizens are willing to pay the least (38%). Newspaper consumers in Canada, France, Germany, Switzerland and the U.K. fell in the middle.

### **PBS Engage and Knight Commission Study: Public Input on Community Information Needs (4/09)**

An indication that Americans do care about their local news coverage. The online study contains nearly 1,000 comments from citizens across the country in response to five questions on how information needs are being met in their local communities:

1. Where do you find your information?
2. What kind of information do you need to inform your decisions?
3. How can local governments improve public access to information?
4. Do you think everyone in your community has access to the networks they need to find important information?
5. How would you improve the quality of information available to the public?

**CQ Researcher Report: Future of Journalism, Will Newspapers' Decline Weaken Democracy (3/17/09)**

An extensive overview of the recent cutbacks in journalism, as well as some possible solutions, lists of new online news sources, and answers to the burning questions: "Can philanthropy save journalism?" "Should newspapers shut down their presses?" and "Can the Internet fill the reporting gaps caused by the decline of newspapers?"

**Steven Berlin Johnson Speech: Old Growth Media and the Future of News (3/13/09)**

Johnson provides a bright outlook on the future of journalism, comparing the new news ecosystem to a thriving rain forest where information comes in abundance. Though Johnson recognizes the difficulty of filtering important and viable information on the web, he argues that more access to localized and specified coverage will only benefit audiences. As the old news models continue to fade, he predicts, our ability to produce and appreciate true journalism will grow in the long-run.

**Clay Shirky Essay: Newspapers and Thinking the Unthinkable (3/13/09)**

Shirky contends that no general business models for newspapers can apply in the digital realm. He argues that the free sharing of information on the Internet solves the core problem that led to a need for print publishing in the first place: "the incredible difficulty, complexity, and expense of making something available to the public."

**OurBlook Interviews: The Future of Journalism (3/09)**

A compilation of two dozen Q&A's with various established media people about "what the information distribution map will look like in 20 years." The long list of interviews includes an interesting one with John Yemma of The Christian Science Monitor, about his decision to close the Monitor's print edition, and what citizen journalism still needs to become a viable source of information in the near future.

**Mignon Media Report: Paid Online Circulation Numbers (2/09)**

Two theoretical models for an online-only news outlet developed by Mignon Media ([mediacafe.blogspot.com](http://mediacafe.blogspot.com))

A newspaper with 100,000 print subscribers paying \$14.75 a month could increase its online revenue by more than 300% — from \$1.8 million to \$6.1 million — by fully eliminating its print edition (if all current subscribers went online), the report concludes. A newspaper with 50,000 print subscribers paying \$17 a month could increase its online revenue by about 700% — from \$ (700,000 to \$5.2 million (if all current subscribers went online).

### **LSU John Breaux Conference: New Models for News (4/08)**

A dozen panelists, including Bill Wheatley of the Columbia University Graduate School of Journalism and Jim Brady of The Washington Post, discuss new models for investigative and hard news. The discourse touches on familiar business models — such as nonprofit and government-sponsored news — but also introduces the idea of campaign finance reform as a way to bring new information to the public.

### **Chris Anderson Essay In Wired: Free! Why \$0.00 Is the Future of Business**

**(2/25/08)** Anderson argues that since Gillette invented the disposable razor in 1903, American industry has been gradually headed towards a “freeconomy,” where complimentary services for consumers — from online music to email — spur demand for other services that generate money. Anderson divides the priceless economy into six categories:

1. Freemium (What’s free: Web software and services, some content.)
  2. Advertising (What’s free: content, services, software, and more.)
  3. Cross-subsidies (What’s free: any product that entices you to pay for something else.)
  4. Zero marginal cost (What’s free: things that can be distributed without an appreciable cost to anyone.)
  5. Labor exchange (What’s free: Web sites and services.)
  6. Gift economy (What’s free: the whole enchilada, be it open source software or user-generated content.)
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