

# Transforming Business Models "A" and "B"

Chris Lee  
President  
Deseret Digital Media



**Deseret News**

## Agenda

- Introduction of "Transformation A and B"
- Transforming content & examples
- Transforming revenue & examples
- Q&A



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# Disruptive Innovation and Transformation A and B



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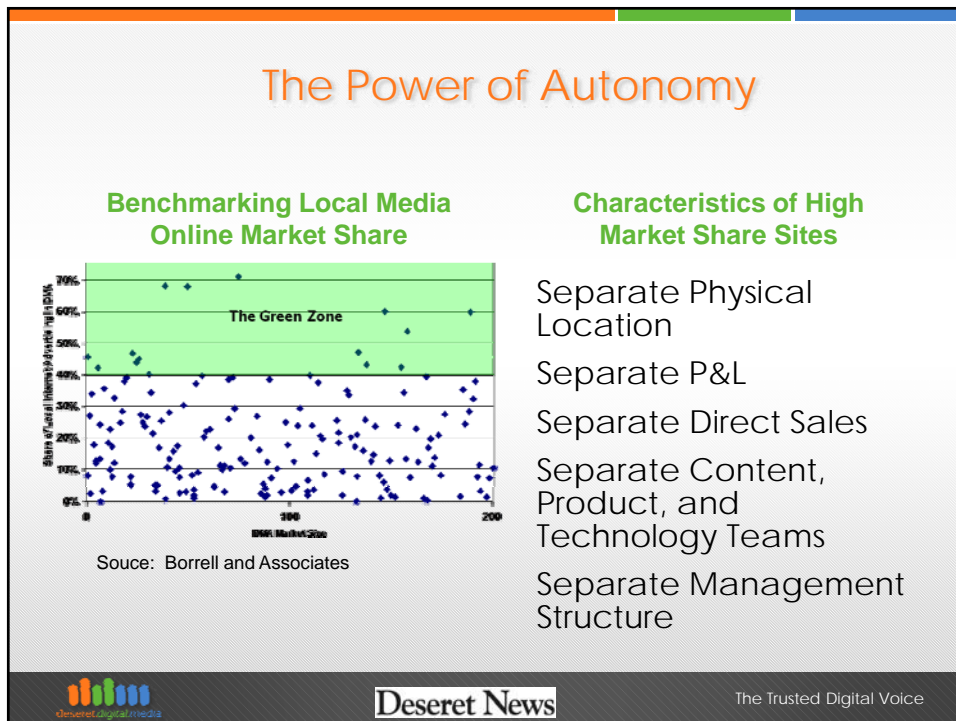
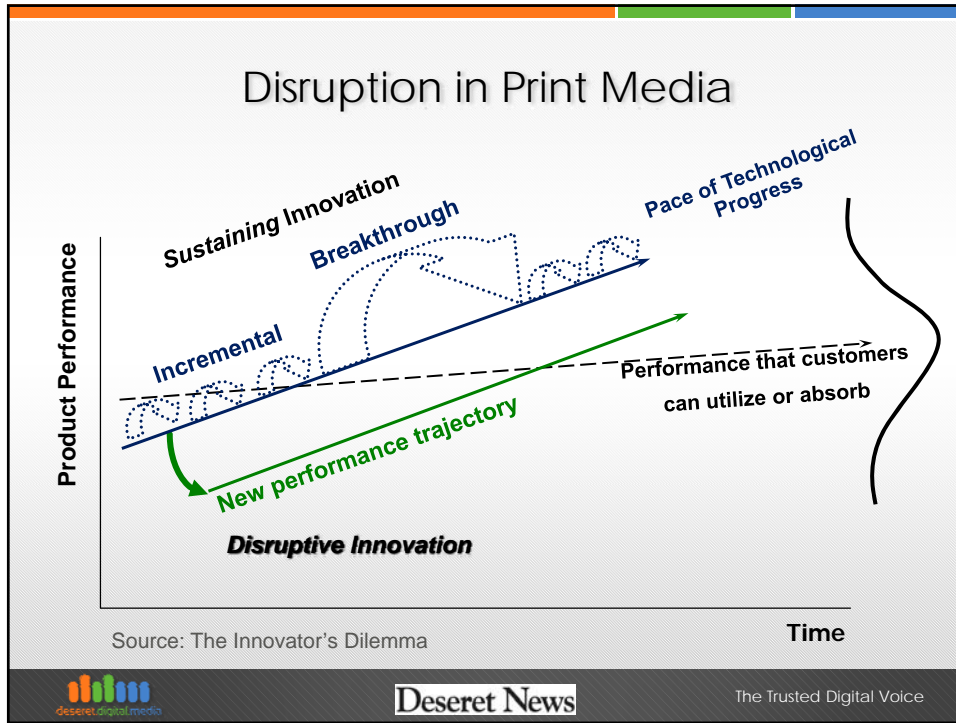
## Our Mission

Trusted voices of light and knowledge reaching hundreds of millions of people worldwide



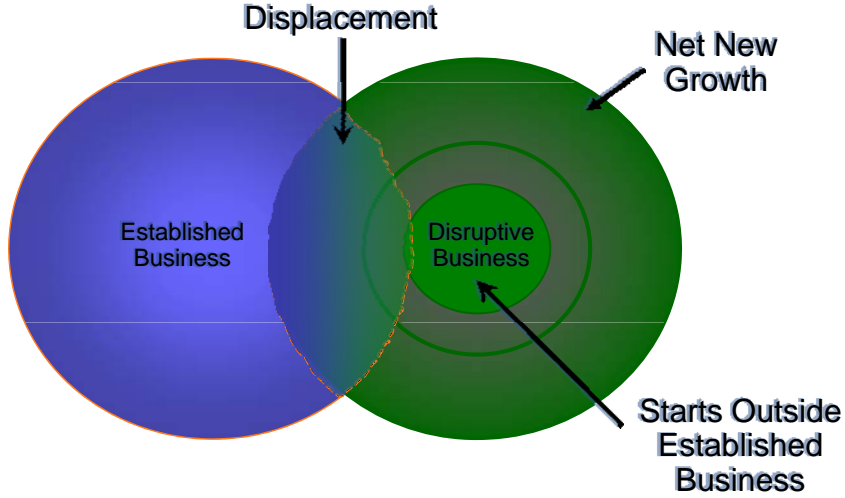
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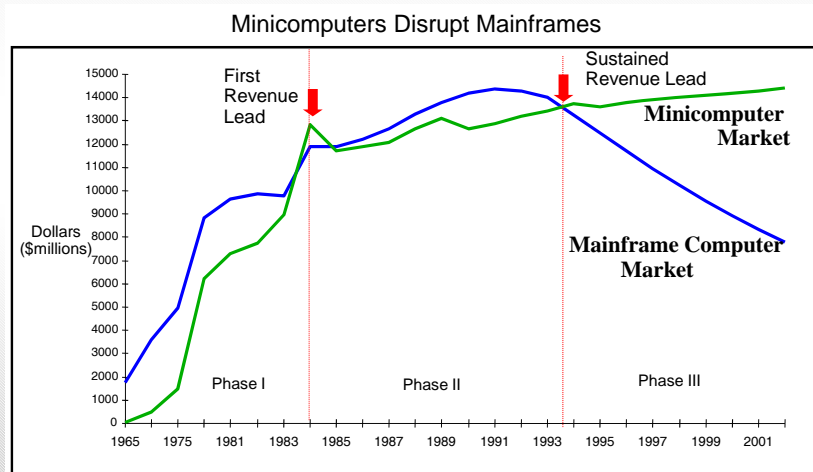


"Overall, the newspaper industry's involvement with the Internet has been one where it had a lot to lose and it's been trying not to lose it, as opposed to starting from scratch and having a lot to win."

--President of Online Newspaper Division



## A Rough Picture of the Lifecycle of Disruption



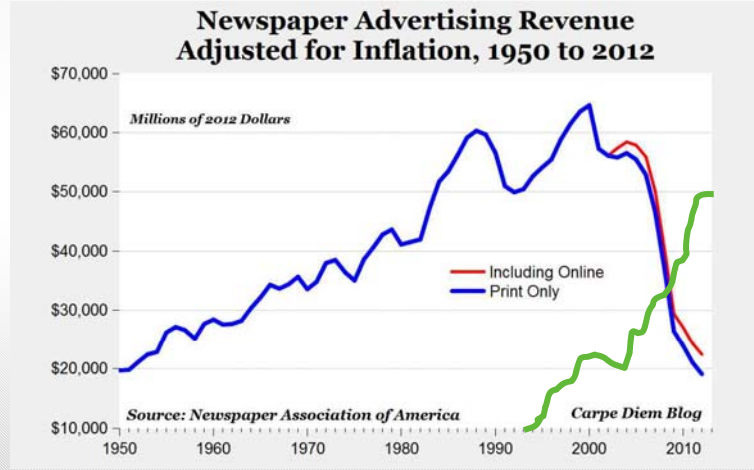
Source: ITI, Industry Statistics Programs; U.S. Microcomputer Statistics Committee Forecast, Data Analysis Group



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# Newspapers: Familiar Pattern of Disruption



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# AutoTrader Structure

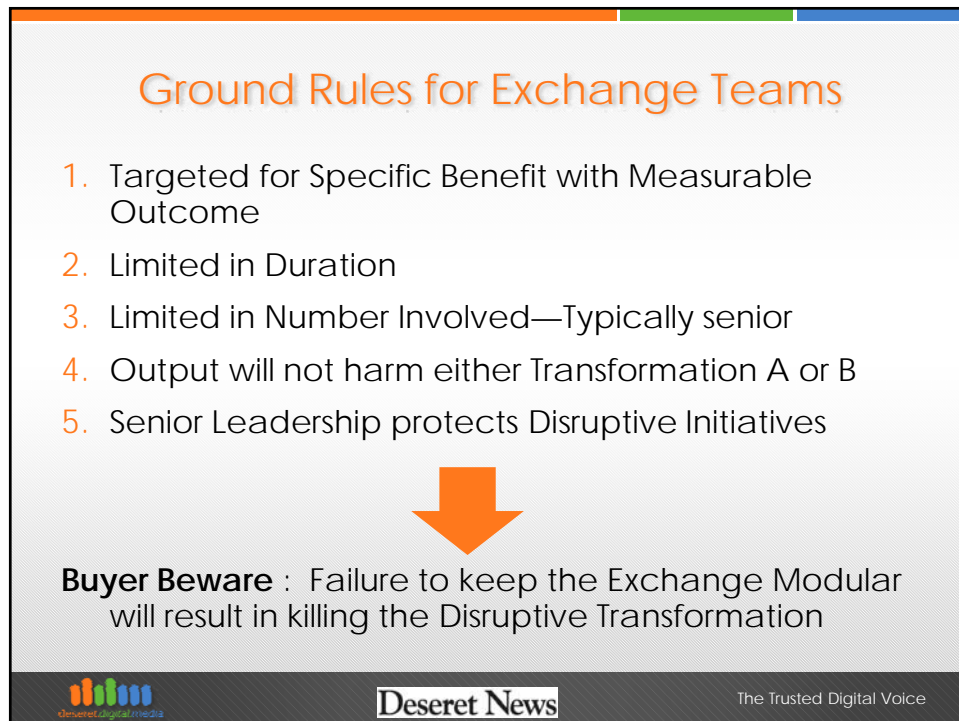
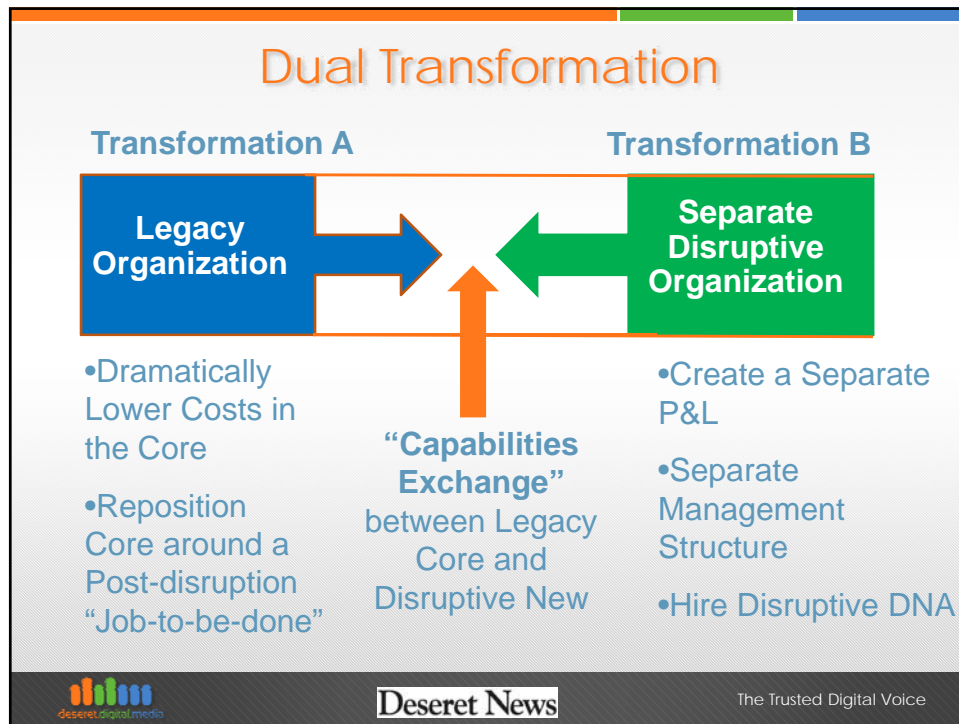


Always Operated Independently from



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## Where exchange teams didn't work



- Deep customer relationships with traditional display buyers
- Knowledge of local market and budgets
- Experience with legacy terminology

- Legacy sellers keep customer accounts
- Revenue growth, but below digital market growth rate
- Two years later, nearly half of top legacy accounts still have zero digital spend with us

- New metrics for advertisers
- New kinds of display inventory
- Non-display "marketplace" or transaction revenue
- Mobile

Legacy Sales Mgmt →

← Digital GMs



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## Deseret Digital Media



- 8M monthly Unique Users
- 30M social followers
- 300M+ monthly Page Views
- Billion monthly Ad Impressions
- 40%+ Revenue CAGR 2009-2013



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## Capabilities Exchange: Digital Rubric



- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>•Editorial Voice</li> <li>•Customer Research</li> <li>•Cultivate a Beat</li> <li>•Interview Skills</li> <li>•Deep Analysis and Rigor</li> <li>•Cross-Check Sources</li> </ul> | <ul style="list-style-type: none"> <li>•Editorial Voice</li> <li>•Customer Research</li> <li>•Rotator Frequency Ratios, Change Rules</li> <li>•Core Navigation Decisions</li> <li>•Editorial Constructs for UGC, Lists, Curation</li> </ul> | <ul style="list-style-type: none"> <li>•Content Optimization</li> <li>•UGC</li> <li>•Remote Contributors</li> <li>•Link-off Curation</li> <li>•Lists Generation</li> <li>•SEO, Social Optimization</li> </ul> |
|--|---|---|

Editor, Publisher → ← Digital GM, Online Editor, Social (CEO)



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## Transforming Content & Results



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## Content Ideas for Both Transformations

### Transformation A

- Step-change reduction in Content Costs
- Differentiated Content: Invest where you can be “the best in the world”

### Transformation B

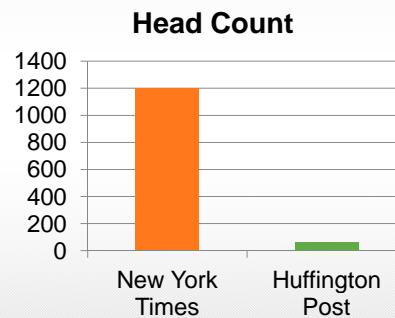
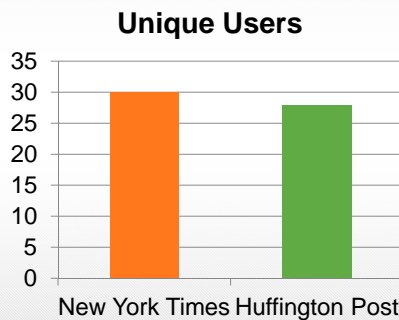
- Digital Only, not Digital First
- Hire Digital DNA



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## 1. Step-change Cost Reductions: The Huffington Post vs. NYT



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## 2. Differentiation: Where can you be the 'Best in the World'

"The web favors things that are narrowly comprehensive. That is everything about something. Newspapers, by contrast, are variety shows; something about everything."

– Lisa Williams, founder, PlaceBlogger



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## 2. Differentiation: Deseret News Six Areas of Emphasis

- Strengthening the Family
- Faith in the Community
- Care for the Poor
- Values in the Media
- Excellence in Education
- Financial Responsibility



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## Content Ideas for Both Transformations

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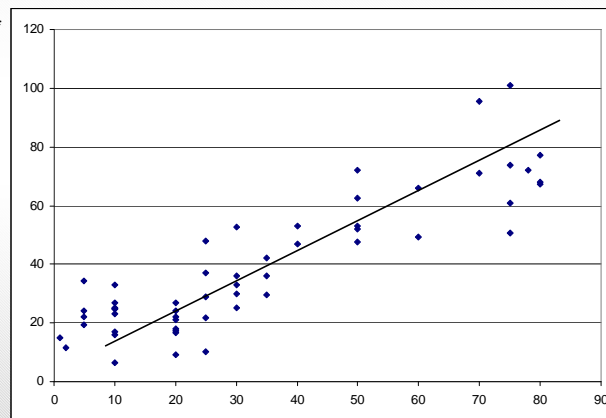


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## 1. Digital Only (Not Digital First)

Audience Penetration\*



Source: Harvard Business School Newspaper Study  
\*Unique Page Impressions/Circulation

Percentage of Content  
NOT in Newspaper

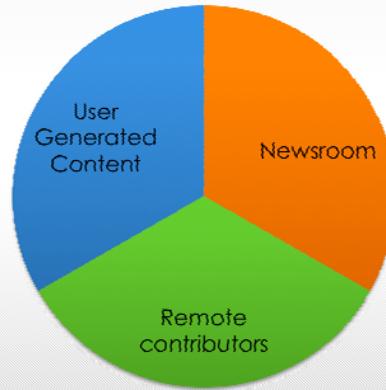


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### 1. Digital Only, Not Digital First

Betsy Morgan: New model for sourcing content



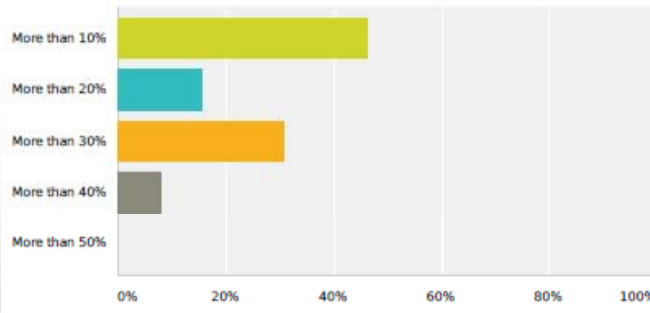
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### 1. Digital Only, Not Digital First

**Q1 What percentage of your Web traffic is generated by content that is unique to the Web (not in print)?**

Answered: 26 Skipped: 1



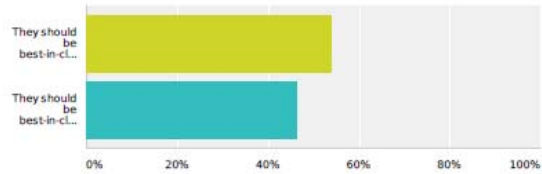
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## 1. Digital Only, Not Digital First

**Q2 Which of the following statements best describes your organization's CURRENT view of the role of your Web team? (pick one)**

Answered: 26 Skipped: 1



Answer Choices	Responses
They should be best-in-class at merchandising, promoting, and growing audience on stories from our news division	53.85%
They should be best-in-class at creating new content that is not from the news division, but is deeply engaging and relevant to a Web audience	46.15%
Total	



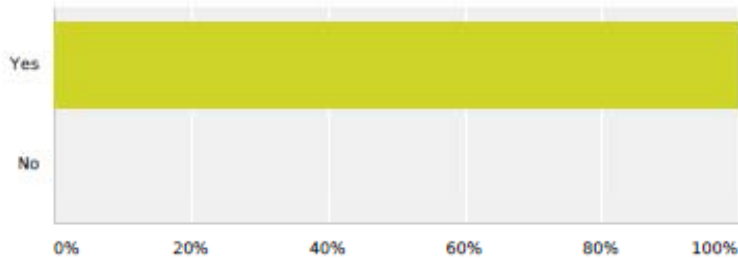
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## 1. Digital Only, Not Digital First

**Q3 Do you believe your organization needs to improve the creation of Web-only content?**

Answered: 26 Skipped: 1



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## 2. Hire Digital DNA: DDM Team did not Come to Work for a Newspaper

demand MEDIA™ classmates  
myfamily.com AOL Y!  
adoption.com overstock.com\* verix. OMNITURE  
NETZERO

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## Result? Growing Digital Reach and Impact



UGC example



Your family's media guide




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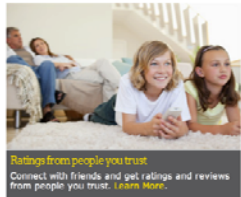
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UGC example


**MYNorthwest**news radio sports get out go local traffic deals

Your family's media guidemovies | recommendations | sign in


Get ratings and reviews from people you trustLogin with Facebookor request an invite



**Ratings from people you trust**  
Connect with friends and get ratings and reviews from people you trust. [Learn More](#)





**The Odd Life of Timothy Green**  
He completed their family, but is his story worth your time?



**WHITE COLLAR**  
NEW SEASON JULY 10  
TUESDAYS 9/8C  
characters and plots  
**WATCH ALL OF SEASON 2**




**Give Feedback:** Help us improve Ok.com by giving us your feedback! Give Feedback


**In Theatres** View All



**Nearby Theatres** View All

Royal Meridian 16





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Newsroom example

# Deseret News SERVICE

*values-oriented syndication service*



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Newsroom example



## OUR VOICE

Deseret News Service helps you connect with your audience by offering news for **dinner table discussions**. That is, news on topics your audience deeply cares about. News that impacts your audience and their **f a m i l i e s .**



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Newsroom example

The screenshot shows the Deseret News Service website. At the top, the logo reads "Deseret News SERVICE" with the tagline "values-oriented syndication service". Below the logo is a navigation bar with links for HOME, OUR VOICE, OUR AUDIENCE, OUR VALUES, and OUR PRODUCTS, along with a search box. The main content area features a large article titled "Effective fatherhood plays out in tiny scenes and fleeting moments" with a photo of a man and children playing basketball. To the right of the main article are logos for partner organizations: gatehouse NEWS SERVICE, worldnow, azcentral.com, and Callkins media. Below the main article are two smaller articles: "Parents set poor driving example for teens, with sometimes-dire results" and "Money isn't enough: Why people won't quit their jobs". A "Deseret News SERVICE" logo is also visible in the middle right section. At the bottom, there is a "Deseret News" logo and the tagline "The Trusted Digital Voice".

Contributor example

The screenshot displays the "deseretconnect" logo in a large, centered font. The word "deseret" is in a grey, lowercase sans-serif font, and "connect" is in a bold, green, lowercase sans-serif font. A vertical line separates the two words. At the bottom of the image, there is a dark grey footer containing the "deseret.digital.media" logo on the left and the tagline "The Trusted Digital Voice" on the right.

Contributor example


## Remote Contributors

3200+ contributors, 50 states, 20 countries, 70 million+ page views


30000+ articles, 10000+ photos, 1000+ videos, 1000+ live events

Contributor example


## Partners




**SCHURZ**  
COMMUNICATIONS INC.




DAILY PRESS MEDIA GROUP



**Dispatch**  
Media  
Group  
MULTI-MEDIA  
MARKETING  
SOLUTIONS



UTAH VALLEY  
**UVU**  
UNIVERSITY



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## Content Models We are Watching

Legacy Publications	Digital Only Publications
	
	
	
	
	

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## Key Takeaways

<p><b>1</b></p> <p><b>Dual Transformation</b></p> <ul style="list-style-type: none"> <li>• There are 2 Transformations, not one</li> <li>• Modular Rules around Exchange Teams (Buyer Beware)</li> </ul>	<p><b>2</b></p> <p><b>Transformation A Content</b></p> <ul style="list-style-type: none"> <li>• Step-change cost reductions</li> <li>• Invest where you can be the “best in the world”</li> </ul>	<p><b>3</b></p> <p><b>Transformation B Content</b></p> <ul style="list-style-type: none"> <li>• Digital Only, Not Digital First</li> <li>• Build Digital DNA</li> </ul>
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## The Anatomy of a Transformation: Business Model Ideas that are Changing the Industry



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### Five Business Model Ideas that are Changing the Industry

1. Digital Revenue Should be  $>1/3$  of your Business in 2012 and it should be  $>1/2$  of your Business by 2015
2. A Digital Buyer Needs a Digital Seller
3. New Channels are the Difference between Transformation A and Transformation B
4. Digital Marketplaces (Not Digital Publishing) will win
5. Dual Transformation Requires New Organization

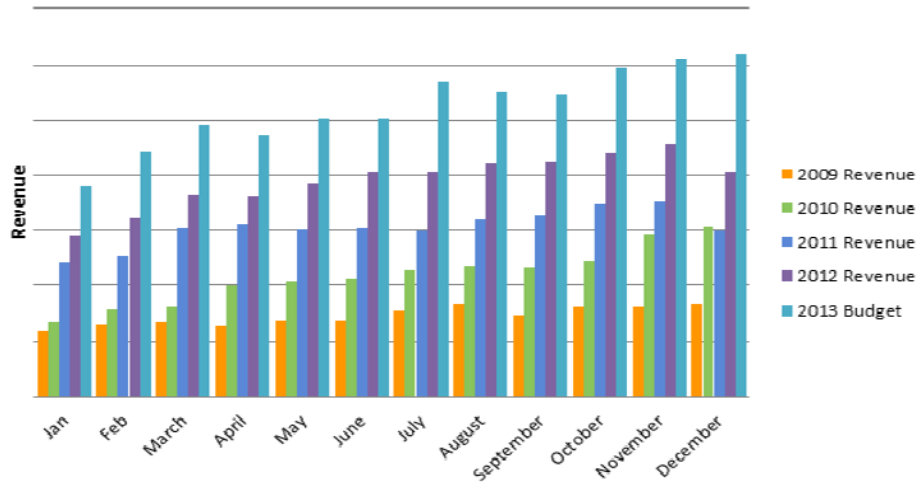


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# 1. If you're not growing over 30% YoY, You are losing market share

**Total DDM Revenue**



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# Snapshot of Industry Participants: Growth, but Low Percentage of Sales

1. What percentage of your total revenue (print, digital, other) comes from digital?

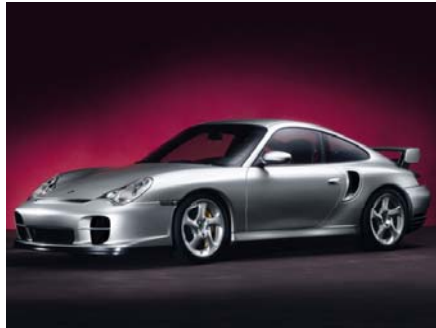
Response	Response Percent	Response Count
Less than 5%	12.5%	4
More than 5%	46.9%	15
More than 10%	6.3%	2
More than 15%	15.6%	5
More than 20%	6.3%	2
More than 25%	12.5%	4
answered question		32
skipped question		2



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## 2. A Digital Buyer Gets a Digital Seller



- 39 New Franchises
- 3 Used Car Stores
- 5 Collision Repair Centers
- 45 Locations Throughout Utah
- 9 Locations outside of Utah, spreading to 4 other states



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## 2. A Digital Buyer Gets a Digital Seller

2. What percentage of your digital ad sales comes through digital-only sales channels (sales reps who only sell digital)?

	Response Percent	Response Count
More than 10%	50.0%	16
More than 20%	9.4%	3
More than 30%	6.3%	2
More than 40%	9.4%	3
More than 50%	25.0%	8
answered question		32
skipped question		2

3. Which of the following statements best describes your organization's CURRENT identity around digital sales (pick one):

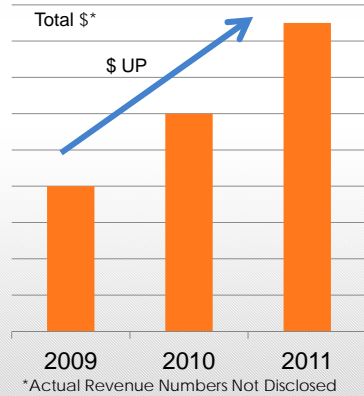
	Response Percent	Response Count
We are primarily focused on helping our legacy sales reps learn to bundle digital	56.3%	18
We do bundle, but our digital identity is being built around digital-only vertical sellers	43.6%	14
answered question		32
skipped question		2



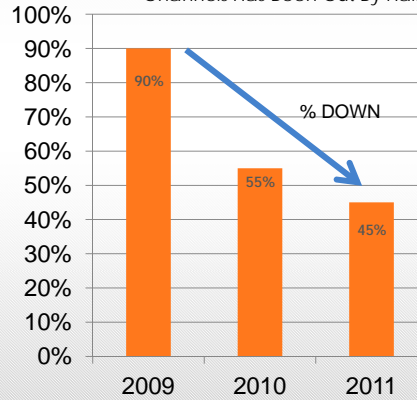
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### 3. New Channels are Driving Digital Growth

Legacy Media Sales Channel Revenue Has More Than Doubled Since 2009



Meanwhile, Dependence On Legacy Channels Has Been Cut By Half

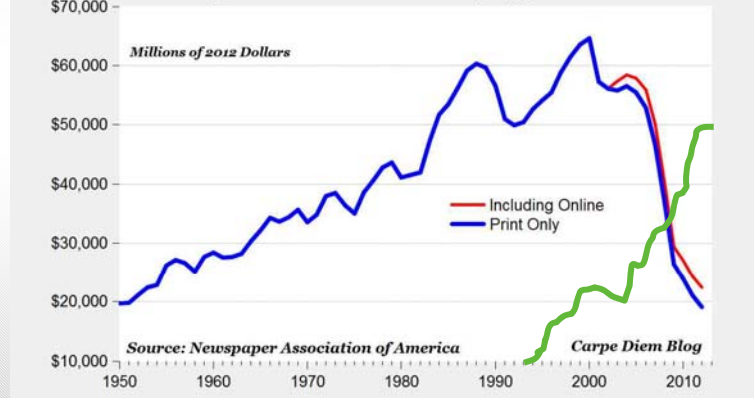


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### 3. Is your digital strategy locked in Transformation A or part of Transformation B?

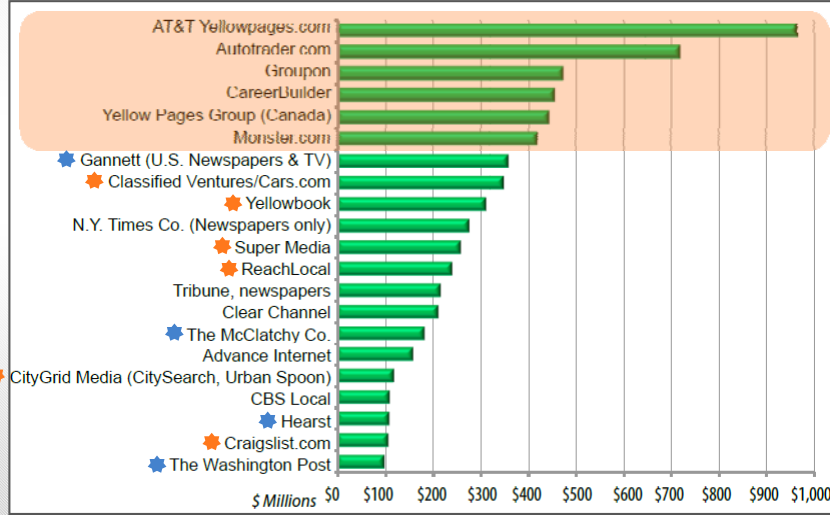
Newspaper Advertising Revenue Adjusted for Inflation, 1950 to 2012



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## 4. Digital Services: Marketplace Companies, not Publishers are Winning



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### Digital sales example



- Campaign management
- SEO services
- Google AdWords management
- Retargeting





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Digital sales example

### Senior Leadership

  
**Clark Gilbert**  
 President and CEO

  
**Chris Lee**  
 President of DDM

  
**Jeff Barton**  
 Chief Financial Officer


deseret.digital.media

Our Mission
Our Network
Advertise with Us
About Us


#### About Us

- [Meet the DDM Team](#)
- [Company Culture](#)
- [Recent Company News](#)
- [Current Job Openings](#)
- [Contact Us](#)

#### Digital First, Account Executive

We are looking for a self-starter with a successful record of multimedia sales and customer service. This position focuses on growing revenue by proactively pursuing and growing revenue from existing advertisers and developing new revenues from new advertisers and clients. This role builds client relationships through positive customer service and offers clients digital media advertising solutions to achieve targeted results.

A successful candidate will be able to demonstrate past success in creating and selling digital, and mobile campaigns. SEO, SMS, SEM, SMO and Web Development experience preferred. 2 years sales experience and ability to demonstrate an in-depth knowledge of all digital-media products is required.



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## Business Models We are Watching

#### Legacy Publications











#### Digital Only Companies













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## 5. Organize for Dual Transformation, Not Evolutionary Dead-ends

