Fighting for Survival:

Media Startups in the Global South

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Media in developing economies: Assumptions vs. reality

" Journalism seems to be commercially viable in the West, so it is assumed to be the same elsewhere. However, it's really not the case in other parts of the world, especially in developing economies that lack scale.

It's difficult to hire talent because you are seen as political and people worry it will hurt their careers to be associated with something that stands up to the government.

It's especially difficult to hire expertise in sales, business development, marketing, technology. They will stay away from you. Given budget constraints, wages that are below market rates hinder the ability to hire. It's easier with journalists, they enjoy the independence and want to work with a great editor. There is already a scarcity of talent, with the best going overseas or working for multinationals and corporations.

Partnerships are also more difficult to do, as the same fears arise. Readers are also more cautious in giving identity and credit card information, as they fear being seen as supporting independent media."

—Premesh Chandran, CEO of *Malaysiakini*

EXECUTIVE SUMMARY

Three years after writing the report ***Publishing for Peanuts***, in which we surveyed 35 media startups mostly from the Global South, we decided to go back and see how the outlets had fared.

Our area of interest in 2015 was **small-to-medium size independent media outlets with a track record of consistently producing credible content independently of state and mainstream media in the countries in which they were operating.** 'Startup' describes their work practices but, in fact, some of those we interviewed had been in operation for many years but may have undergone a relaunch or adapted to new circumstances following a political event.

Those "Global Muckraker" outlets remained our focus in 2018. As questions about media viability remain unanswered we wanted to understand the experiences of journalists in the Global South. Returning to the 35 outlets, we found three had failed, and six had been seriously reconfigured or renamed. Not everyone replied to our queries but in the end we spoke to 21 outlets from 2015 and five outlets we had not interviewed before. In hour-long interviews we conducted between July and December 2018, we asked the editors to describe their business models and to reflect on their mission, their successes and failures and how they survive.

Our key findings:

- Financial survival is the biggest worry for the media outlets we profiled, followed by political risk and physical safety.
- The outlets remain dependent on donors. Advertising is hard to come by and raising funding from audiences has proven difficult. Donors need to accept this reality and be willing to commit to long-term support for outlets creating a public good.
- The grim political climate, rise of right-wing demagogues and attacks on the media have made the outlets feel appreciated in many countries. They recounted tales of support and encouragement from their audiences. But this sentiment does not translate into sustainable forms of funding.
- The outlets have professionalized in the sense that many now have accounting software, bookkeepers and full-time staff working on grant writing. But many still rely on unpaid contributors and some use office space that was provided for free or rented at a discount.
- There is a strong correlation between employing a full-time marketing staffer and generating revenue.

- Membership models are in fashion, but we believe that these models, while helpful, are even less likely to scale than crowdfunding. Selling memberships puts an additional demand on the readers, asking them for not just their money but also their time.
- Our findings suggest continued dependence by media outlets on philanthropy. We urge donors to collaborate more and think about the larger media eco system as they make funding decisions. Support should be given carefully so that there aren't too many small outlets competing for the same pots of funding. Donors and media development organizations need to maintain a balance between enthusiasm and optimism and support for innovation and creating false hopes and unrealistic expectations.
- There is a need for an industry-wide body that would assist small civic-minded outlets in building capacity for doing international fundraising and other kinds of efforts to generate revenue. At the moment, a group of donors offer some services but not others, but there is no one-stop shop. Certainly, media startups often do not make use of what does exist, partly because they aren't aware of what is available or lack the time to make plans.

  Even so, it may be time to consider a general industry body that would assist with peer-to-peer learning and fundraising, channel funds from donors, and do capacity building. The Global Investigative Journalism Network is making attempts in this regard and has been answering requests for assistance from all over the world and helping with business strategies.
- Recent discussion about creating a global media fund is also an exciting and necessary initiative. It is possible that such a fund, as well as supporting a public good, could help the outlets profiled in this report.

Key financial trends

Below are the results from our survey, based on responses from the 26 organizations we profiled for this report.

- Most of the startups were founded by between four and ten people, with outliers saying they had two founders or were in the 15 to 25 range.
- 15 out of 20 said they lost one or more founders since their founding.
- Most outlets disseminate information via the web and mobile.
- 11 organizations out of 20 pay a salary to their founders. Of these, nine said the salary is enough to live on.
- 11 of 17 said their organization's annual income covers their expenses. Six said it does not.

- Out of 19 organizations, only 16 earned back their original investment.
- 17 out of 19 said the greatest risk they face is financial. Four cited political risk and two mentioned personal safety.
- 19 organizations said they are looking for new funding, 14 from foundations.
- 15 out of 19 said they currently get money from foundations.
- 2 of the 19 said the money is from the same funders as in 2015, five said different organizations, and eight said a mix of both.
- 13 out of 21 said they get income from advertising. Eight said they do not.
- 10 out of 22 said they have staff dedicated to fundraising and writing grant proposals.
- 13 out of 21 use book keeping software. 17 out of 22 have a bookkeeper. 20 out of 22 have an accountant.
- Some outlets use donated office space (*Daily Maverick* in South Africa, *InvestigateWest* in Seattle, JOTA in Brazil). Many rely on unpaid contributors.
- 13 out of 16 have expansion plans. Some want to make apps. *Daily Maverick* (South Africa) wants to make films and *Horizontal* (Mexico) hopes to begin podcasting.
- 14 out of 20 said their audiences have changed since 2015.
- 16 out of 18 said they have an exit strategy for their outlet. Two said they do not.

15 out of 16 said they would not sell out. One said they would be willing.

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MAIN FINDINGS: FINANCES REMAIN A PROBLEM, POLITICAL CLIMATE DETERIORATES

Anya Schiffrin

Three years after writing the report *Publishing for Peanuts*, in which we surveyed 35 media startups, mostly from the Global South, we decided to go back and see how the outlets had fared. Three had failed, and six had been seriously reconfigured or renamed. Not everyone replied to our queries but in the end we spoke to 21 outlets from among our 2015 interviewees, in addition to five others we had not profiled before. In hour-long interviews between July and December 2018, we asked the editors to describe their business models and to reflect on their mission, their successes and failures, and their efforts to survive.

What emerged is what we saw before: **The outlets are dedicated to providing crucial information and determined to hold power to account, to bring in new voices and to bring about social change**. Most dream of expansion and want their publications to endure.

At the same time, **financial difficulties continue to be the biggest worry**. The majority of the outlets we spoke to in 2015 are **still donor-dependent and on the hunt for funding**. Even the outlets that won awards and broke major stories say they can't make it on their own financially. This raises serious questions about the future of small-scale global muckraking and the role of philanthropy in supporting it. Many outlets doing important work and reporting stories that matter remain unable to survive without donor help. This is unlikely to change. Yet some donors are tired of funding journalism and unwilling to provide support for decades to come. Donors need to embrace the reality of the situation and accept that many small outlets performing vital public service in their communities will die without their assistance. Ideally donors can continue to collaborate as they do grant making and think about the larger media eco system as they make funding decisions. Given the current political situation it may be essential to increase support for institutions as well as small outlets and to think long term about how to promote truth-telling and accountability in an age of mistrust and bad information. These are big problems for media donors.

Recent discussion about creating a global media fund is also an exciting and necessary initiative. It is possible that such a fund could help the outlets profiled in this report. Regardless, it is important to get more foreign assistance channeled towards media development, as Mark Nelson from the Center for International

Media Assistance and others have argued, and for governments to renew their commitment to the Fourth Estate.

There is also ongoing discussion about a need for an industry-wide body that would assist small civic-minded outlets in building capacity and doing international fundraising among other subjects. At the moment, a group of donors offer some services but not others but there is no one-stop shop. Certainly, media startups often do not make use of what does exist, partly because they aren't aware of what is available or lack the time to make plans.

Even so, it may be time to consider a general industry body that would assist with peer-to-peer learning and fundraising, channel funds from donors, and do capacity building. The Global Investigative Journalism Network is making attempts in this regard and has been answering requests for assistance from all over the world and helping with business strategies.

They've also added **an extensive section** on the GIJN website's Resource Center devoted to sustainability issues. In 2018, GIJN offered well-attended workshops on best practices for sustainability. These were held at GIJN's flagship investigative journalism conferences in Asia, Africa and the Middle East. Media Development Investment Fund has also been working for years on promoting media viability. Such efforts are important as business difficulties continue to plague those doing investigative and accountability reporting.

The need for free and independent media is greater than ever. The room for free expression and journalism has shrunk in many places. In response, **demand for investigative and accountability reporting has increased, along with readers' support. But this has not translated into financial stability**. In some cases, the opposite has happened. Some examples: because restrictions on the media have loosened in Malaysia, *Malaysiakini*—long held up as a success story—must now contend with more competition and is pondering ways to expand so it can keep up. *Daily Maverick* (South Africa) and *InvestigateWest* (United States) both said that although their reporting has had an impact and they've gotten encouragement from their readers, the flurry of donations that ensued has not translated into durable and lasting revenue. Added to the financial uncertainty is the political insecurity, and there is much to keep the founders up at night. Most of the people we interviewed seemed somber and worried.

Branko Brkic, editor of the *Daily Maverick*, described this dichotomy. The year 2017 was the best ever for South African journalism, he said, and his publication, together with its partner *amaBhungane*, has won several big awards. “But the problem is always financial. Journalism is not something that will make you a billionaire, sadly. I am worried that the news media may be unsustainable.” South African journalism is on shaky ground already, he added, and conditions were likely to get worse.

This report includes detailed profiles of 26 outlets and a summary of some of the relevant literature published since 2015. Our key findings are below.

- As we saw in 2015, **founders and editors want to fill an information gap in society and are not motivated by money**. The people we interviewed believe strongly that the work they are doing is not being done by others and that it is crucial for societies to function properly. They believe in truth telling, in deep analysis and in holding power to account. Some see other media outlets in their country as captured and unable to report on the stories that matter.

  43 percent of the founders and editors used their own money, or that of their family and friends, to fund the initial investment, and 84 percent have not earned back that investment. They have volunteered their time for little compensation; 42 percent of the founders do not draw a salary, and of those who do, 16 percent describe that income as insufficient to live on.

- **The commitment of the founders and editors continues to inspire us**. Journalists in dangerous places take enormous personal risks to cover stories they think are essential. Mexican journalists are reporting on crime and human rights violations in states where there is little protection for journalists and plenty of physical danger; 72 journalists have been murdered in Mexico in the past ten years, a vast share of them killed with complete impunity, and many others have gone permanently missing. Long-form outlet *Himal Southasian* was de facto kicked out of Nepal in 2016 and has since moved its operations to Sri Lanka. *Malaysiakini* has been hit with repeated lawsuits in a country where criminal defamation laws are still on the books.

- **Political transitions entail huge risks for the media**. They can make or break an outlet. New media outlets flower after dictatorships end. Think of France after World War II, Indonesia after Suharto, Spain after Franco, Ghana after Jerry Rawlings. Countries that democratize, in the first period of excitement, tend to see a large number of new media outlets. These often don’t survive financially.

Outlets we interviewed told us about their own experiences of dealing with uncertainty in the wake of political transitions. An authoritarian regime in the Maldives put advertisers on edge and made them reluctant to have their brands appear in the *Maldives Independent* for fear of being seen as political. Early hope for democracy in Myanmar gave way to disappointment when the government became more repressive and the media climate tightened again. Conversely, in South Korea, after a left-of-center government was elected in May 2017, there was less audience excitement for investigative reporting.

- **First-mover advantage can prove tenuous**. *Malaysiakini* was the go-to source of news in Malaysia during the three decades that the governments of Mahathir Bin Mohamad and Abdullah Ahmad Badawi kept a grip on press freedom. Now, after the political opening afforded by the May 2018 election and the freer media climate, other outlets are doing investigative reporting too. *Malaysiakini* cofounder Premesh Chandran feels that keeping up with new competition will require substantial investment.

  Gram Vaani was well known for its radio network and clever use of mobile telephony to provide entertainment, share useful information and promote accountability. But as technology changes, the development of new products becomes essential to their future. *IndiaSpend* did such a good job of analyzing government data that they say the government has responded by releasing less and making more efforts to hide it.

Revenue and finances: Defining viability

There are some organizations that are likely to always need donor support. We found many worthy outlets, run by passionate and committed professionals, that simply cannot find a way to make money apart from getting it from donors. Sometimes these outlets were incubated in a larger organization (in a newsroom or university or by a foundation) and, once sent out into the world, found that they couldn't earn revenue. Some of the outlets are passion projects of individual Global Muckrakers who were determined to fill a need for particular content, or they were launched by the Knight Fellows who, for more than a **decade**, emphasised bringing innovation and technology to media outlets.

In Brazil, *Agencia Mural* trains citizen journalists to report on the periphery of the sprawling São Paulo. Spun off from the newspaper *Folha de São Paulo*, it is staffed largely by volunteer editors. Several of the failed outlets we interviewed in Mexico said they simply couldn't generate any revenue. **Founders blame themselves for**

poor decisionmaking, but we believe some situations are just impossible. Donors will need to accept the fact that the organizations they help create will often remain dependent on them. It's often not realistic to expect them to survive on their own.

> " There is a commonly held assumption that grants are bad and unsustainable, while commercial revenue is good and sustainable. I wonder if it is helpful or even right. An organization with a diverse pool of donors is likely to be more sustainable than one relying on customers. Donor financing—especially funding from nongovernmental sources such as foundations—is far less susceptible to market ups and downs. Customers are more fickle than donors; a shiny new app or service can grab market share overnight. And investors, especially impact ones, are sheep who travel in herds and scare easily. Donors, by contrast, are notoriously sticky. They are risk averse and path dependent, and once they make sectoral funding commitments, they may be more reliable (barring a shift in their geographic preferences). The business model for independent media is elusive in any case. So I question the premise that commercial sustainability is the ideal state. What efforts could be made to increase the supply of donor funding, in terms of both its diversity and its volume? How can we promote the case for media support? And what could be done to increase capacity for grant fundraising and the fundability of such organizations overall? "
>
> —Sean Hinton, CEO of Soros Economic Development Fund

In areas where the media face political pressures and become captured, advertisers tend to prefer outlets that demonstrate loyalty to the establishment. Publications that criticize the government and the business community tend to win far less advertising revenue, if at all. In other economies, especially the developing ones, there is little advertising to be won from the outset. These places tend to also have news consumers who are less able to pay for their news, which makes media outlets much harder to sustain. Although it is difficult to generalize about what determines the success of a media startup, one thing that's certain is that it's harder to succeed in a poor area.

This much was confirmed by a 2018 white paper on online local news startups in the United States **published** by the Center for Cooperative Media at Montclair State

University. It found that the wealth of the area in which they launched was the determining factor to success. The authors, Sarah Stonbely and Tara George, write that “whether they rely on advertising or reader revenue, a threshold amount of wealth is crucial to allowing a local news outlet to survive,” adding that more research is needed to determine whether it’s the advertising revenue or the high level of education or the availability of capital that makes a difference. Or perhaps selection bias is at play, and media founders choose wealthier areas because they know it will be easier to raise money.

Some argue that it’s simply not realistic to expect small outlets, operating in difficult conditions and doing important reporting, to make it as a commercial business. The outlets profiled in this report are producing public goods and will have to be supported by philanthropists and governments. Developing the sources of such long-term support is essential.

Revenue and finances: Crowdfunding

Related to the question of long- and short-term funding is the topic of crowdfunding which journalists have used to help establish outlets or fund particular stories. Crowdfunding has its devotees but we remain skeptical. Nieman Reports has been covering crowdfunding consistently and **notes** that in 2018 only one in five journalism campaigns on Kickstarter received funding—a ratio lower that the platform’s overall average of about 37 percent.

We don’t believe that crowdfunding can provide core support or sustained support over the long run in countries with annual per capita GDP of below $15,000. More research is needed, but we continue to view crowdfunding as a nice add-on in countries that are middle income or richer—a kind of icing on the cake. (*De Correspondent* in the Netherlands and *Eldiario.es* in Spain, for examples, both use crowdfunding successfully, along with memberships.) In low-income countries, however, it is extremely difficult. We have not seen much success with crowdfunding in the Global South, although Latin America looks the most promising.

Revenue and finances: Reader support

Diaspora audiences can help support online media outlets. Some platforms thrive, or at least survive, thanks to funds and audience in diaspora communities that are hungry for news from home and want to maintain their cultural identity and links to home. Nishant Lalwani, of the Luminate foundation (an offshoot of Omidyar

Network), points to *Efecto Cocuyo* as one example of an outlet that benefits from support of this kind. *Sahara Reporters* is another. In Los Angeles, Marianna Grigoryan publishes bilingual comics to satirize social and political issues in the Armenian community such as violence, gender equality and religion.

Access to payment platforms is crucial. One reason why crowdfunding is difficult in low-income countries is the lack of secure payment mechanisms. Many people don't have credit cards and those who do are wary of putting their information online—not just because it could get stolen but because they don't want to provide data that could be found and used by repressive governments.

Stripe, a software company that allows businesses to accept payments online, has helped in some places such as Mexico and India. Emily Goligoski, who directs research at the Membership Puzzle Project, notes a recent attempt at solving payment problems. Radio Ambulante, a Spanish-language podcast distributed by NPR, used physical messaging services around Latin American cities, where their supporters were reluctant to contribute online to the Radio's Kickstarter campaign. Radio Ambulante CEO Carolina Guerrero recalls: "Kickstarter didn't take international credit cards at the time. So for people who had no bank accounts in the US, we have to arrange messengers in Bogotá and Lima to pick up checks and cash from donors. We raised around $900 in Bogotá and $2,000 in Lima."

Malaysiakini used a different method in 2002, printing scratch cards that it called e-coupons and selling them at selected retail outlets. Users who wanted to keep their anonymity, or who did not have credit cards that could be processed online, could buy the cards and then use them to subscribe on the internet.

Membership models are in fashion. Thanks in part to donor-supported efforts to promote membership models and the success of *The Guardian*, there is a lot of discussion about membership models. *The Guardian*'s accomplishments—one million reader donations over three years and 500,000 regular donors—are frequently cited as an example to emulate. The success of *The Correspondent* at raising funds for its expansion to the United States has further fueled this conversation. (*The Correspondent* also received support from the Media Development Investment Fund, Craig Newmark Philanthropies, the Democracy and Media Foundation, and Luminate.)

In the United States, the Membership Puzzle Project at NYU, founded by Jay Rosen, has benefited from support from Luminate, the Knight Foundation, and the

Democracy Fund. In 2018, this funding allowed it to launch the Membership in News Fund, which will support news outlets interested in experimenting with innovative membership models. Grants to participating outlets will be between $10,000 and $80,000, and Membership Puzzle staff will advise and share expertise with groups seeking to build their membership programs.

Membership models differ from crowdfunding in several key ways. While crowdfunding usually involves one-off contributions from readers, memberships often involve opportunities for volunteering and engagement with the media outlet They can take the form of providing expertise, analyzing documents, and assisting with fact-checking. Proponents of the membership model argue that building community will engage readers and assist with long-term sustainability.

However, **we believe that membership models are even less likely to scale than crowdfunding because they ask audiences to give time as well as money**. It's likely that a core of loyal audience members will be happy to devote sustained attention and energy to a niche outlet that speaks to them, but we do not expect that this model will scale in a major way.

Another way to build a relationship without asking much of the audience is email newsletters. "These are a way of developing a deep relationship with the audience and then monetizing it," notes James Breiner of the University of Navarra, who recently edited the comprehensive report ***Inflection Point***, which included interviews with one hundred media entrepreneurs from Latin America.

One of the report's key findings is a reminder that even the best journalism relies on good marketing to reach and expand its community of readers. There is a strong correlation between the presence of a full-time marketing person and revenue generation. Of the media institutions the study profiled, "those with a full-time person dedicated to marketing and sales generated about 20 times more revenues than those that did not," Breiner said. "Of course, you have to have money to hire that person."

Revenue and finances: Spinoffs vs. the lone entrepreneur

We are agnostic about the long-standing debate about whether it's better to foster startups inside of big organizations and then spin them off or to support lone startups. However, we lean slightly towards the first camp. This question has been raised by former World Bank economist David Ellerman who believes that spinoffs tend to contribute to overall economic growth so long as there is trade between the spinoffs and the parent company. On the other side, a recent **paper** about innovations in legacy media houses found tension between the new innovators and the old guard who had different work practices and resented each other.

Universities can be a good place to incubate new outlets as they often benefit from students who work as interns as well as expertise from faculty. These kinds of relationships can help the outlet, give students useful skills and create knowledge than can be disseminated more broadly.

The organizations we profiled include examples of outlets that were incubated inside larger institutions. They include the following outlets:

- ***The Conversation*** (provider of free academic-quality journalism in Australia): emerged as a partnership between universities with funding from the State Government of Victoria. Editor Misha Ketchell believes that institution-building is at the heart of *The Conversation*'s mission and gives journalism the strength it needs to be effective.

> " Donors and some others believe in letting a thousand flowers bloom. But the best types of journalism come from stronger institutions. "
>
> —Misha Ketchell, *The Conversation* editor

- **Gram Vaani** (tech and citizen journalism outfit in India) spent the first three years incubating in the prestigious Indian Institute of Technology (IIT) at Delhi, an engineering university where cofounder Aaditeshwar Seth teaches in the computer science department.

> " *Gram Vaani* benefited a lot from the incubation because first of all, we were able to work in a place with excellent IT infrastructure rather than renting an office somewhere in the city and deal with infrastructure issues. Second, it made it easier for several students to interact with the *Gram Vaani* team and projects which benefited both the students and *Gram Vaani*. Third, we were introduced to our very first equity investors in 2013 through IIT. IIT also gave a loan of approximately $50 thousand to *Gram Vaani* which we have mostly repaid now. "
>
> — Aaditeshwar Seth, *Gram Vaani* cofounder and director

- ***Waseda Chronicle*** (investigative website in Japan), ***Plaza Pública*** (digital investigative outlet in Guatemala), and **CIPER** (investigative journalism research center in Chile) were all incubated in universities. *Waseda Chronicle* benefited from student interns although it didn't have funds to hire many of them. Today it views itself as a free voice in a place where many legacy media outlets are either captured or practice self-censorship due to their reliance on established mechanisms of accessing sources.
- ***amaBhungane*** (investigative organization in South Africa), today an award-winning site, was incubated inside the *Mail & Guardian*, the wellknown anti-apartheid newspaper.

Before being spun off, however, there are a few things to think about. Nishant Lalwani from Luminate offers a few questions: "Do you have the right talent to set up an independent organization? Great investigative journalists may not be great entrepreneurs. You need both editorial and business talent and a comparative advantage to be a successful independent organisation."

Advice for new startups

We asked some of the founders and editors we interviewed for their tips for beginners. Mostly they said that it's important to have a business plan and a sense of who your audience will be.

Premesh Chandran of *Malaysiakini* (Malaysia):

"Great journalists may not be great in business, just as doctors may fail at running a hospital or a great football player may not be a good manager. Good journalists can go on to win awards, but if the goal is sustainability, then thinking about the business starts on day one."

Branko Brkic of *Daily Maverick* (South Africa):

"Don't do it unless you are really well funded. A cash crisis takes the fun out. It's debilitating. You need to start off with two years' worth of funding, and in two years you can show your potential."

Robert McClure of *Investigate West* (Seattle):

"Be prepared for this to take over your life and to weather some financial storms. If you want to do to this, you really have to want to do it, because it becomes something of a lifestyle. Be aware of all the resources at your disposal including the good will you have built up, being known in the community, people who support you and your organization. You have resources at your disposal that you may not have thought about."

Aunohita Mojumdar of *Himal Southasian* (based in Sri Lanka, covers South Asia):

"Make sure you have a two-year solvency plan. Too many startups fail because they are busy surviving in cycles of funding of six months or less. Also, while multitasking is essential, it has its limits. In the interests of cost saving, your staffing can be so skeletal as to never put on flesh as it were. Make sure you have enough people with the right skills to stay the course and grow. Else you end up cannibalizing yourself."

Chief Editor of the *Maldives Independent* (Maldives):

"Always ask yourself why you are publishing news and how you can be different or better. Look at what other outlets are doing and ask if it's something you would do; if not, then don't lose any sleep over it."

Fiona Macleod of *Oxpeckers* (based in South Africa, covers southern Africa):

"There's a lot of noise out there, a lot of potential competitors. You need to be very clear about what you want to do and how you want to feed it. It's not a good idea to start up something that doesn't continue. This speaks to how seriously people will take you. If you focus on particular areas, preferably where there are gaps, you're more likely to succeed."

Felipe Seligman of JOTA (Brazil):

"The team is as important as the product. You need to choose partners wisely. … Don't fall in love with your ideas. An idea isn't worth anything. It's the ability to execute is more important. That is why you need people around you with different abilities. Diversity is important. You will find success in some things you never thought of. The value you will create you don't even know yet. You will find it on the path. Falling in love with an idea will prevent you from going there."

2. In-Depth Topics

Five Dimensions of Viability

Peter Deselaers, Kyle James,
Roula Mikhael, and Laura Schneider

DW Akademie

The conversation on media sustainability has focused largely on economics—namely, the question of whether a news outlet can drive enough revenue to turn a profit and sustain itself. Viability, however, means more than being profitable, especially in rural areas. It also includes the integration of a newspaper or radio station into its community and its ability to contribute to that community's wellbeing.

Deutsche Welle Akademie bases its model of media viability on five factors, which allows for a more comprehensive analysis of the media environment. The result is a fuller picture of the dimensions involved in creating long-term viability.

1. The **economic** dimension describes economic and funding-related aspects. (This is often the primary or sole consideration informing media viability strategies.)
2. The **political** dimension refers to a country's political and legal frameworks, both national and local, that affect the media sector. It also describes the internal dynamics and decisionmaking processes within media outlets or networks. The **content** dimension focuses on the journalistic side of the endeavor, from media practitioners to the content they produce.
3. The **technology** dimension looks primarily at (digital) delivery systems, from the production workflows that cut costs to users' access to the internet.
4. The **community** dimension considers the media outlet's audience—its general makeup and its relationship with the outlet, especially when it comes to trust and emotional attachment. Support by communities of readers might be one of the most powerful defenses against political interference.

Media development needs to look at media viability from a holistic standpoint. The most important step is to broaden the perspective from the isolated search for new sources of income. A viable strategy finds a balance between the different aspects of media viability—economy, politics, technology, content and community—to set community radio stations, digital startups and local newspapers on a more viable path. Viability efforts should respond to the local and regional contexts in which they are situated and involve close cooperation with media professionals, local experts and media managers.

Some key recommendations are below:

- There is a need to research and share knowledge about specific economic challenges facing the media in a particular country. In general, more research is needed on media startups in the Global South.
- Audience research is important. If media outlets want to build their communities, they have to know their audience, its interests and its needs. For that, not only the available digital analytic tools but also the traditional face-to-face methods are important.
- Many journalists are not natural entrepreneurs. Fostering an entrepreneurial spirit in journalism education and workshops is key to having a holistic perspective on viability. It is important for media outlets to have a strategic business plan in place from the very beginning.
- Trust is a currency in media viability. It can be monetized, but it is a fragile commodity. Any viable strategy takes the risks related to audience trust into account. User engagement is key to viability and relationships with users should be cultivated.

A CASE FOR SHARED SKILLS

JJ Robinson

Donors ask a lot of their grantees in the independent media space. Founders and leaders of these organizations are often passionate and dedicated career journalists, but must become entrepreneurs, web developers, advertising gurus, personnel managers, data technicians, social media experts, financial admins, fundraisers and web traffic analysts. It is a credit to their commitment that most declare “Sure! I’ll give that a go,” instead of running for the hills. Few other sectors make such demands of their leaders.

Publishing for Peanuts, the first report in this series, pooled case studies and identified four key areas in which successful independent media outlets needed to excel to survive: editorial, business, distribution, and security. (Political security as well as physical and cyber were important, given the rise of attacks on independent media through punitive administrative measures such as fines and court cases.) Most outlets were strong in one of these areas, which typically was the editorial side. Many were led by experienced journalists who had been retrenched or otherwise left mainstream media in their countries for various reasons. Few outlets were strong in all four.

The skills required to succeed in these areas are very different to those of journalism. Depending on the country, the expertise may not even be readily available, and some fields such as media website design, syndication or programmatic ad optimization require specialist knowledge, even in well-developed economies. Even where such skills are available, they are rarely at a price affordable by shoestring media startups, nor are those with the expertise always motivated by the same degree of idealism that drives journalists to accept meagre pay and conditions.

Small independent media outlets, pressured by bottom lines and donors seeking “sustainability,” can find themselves having to learn entirely new disciplines on the fly in addition to running a daily news cycle. As a former editor of such an outlet, I’m fully aware that journalists will give anything a go if it means there’s a chance to keep doing journalism. (I once launched a tropical tourism review vertical in a desperate and ill-advised bid to generate revenue by directly taking on Trip Advisor. The cobwebbed monument to this hubris **still exists**.)

Many of the challenges faced by media around the world—and arguably, many of the potential solutions—are shared. Myriad media-support organizations exist to provide different pieces of this, although areas such as safety and security are understandably better catered for than less life-threatening issues such as web design, programmatic advertising and business development. But what's needed often goes beyond advice, finance and training workshops: it is help with execution. This might include drafting a business plan, project management of a site redesign, a social media outreach effort of higher level than appealing to the youngest person in the newsroom with a smartphone.

Some media development organizations may already provide these services themselves, while others provide referrals and consultancies on an ad-hoc basis, or arrange peer-to-peer convenings for outlets to learn from each other. Supply of skills may be less of an issue than accessibility. When you are consumed by the day-to-day of producing journalism under already challenging circumstances, it can be difficult to diagnose longer-term problems with a publishing model or grapple with the existential crisis the media face even in wealthy, developed economies. Pragmatic support may indeed be available, but knowing where to look for it, how to ask for it, or even what to look for when hiring it, remain major challenges.

Should donors be expecting journalists at the head of small independent media outlets to spend time and money transforming themselves into web technologists and advertising sales executives? Should they try to ensure that the skills, experience and support network needed to thrive are as widely available as possible? Demand for good stories is arguably as high as ever, but journalism talent on its own may no longer be enough to meet the challenges of a shifting digital media landscape and constantly changing patterns of media consumption.

JJ Robinson is a program officer with the Open Society Foundations' Program on Independent Journalism. He is a former editor of Minivan News / Maldives Independent.

From crowdfunding to "amigos," audience support is helping independent media in Latin America and Spain

Janine Warner and María José Diaz Márquez de La Plata

By capturing the attention of international audiences, crowdfunding sites like Kickstarter and Indiegogo have helped journalists launch news sites in Latin American countries where other sources of investment are often scarce.

But annual crowdfunding campaigns have always required a tremendous amount of marketing, and as the novelty wears off, another trend is emerging: ongoing donor programs, modeled after leaders like National Public Radio in the United States, which encourage contributors to become "sustaining members."

Now, media in Latin America are learning to ask for more than just financial support. Their audiences are rewarding them with help in developing stories, volunteering at events, and pro-bono expertise. This trend is not unique to Latin America, but growing audience support may prove even more transformative in a region where charitable contributions have not been as common as they are in Europe and the United States.

"The idea of donating money or volunteering to help media is still relatively new in the region," said Mijal Iastrebner, cofounder and director of SembraMedia, a research and training organization that supports journalism entrepreneurs.

Throughout the region, SembraMedia has found cases of media running donor campaigns, but even the successful ones are still collecting relatively small sums. "We've seen journalists cover from 5 to 50 percent of their budgets with donor campaigns, especially when they are starting new projects," she said. "In markets where reporters are paid as little as $350 per month, crowdfunding campaigns that attract donors from outside their countries, can have real impact."

"In many ways you could say that the success of early crowdfunding campaigns has inspired journalists to launch media projects, because they demonstrated that you could raise significant money with many small donations."

In Venezuela, crowdfunding sites made new sources of funding available to journalists, just as old media was being taken over by an increasingly dictatorial government. One independent news outlet, ***Efecto Cocuyo***, which has since won international awards for its investigative reporting, credits crowdfunding with helping it build its site in 2015.

Luz Mely Reyes, *Efecto Cocuyo*'s cofounder, said the crowdfunding campaign helped raise half the site's budget the first year and the accompanying marketing helped it build an international audience. "Crowdfunding for us is not just about financial support," she said. "It has also helped us create a community. I think it helps to understand that these are small media with a big impact. Imagine a news site in Cuba raising $25,000. They could live for three years on that sum."

Although it never reached its goal, *Efecto Cocuyo* did attract global attention with its first campaign. In two months, it raised almost $25,500 from 294 donors, who contributed both from inside Venezuela and from abroad. The sum made up about 50 percent of the first-year budget for a team of six journalists and editors. They combined the online Indiegogo campaign with an offline strategy, sending staff members into the streets with buckets to solicit cash donations, often in tiny amounts of the fast-devaluating currency.

"Many people supported us with donations that were so small they were symbolic, but they were a reflection of the fact that people on the street understood the need for free media. It was an extraordinary experience to be with people who shared what we were feeling," Reyes said. You can watch *Efecto Cocuyo*'s compelling crowdfunding video, subtitled in English, on its **About Us page**.

Its second campaign in 2016 was not as successful, raising little more than $5,000. In the years since, Venezuela's economy has collapsed. Today, Reyes said, she wouldn't even consider running a crowdfunding campaign. “So many people are using crowdfunding now to raise money for children who need medicine,” she said.

Two years ago, *Efecto Cocuyo* was one of three finalists for the coveted Gabriel García Márquez award for a series of stories on health supply shortages in Venezuela, which led to a Venezuelan child receiving a rare medicine from a reader in Spain. Last year, the publication won the award (together with *El Tiempo de Bogotá*) for their **coverage** of refugees fleeing Venezuela to escape the worst humanitarian crisis in the Western hemisphere.

Although it is no longer running Indiegogo campaigns, *Efecto Cocuyo*, like other digital media sites in Venezuela, is finding other ways to monetize its diaspora audiences and international connections through private donations, programmatic ad exchanges and foundation grants.

Reyes said that community support is important, but that crowdfunding will probably never be the prime source of income, even if the economy improves: “Crowdfunding campaigns are a lot of work. They required a lot of time from the entire team.”

In Mexico, crowdfunding has helped sites like *Lado B* and *Animal Político* bring in new sources of revenue to fund investigative journalism projects like **NarcoData**, which tracks drug traffickers and violence in a country where, on average, more than one journalist is murdered every month.

"What's interesting about *Animal Político* is how they have evolved from asking for 100 pesos each year in a big annual campaign to asking for 50 pesos every month in their **Donadora program**," said Iastrebner.

In 2012, the Colombian political news site ***La Silla Vacía*** became one of the first media sites in the region to try crowdfunding. It raised about $8,000—a small but encouraging start to its "Súper Amigos" club. Since then, the site has organized six crowdfunding efforts, raising a total of $151,000 from more than 3,500 contributions. In an interview, *La Silla*'s commercial coordinator Pablo Isaza Navarro explained that each year the team uses different communications strategies in order to encourage their readers to donate.

In 2014 and 2018, the outlet took advantage of the country's presidential and legislative elections to solicit donations, leveraging support for transparent information of the election process and the promise of checking the veracity of each candidate's proposal in the campaign. Although the income from crowdfunding represents only ten percent of the site's annual budget and the campaigns added operational expenditures, *La Silla Vacía* plans to continue in the future. Crowdfunding helps with community building and may lead to longer-term commitment to the site.

"We don't have a culture of giving donations in Colombia," the publication's founder Juanita León **told** the country's *Semana* magazine in 2016. "Deciding to donate means breaking your inertia. But in doing so, donors are not only helping keep us alive, they are also ensuring that other journalistic projects like *La Silla* can emerge in the future."

"What's best about donations from readers is not just the much-needed revenue, but the support and respect it demonstrates," said Iastrebner. She now uses **SembraMedia's case study on *La Silla Vacía*** in her courses for entrepreneurial journalists.

In a country that is still recovering from decades of civil war, *La Silla Vacía* has become one of the most influential news sites, attracting nearly two million page views per month with its political coverage and investigative reporting. "More than covering daily news and attending press conferences, we focus on stories that really describe how power is exercised in Colombia; in the characters who move the strings of power, and the strategies they use to hold onto it," said León.

In addition to crowdfunding, *La Silla Vacía* earns revenue through advertising, events, and an innovative "journalism translation" service it provides to universities in its academic section, La Silla Academica.

In Spain, *Eldiario.es* provides one of the most successful models for reader donations. It has raised millions of euros, and now has more than 30,000 socios (partners), who cover about 35 percent of its budget.

Eldiario.es is one of many digital media projects featured in the database on **The Membership Puzzle Project**, a collaboration between New York University and the Dutch media site *De Correspondent* with support from **Luminate**, part of the Omidyar Network.

In a recent **article** published by the project, Jay Rosen and Gonzalo del Peon (who ran a successful crowdfunding campaign in the United States in late 2018 to launch the English version of *De Correspondent* named *The Correspondent*) offer this distinction after studying membership models in the news: "Subscription is when you pay your money and receive a product, like *The New Yorker* magazine via snail mail or access to the *Times of London* website. It is fundamentally a transactional relationship. Membership is when you join a cause because you believe in the importance of the work being done."

Mexico overview: Latin America's digital media capital leads the way

Nathaniel Parish Flannery

Mexico's media market presents a paradoxical mix of positive trends and serious threats, a microcosm of the dynamic in the country's economy as a whole. Mexico enjoys a privileged position within Latin America's media economy and produces many of the region's best radio news programs, news analysis magazines, radio and TV programs and movies. The country's success in traditional media has carried over into digital media. Over the last three years, outlets such as *Animal Político, SinEmbargo*, and *Horizontal* have continued to emerge as models for other media startups around the world. Mexican academics and news media personalities have embraced social media, helping to discuss and share the content created by digital media startups, which are now often seen as the leading critical voices within the media ecosystem.

Animal Político and *SinEmbargo* have built up national brands and earned a reputation for their in-depth investigative reports and tireless work exposing corruption. *Horizontal* has achieved success in analyzing news, politics, and public policy and fomenting the public discourse. *Animal Político* and *Horizontal* are finding successful models for delivering hard-hitting news analysis while also achieving financial viability. At a more regional level, *Chiapas Paralelo* and *Lado B* are also playing an important role even if they are still trying to break even. Outlets such as *Emeequis*, *Liberacion*, and *El Daily Post* all won acclaim from readers but failed to achieve functional business models.

Overall, the success stories and struggles of these organizations offer important lessons for other new media organizations. Mexico's startups show that it pays to focus on creating quality content that attracts loyal readers while staying lean and keeping costs low. It also helps to partner with long-term investors, pursue a multi-pronged income strategy and leverage expertise across multiple platforms including hosting live events and conferences.

Mexico remains one of the most difficult markets in the world to practice journalism. According to Committee to Protect Journalists, 31 journalists were killed in Mexico from 2008-2018, with four killed in 2018. This includes a senior reporter at *Riodoce*. Ongoing incidents of media workers being attacked, threatened, or killed are a reminder that journalists can pay a high price for reporting on crime and corruption.

13 were killed in the first nine months of 2018. Digital outlets, like traditional media, struggle to find ways to fund their editorial operations without compromising their independence by relying too much on advertising provided by government entities, a notoriously politicized endeavor. Given the difficult operating environment for media companies in Mexico, digital startups have earned a reputation for being some of the country's best, most critical and least compromised media outlets. Readers frustrated with crime and corruption increasingly turn towards online media for investigations, commentary and analysis.

Some political analysts credit the reporting by Mexico's online media companies with helping Andrés Manuel López Obrador, an antiestablishment, left-of-center politician who railed against corruption and crime, to win the July 2018 presidential election. López Obrador has promised to drastically reduce federal government spending on political advertising—an act that will affect the viability of many traditional media companies.

Digital startups in Mexico are still experimenting with new ways to reduce their dependence on ad revenue, but many have a head start on traditional media companies. The latter often face higher operating costs and are saddled with the legacy of accusations that they compromised their editorial independence in order to win advertising from government agencies. Over the last three years, digital media startups in Mexico have faced a particularly difficult set of challenges but have still achieved important successes as they work to fund independent, investigative journalism. As they develop and consolidate their business models, Mexico's digital media companies continue to provide important lessons for other emerging media startups from around the globe. Mexico's most successful digital media startups haven't tried sealing off their content behind paywalls. Instead, they look to attract loyal readers by publishing top-quality investigative and analytical articles and covering costs by hosting paid events, producing advertorial and in-house ads, and looking for grants from foreign foundations.

MOBILE-FRIENDLY, DIVERSE, AND ... BROKE: KENYA'S MEDIA STARTUP SCENE

Sarika Bansal and Melissa Mbugua

Digital technology is transforming Kenya's media landscape. As Kenyans increasingly rely on mobile technology for everyday functions such as payments (i.e., M-Pesa), access to public services and communication, media entrepreneurs are turning their attention to mobile. According to a **2018 report** by Communications Authority of Kenya, the country has 41.1 million mobile internet subscribers, of a population of 50 million.

Kenya's population is also getting younger. It is projected that by 2030, the majority of Kenya's population will be young and urban. Native to digital technology, this demographic has different attitudes towards consuming content than any previous generation in Kenya.

Barriers to entry in the media business are remarkably low in Kenya, as digital technology has made it cheap and relatively easy to produce and distribute content online. It is easy to access mobile data connectivity across the country, though broadband connectivity is more accessible in urban centers.

It should be noted that the cost of stable, reliable internet access is still prohibitively high for most Kenyans. The average household income is $100 per month, while a 5GB data bundle costs $10 (there are cheaper mini-bundles, like a 50 MB package for twenty cents). This limits the amount of time that people spend consuming—and creating—content online. For example, while most smartphone users have access to some form of mobile data, they ration their usage, making choices between accessing print content and video/image content.

As a result, there are dozens of media startups in Kenya, ranging from lifestyle podcasts to sports and gossip sites to investigative and political outlets. But while the startup costs may be low, what does it take to sustain a media business in the country? Who has been able to make it financially, and who is struggling?

METHODOLOGY

In October 2018, we spoke with founders or employees at 16 media outlets in Kenya to understand their financial viability as well as their broader motivations for running startups. The outlets included print publications (e.g., *Eat Out/Up Magazine*), web-based publications (e.g., *MumsVillage*, *The Elephant*, *Africapedia*, *Africa Check*, *BRIGHT Magazine*, *SportPesa*, *Africa Uncensored*, *Lysa*), television stations (e.g., Switch TV), podcasts (e.g., *Afracanah*, Otherwise, Benchwarmerz, AfroQueer, The Spread), and broader media companies (e.g., Kali Media). Most of these are based in Nairobi, which is admittedly a biased selection; most of these publications are going after a middle- to upper-class audience with access to smartphones and larger data packages.

OVERALL STATE OF KENYAN MEDIA

Due to the number of young people who consume content online, Kenya's ecosystem of digital media has grown tremendously. This is in part because of Kenya's uniquely active community of bloggers, both in the country and diaspora. This community began in the early 2000s, leading to the emergence of initiatives such as Ushahidi (a platform to report and map events like violence) and "hubs" like iHub and Nailab for people interested in technology. Public policy also helped spur digital media. For example, the Kenya ICT Board gave grants for local content creators that supported startups such as *Eat Out*, which has grown to become **a leading local digital media company**. The blogging community is represented by the Bloggers Association of Kenya (BAKE), which serves as a platform for the collective voice of content creators and promotes freedom of speech. Based on their website, BAKE has an estimated 500 members—though, of course, there are also many bloggers who do not use this platform.

While there are many blogs, full-fledged online publications are few and far between. This may be due to a lack of local skills to set up and manage a fully functional media house, as well as the significant capital hurdle to get a publication off the ground. **The Elephant** and **Africapedia** are examples; the former focuses on Kenyan political and cultural commentary, while the latter tells pan-African stories of culture and history, often using data. However, while they do provide relevant content for Kenyan audiences, they are yet to stand the test of time and prove their business models. They both primarily use freelance contributors, but pay relatively low rates, as they are funded by grants and consultancies (for instance, The Elephant pays $200 for any size of story, from op-eds to multi-part investigations).

Podcasts are becoming more popular in Kenya. While there is little available data on current trends, anecdotal evidence points to rising numbers of local podcast listeners who mostly tune in to North American podcasts. From this niche audience of early adopters, there seems to be demand for local podcasts, and some people are beginning to produce podcasts (mostly as passion projects or business experiments).

One major limitation to podcasting in Kenya is the medium's historical prevalence in high-end smartphones (iPhone), which limits its usage to the high-end urban demographic. However, as **Google develops tools** to make podcasts more easily accessible on Android phones, this is bound to change. As it stands currently, none of the local podcasts have achieved financial sustainability, while only a few have managed to develop stable revenue streams (e.g., Benchwarmerz, a sports podcast, uses corporate advertising, and The Spread, a sex-positive podcast, relies on grants and ticket sales to live tapings).

There are **66 free-to-air commercial broadcast TV stations and 131 commercial free-to-air radio stations** in Kenya. The most financially successful ones (e.g., The Nation Media Group, the Standard Group, Royal Media) are owned by a handful of companies that are tightly connected with the political elite, as they **rely heavily on government** for advertising revenue and maintain relationships that ensure their survival in the dynamic political climate. This relationship between media and the state limits freedom of expression and does not provide much visibility to emerging voices and changing culture. However, there is ongoing expansion in the number of 'traditional' broadcast startups driven by the opening of spectrum for free-to-air channels. Many of these startups are funded either by existing media companies or foreign investment (mostly from China). For example, K24, a relatively new television station, is owned by the ruling political party, which owns a number of other television stations as well.

KEY POINTS

Founders believe they are filling information gaps. As is true around the world, many founders decided to start a new outlet because they saw something missing in the landscape. Isis Nyongo, who founded a blog called Mums Village in 2015, was motivated to start the site because she saw a lack of locally relevant parenting content available for Kenyan mothers. Similarly, Paula Rogo, who recently started a media company called Kali Media in summer 2018, was motivated by the lack of content by and for millennial East African women like herself. And Nomusa Taylor-Dube, who started a podcast called *Afracanah* in 2017, wanted to speak to other members of the African diaspora.

With politics and investigations, audiences are keen to hear content from outside the mainstream Kenyan media, which have six media owners total, many of whom are politically powerful. This has left space for new media startups to offer new, often diverse or dissenting, perspectives. For example, the podcast AfroQueer sometimes discusses political issues in Kenya and across the continent—but from the perspective of LGBTQ+ people.

Based on the number of new media startups in Kenya, media makers see a demand for new content, as well as new organizations to provide it. There appears to be a growing audience for alternative media voices, whether on television, radio/podcast, or online. And by and large, many efforts seem to have a profit motive.

Content is difficult to monetize. Nomusa Taylor-Dube, who runs a podcast called *Afracanah*, has found it difficult for herself—and other media makers—to make money off of Kenyan audiences, despite all of the new available digital tools. "The ambition for the podcast has been to be realistic [financially speaking]," she said. "We can cover our expenses but not pay ourselves. In an ideal world, we'd be going on tour and traveling and doing this half time—but until we generate revenue on that, it's hard to do that."

For some startups, that has meant downsizing. Brenda Wambui, who runs a political affairs podcast called Otherwise, only employs herself—and that, too, not as her full-time job. "I've been a digital strategy consultant primarily, and I also do speaking gigs and facilitate workshops and events," she said. "But the grants do support me to a meaningful extent." (She has received grant money from Heinrich Böll Stiftung and the International Women's Media Foundation.)

All others on her team are part-time freelancers. "Many media production houses don't survive because of staff costs," she said. "If you don't start out lean, the chances are high that you'll shut down." Wambui, like many others we interviewed, is in a trap familiar to content producers around the world: she was able to receive non-recurring startup capital, but hasn't built up a large enough following to effectively monetize what she produces.

Wambui doesn't necessarily see a path for monetization for Otherwise, given her focus on political affairs. "The sort of work I do—if I were to charge, I don't think many people would be able to pay," she said. "There is room for media that is nonprofit, and people need to focus on making that media. If people say they're going to make money from ads, it's not sustainable in this market, and if you did, you'd have to publish work that you may not be that proud of." Her topics are chosen by listeners, and often feature Wambui's signature no-holds-barred version of modern-day politics.

For instance, an April 2017 episode examined politically extrajudicial killings and another one in September 2018 looked at a recent price hike on fuel—politically sensitive topics which would be difficult to explore in traditional outlets. "My audience is mostly young Kenyans—aged up to 35, living in urban centers, middle-class to upwardly mobile," she said. "There's a notion that we need more media for low-income people, but that's quite patronizing, because people get the information they want and need. We lack a political lens for the middle class. For me, [the podcast] is to inform and educate this class. The impact should be active citizenship. We must start by changing minds, and then we can change circumstances. Understand that things don't just happen to you, and you need to know what is within your power to do."

Sarika Bansal, who started *BRIGHT Magazine*, has also found challenges in monetizing her content, which focuses on international development issues like health and education. "We're primarily grant-funded right now, but it's difficult to predict, as so many big institutions are shifting their priorities regarding media," she said. "And our experience has been that most grant funders are interested in political issues that are of immediate interest to American or European audiences. We're trying a few revenue experiments now, to reduce our reliance on grants, but haven't been able to scale any of them yet."

"Shallow" content is easier to monetize. The easiest path to content monetization in Kenya is not from investigative work like Wambui's. "Local, progressive, journalistic-focused initiatives are few and far between," said Rand Pearson, who is a media consultant and used to run UP Nairobi Magazine, which later became Yummy Magazine by Eat Out. "We still live in a closely politically-watched space where there is a 'shadow hand' behind the scenes, which means that we can't get too close to addressing issues. Bottom line is there is no such thing as investigative journalism in Kenya." Rand was motivated to start UP Magazine as a platform for amplifying the alternative youth culture, and therefore expanding space for free expression.

Instead, what Pearson has found to do well is shallower content that fits in the "'lowest common denominator' space." He offers examples of *Tuko* and *Hivisasa*, both of which contain gossip, celebrity and fake news. "This earns revenue through clicks. It is easier to earn income here so these are currently getting more attention."

Once you have lots of eyeballs, it's easier to sell advertising. The harder stuff, like what *Otherwise*, *Africapedia*, and *Africa Uncensored* are doing, takes longer to build an audience, and is thus harder to make money off of.

Moving beyond content. Some media startups are going beyond their bread-and-butter content creation to other means of earning revenue. For instance, Mums Village is soon going to be entering the e-commerce space. They have thus far been building a community of mothers in Kenya and offering them information; now, through the support of Unilever and other institutional investors, they will be able to sell them physical products as well.

iHub, which offers content on their website, makes the bulk of its money from its coworking space in Nairobi, as well as through research projects. They have recently launched iHub TV in collaboration with What's Good Studios to expand the channels through which stories on innovation reach their audiences.

Other startups, such as The Spread (a sex-positive podcast), *Afracanah*, and *BRIGHT Magazine*, are branching out from digitally consumable content to live storytelling events as a way to earn revenue. Several of them are also experimenting with crowdfunding. "We ran our first live storytelling event in November, and it was incredible to see our content come to life and audiences engage in a deeper way than you see online," said Bansal from *BRIGHT Magazine*. "We lost money on it, which we expected since it was our first experiment, but definitely see a path forward here. Institutions like the UN are excited about the possibilities here, and we think it could be a great way to bring influencers in one space and change narratives about divisive social issues."

Kali Media and *Lysa* are self-funded and hope to earn revenue from diverse sources such as merchandising, events, and native advertising content. They are currently funded from savings and capital investment from family and friends. This is interesting as they are set up from the outset to be commercial ventures with an ambition to become large brands in the region. However, fundraising requires a skillset that founders might not necessarily have at their disposal. "I find myself having to seek out knowledge and people who have fundraising skills in order to access financing. This is challenging as it takes me away from my core content-generation and audience-building role."

How funders can help. While some entrepreneurs are willing and able to finance their proofs-of-concept from savings and support from friends and family, there is a significant funding gap. Media startups need room to innovate—which means experimentation and time to organically test and develop business models. This could come in the form of grants and other forms of patient capital. In addition to funding, media startups need business capacity support, access to market, and industry data, all of which tend to be prohibitively expensive for media entrepreneurs.

How can funders enable startups to generate revenue? How can they help funders break the advertising model? Taylor-Dube, who started *Afracanah*, believes funders can help startups invest in smaller revenue experiments, as well as by offering startups mentorship and production equipment.

In the future, Kenya's audiences will be digital first. This calls for investment into new business models and a new generation of media funders who have the right skills, cultural understanding, and mindset for the digital age. By investing in a mix of startups operating in the for-profit and nonprofit spaces, funders will be in a position to gather evidence on the sustainability potential of Kenyan digital media.

3. Literature Review

Nathan Benevides and Anamaria Lopez

As part of our return to the 2015 report *Publishing for Peanuts*, we updated the literature review with reports published on digital media innovation and startups in the intervening three years. We focused on comparative and regional studies of digital news entrepreneurship—with a particular eye towards understanding sustainability. Below are summaries of relevant articles, some in peer reviewed journals and some reports commissioned by nonprofit foundations.

Key Findings

- A diversity of what is studied as digital media entrepreneurship in the literature, ranging from service-oriented technology to citizen journalism platforms. This distorts attempts to discern a common motive for launching an organization, with responses varying from pure profit to acting as the fourth estate.
- Some amount of disagreement regarding the importance of business acumen or managerial experience to both the immediate and long-term success of media startups. Generally, there is consensus that in the short-term, the level of social capital founders can leverage determines how successful a media startup may be. In the long-term, this consensus wavers, with some researchers finding that prior managerial experience is essential to sustaining a project.
- An easy acceptance that findings from Western media studies can be generalized to studies of the developing world. This is equally the case for Western and nonwestern academics, irrespective of the region under study.
- Debate as to the extent to which digital-native news startups truly challenge traditional norms of journalism. While startups may feature differentiated funding models, organizational structure, and editorial practice, they often exhibit or explicitly describe goals such as promoting transparency and dissemination of knowledge and information that reinforce traditional values of Western journalism.
- A universal perception of a new era in journalism, variously described as “postmodern,” “postindustrial,” or simply “digital,” that is characterized by a new norm of networked journalism.

"**The Isolation of Innovation: Restructuring the digital newsroom through intrapreneurship**," *Digital Journalism* (2015)

Jan Lauren Boyles

Published in the peer-reviewed journal *Digital Journalism* (Taylor & Francis) in 2015, Jan Laurel Boyles' article "Isolation of Innovation: Restructuring digital newsrooms through intrapreneurship" explores an approach to sustaining new media. Boyles describes a strategy called "Intrapreneurship," in which a discrete innovation-minded department is incubated within an existing newsroom as a way of harnessing the benefits of startup culture while mitigating concerns over sustainability. These units typically focus on optimizing and innovating around content delivery and creation. Examples include the *New York Times* beta620 project and *The Washington Post's* WaPo Labs.

Boyles asks two central questions: how do intrapreneurial organizational structures reorder key functions of newsroom management? Boyles conducted interviews with 20 leaders in digital newsrooms across the United States. The findings suggest that there are distinct 'layers of tension' which characterize the approach.

1. **Divergent Expectations:** Management and editorial staff hold different visions for the role and impact of an intrapreneurial projects. The issue is exacerbated when conventional business operations of a newsroom are subject to the more streamlined decision-making processes and more risk analysis than startups value.

2. **Internal Resistance:** Boyles suggests that the 'tribal nature' of news organizations, in which staff often have highly specialized roles may have a negative impact. Intrapreneurial projects often span two or more traditional staffing units, like technologists, data scientists, and multimedia journalists, and may disrupt established workplace cultures and norms. As a result, disseminating best practices via the intrapreneurial unit can be met with resistance.

3. **Staffing:** Boyles notes that many intrapreneurial units are constructed from diverted existing staff members and new hires from the startup space. Tensions arise when new hires, unaccustomed to the typical hierarchy of a newsroom, anticipate exercising greater control over managerial decisions. Likewise, diverted staff may bristle at collaborating with a disruptive force in the newsroom-as-workplace.

Boyles concludes that, despite these challenges, the intrapreneurial unit can be a mutually beneficial arrangement for legacy journalism outlets, which are slow to respond to the vagaries of digital media consumption, and for journalism-minded startups which have thus far proven ill-suited to survive in a hypercompetitive, rapidly consolidating business environment.

"**Explaining the Formation of Online News Startups in France and the United States: A Field Analysis**," *Journal of Communication* (2016)

Matthew Powers & Sandra Vera Zambrano

In a 2016 article, Matthew Powers and Sandra Vera Zambrano draw a comparative analysis of online news startup formation in France and the United States. The authors seek to identify the cause of what they perceive to be a wide discrepancy in the rate and quality of startup formation in the otherwise comparable metropolitan areas Seattle and Toulouse. Between 2005 and 2015, Seattle has spawned tens of new journalism outlets, while only four have been established in Toulouse (only one of which is still in operation at the end of December 2018).

Powers and Zambrano attribute the divergent outcomes to differences in the amount and in the utility of capital that journalists possess in each location. In doing so, they ground their analysis in Bourdieu's field theory, which holds that 1) hierarchies are dependent on specific qualities of the individual agents involved and that 2) interactions between agents are governed by norms and levels of social, economic, and cultural capital. The authors research this conclusion after 36 interviews with startup founders and peers in legacy media.

The researchers find that the market conditions in either location are relatively similar, characterized by declining circulation, declining ad revenues, and expanding internet access for news consumption. They also observe that both industries were impacted by the 2008 financial crisis, which led to higher levels of unemployment and precariousness in both markets. In both cases, the researchers identify an increase in startup formation following the financial crisis which they correlate with layoffs in the traditional media.

The level of state involvement in media affects levels and quality of capital. In France, state subsidized media outlets were better able to weather the financial crisis and ongoing decline in ad revenues. As a result, the legacy media in Toulouse lost fewer journalists during the crisis. **A strong French labor code that prioritizes seniority and tenure dictated that those laid off during the crisis were new hires—**

recent graduates and largely inexperienced. Their lack of experience affected their ability to get and use finance and social capital to form and sustain a startup.

In the **U.S.**, **state contributions to media are negligible and a more flexible labor market always produced higher turnover** so American journalists exiting legacy outlets tended to be more experienced and more able to found startups. With this experience comes **greater levels of social capital** which could be leveraged into funding opportunities and the practical necessities for a successful media organization, i.e., leads on stories and professional contacts.

Surprisingly, Powers & Zambrano conclude, to the contrary of much established wisdom, that business acumen, plays a negligible role in the early stages of forming an online news startup. Instead, the researchers find that their most successful cases relied on social capital within their own professional networks. This accounts for the divergent experiences of media startups in Toulouse and Seattle.

"**Digital Journalism Startups in India**," *Reuters Institute for the Study of Journalism* (2016)

Arijit Sen & Rasmus Kleis Nielsen

A 2016 Reuters Institute report **chronicles the rise of digital journalism startups in India thanks by mobile internet use and the growth of a digital advertising market.** According to the report, more than 30% of India's population of 1.2 billion are regular internet users, up from 8% as recently as 2010. Meanwhile, growth in digital advertising revenue has topped 40% annually since 2011. These developments, combined with a massive, growing, and increasingly educated population have catalyzed the growth of digital news startups. The report offers one of the first comprehensive accounts of the digital media space on the subcontinent and accounts for its similarities and differences with digital media and online journalism startups in the west. In doing so, it also speculates about the future of journalism in markets experiencing rapid growth in internet connectivity, like Bangladesh and Indonesia.

To begin, the researchers establish a taxonomy of startups in the Indian media space: content-based, aggregation-based, and nonprofit organizations. This is immediately familiar as a taxonomy characteristic of the literature on digital media development throughout the world. Within this taxonomy**, the researchers place six case studies: the *Quint*, *Scroll* (content-based); *InShorts*, DailyHunt (aggregation-based); and *The Wire*, Khabar Laharirya (nonprofit).** Importantly, these startups are founded and staffed by individuals from different backgrounds: some were known journalists, others come from a background in technology with no experience in journalism whatsoever.

Regardless of business model, the startups share similar long-term goals while making similar short-term operational decisions. **All prioritize mobile users and optimizing content for consumption on these devices.** Following from this, the organizations also **rely heavily on social media for content distribution.** Despite the multilingualism in the country, **content is focused toward English-speaking Indians**, with long-term plans to develop capacity to publish in Hindi and other languages.

When discussing competition and financial sustainability, the report notes that the major obstacles are from outside the startup space. First, the report underscores the strength and diversity of legacy media in India, where there is an established tradition of professional journalism through outlets like *Times of India, Dainik Bhaskar*, and NDTV. As a result, **the digital operations of legacy media outlets dominate online news consumption, making the available market for competition from smaller startups both very limited and very competitive**. Further, while India's established media tradition has meant international outlets like *New York Times* or *Huffington Post* are less popular, Indian startups do compete with international technology companies, like search engines and social media companies which account for 48% of digital ad revenue. **Finally, harassment and censorship from government and other elite forces, particularly along sectarian lines, can affect an already intense competition for ad revenue and readership.**

Placing the lessons of the report in the context of the wider literature on digital media development, it's clear that despite rapid technological development in the country, **India's news startups face many of the same challenges as startups throughout the world.** These include competition over finite advertising revenues, navigating distribution challenges with technology companies like Facebook and Google and the influence of government and other elites over information. As well, the six Indian startups studied have the difficulty of overcoming the immense clout of their competitors in the legacy media.

"Entrepreneurship Abroad: Cultural and International Perspectives and Challenges," *Media Innovation and Entrepreneurship, Rebus Community* (2018)

Betty Tsakarestou

In this chapter of an e-textbook on media innovation, Betty Tsakarestou explores the shift to digital in the global media industry, with a focus on both native digital outlets and new ventures by legacy media to expand into the digital space. Looking at both startups and ventures similar to the intrapreneurial units explored by Boyles (2016), Tsakarestou chronicles various strategies meant to access new audiences.

Intended as instructive rather than analytical, the chapter nonetheless provides insights into the factors that are conducive to startups' success on a global scale. Beginning with motivation, Tsakarestou echoes others' in underlining that startup founders are principally motivated by social impact and conceptions of media as properly playing the role of the fourth estate. **Drawing on existing research from Startup Genome, a U.S.-based firm founded by a former Harvard Business School Dean which tracks global startup trends, she identifies a number of factors that impact a startups' survivability at a hyperlocal level. The factors assessed include the availability of funding, market reach, global connectedness, technical talent, startup experience, resource attraction, corporate involvement, founder ambition, and strategy. Notably, these factors overlap with those identified by other authors, like Powers & Zambrano's emphasis on capital and SembraMedia's emphasis on technical skill.**

It's worth noting that Startup Genome's assessment is broad, with nothing suggesting that it is particularly relevant to *digital media* startups. This could explain why, while some of the top twenty most startup-friendly locations according to their index are reflected throughout the literature, others are notably absent, such as Shanghai and Beijing. Literature on the development of Indian media startups suggests that they grew precisely as a result of the inhospitable media environment in China, which boasts much higher potential for advertising revenue, allowing the Indian media to take on the role of a regional digital news hub. Outside of Asia, Tsakarestou explains Europe's lagging startup culture in similar terms as Powers & Zambrano, with a focus on greater 'support systems' (social capital among technology and media veterans) in the U.S. and a less risk-averse attitude. Tsakarestou diverges from Powers & Zambrano to note other factors, such as the cultural homogeneity of the U.S. (especially in terms of language).

In response, Tsakarestou notes the efforts of supranational organizations and private **funders, to promote startup innovation across Europe. Examples include Google's Digital News Innovation Fund and the European Commission's Startup Europe initiative.**

"Inflection Point: Impact, Threats, and Sustainability: A Study of Latin American Digital Enterprises," SembraMedia (2017)

This 2017 report by SembraMedia supported by the Omidyar Network, surveys digital media entrepreneurship in Latin America. The report measures impact, and evaluates business models and sustainability across 100 case studies in Argentina, Mexico, Brazil, and Colombia.

Broadly, the report characterizes the legacy media landscape as highly centralized across Latin America. In response, a niche for independent, digital native startups in the region has developed. These outlets face distinct challenges compared to their counterparts in more developed, diversified media markets. Chief among these is the influence that the government holds as a source of reliable advertising revenue. The perception of ties between traditional media and government impugns their credibility.

Guerrero (2014 & 2017)[1] has researched the ties between authoritarian Latin American governments of the 1980s and media censorship, as well as modern day instances of media capture resulting from government clientelism in granting broadcasting licenses and advertising. The waning credibility of the old media has opened new opportunities for new media to differentiate themselves as editorially independent.

The report echoes Deuze (2016) in its characterization of many Latin American outlets as a response to perceived gaps or failures in coverage on the part of legacy media—**a desire for "editorial independence" rather than profit motive.** While driven by an ethos of responsible journalism, findings also support Deuze's conclusion regarding the importance of business acumen to the immediate viability of media startups. **Latin American journalists' emphasis on impact is best illustrated by the importance respondents place on their stories being picked up by national**

[1] Manuel Alejandro Guerrero and Mireya Márquez-Ramírez, "**The 'Captured-Liberal' Model: Media Systems, Journalism and Communication Policies in Latin America**," *International Journal of Hispanic Media*, 2014; and Márquez-Ramírez and Guerrero, "**Clientelism and media capture in Latin America**," CIMA, 2017.

and, especially, international media outlets as an illustration of their success where traditional media has failed. The report notes that organizations point to cuts in their advertising as evidence of impact and of their willingness to be critical of business and government.

Given Deuze and the present report's greater representation of media organizations in the developing world, their **findings raise the question of whether Powers & Zambrano's findings are truly generalizable or rather confined to Western media.** Further research may be needed on the quality of social and professional capital among young journalists in Latin America and how that is mobilized in forming independent digital outlets.

A key finding is that the business models of successful digital media outlets prioritize **diversifying revenue**. Interestingly, nearly half of the participating case studies have operated for over four years, suggesting some base level of sustainability (12 of the case studies have operated continuously for over a decade). The level of diversity necessary to sustain operations is a function of the amount of traffic the platform receives. To that effect**, the report notes that "top tier" outlets (where traffic exceeds 20 million visits a month) are most reliant on advertising. The most profitable advertising is banner ads.**

Advertising however, has become unpredictable, and it is increasingly subject to the whims of algorithms and international technology companies. Descending by order of traffic rank, the media outlets in lower tiers must diversify funds to make up for higher marginal costs. Here, conventional revenue sources like events and crowdfunding supplement advertising revenue. Over 30% of cases of the 100 surveyed report revenues totaling less than $10,000 in 2016 and fewer than half reported a profit at all. Where, outlets continue to prioritize advertising, there is a movement towards native ads as a more predictable revenue stream.

The report also suggests a correlation between traffic, revenue, and content strategy. Higher revenue/higher traffic sources tended to publish on politics and entertainment stories within the mainstream. The middle tiers mixed in culture and subject specific reporting (science, environment, human rights), with traffic declining as reporting became more specific in scope.

SembraMedia's report wrestles with an important problem in the scholarship: defining the range of digital media within the scope of its study. Researchers in the literature refer to the online outlets of conventional media, digital natives, and technology companies interchangeably and universally as "digital media." Other publications have illustrated the impact that context has on the experience of organizations in this space. Instead of defining the scope of their inquiry through omission, the SembraMedia report is explicit about what its researchers consider to be digital journalism, if intentionally broad.

In looking for a landmark event in the rise of digital journalism in Latin America, the report identifies 2016 as a formative year. In 2016, digital native outlets swept the influential *Gabriel Garcia Marquez Awards* in journalism for coverage of high suicide rates among indigenous populations and land theft during construction for the Rio Olympics. During the same year, *La Silla Vacia* in Colombia won awards for its coverage of FARC negotiations. Altogether, the international recognition stemming from these awards marked a shift in media influence towards newer, native digital outlets.

Still, the status quo has resisted this shift. **The report notes that 45% of outlets have been subjects to threats or violence because of their reporting on paramilitary groups.** As result, outlets have stated that they avoid certain topics because of intimidation.

"**Considering a possible future for digital journalism**," *Mediterranean Journal of Communication* (2016)

Mark Deuze

Using surveys, direct observation of the newsroom, published materials, and internal documents and memos, Mark Deuze, a professor of media studies at the University of Amsterdam, analyzed 21 startups in 11 countries on five continents. All of these, he argues are increasingly operating under a so-called postindustrial model. Under this model, journalism "takes place with the formal or informal collaboration of the public, who participate on a co-creative continuum."

At the same time that the public is brought into the newsroom, declining ad revenues make it increasingly difficult for traditional and legacy media companies to maintain stable working environments. These forces fuel the decentralization of journalism as an industry and the proliferation of journalism as a practice. Freelancing, citizen journalism, and aggregation are all symptomatic of a process that has fed the rise of digital news startups globally.

Deuze draws a number of insights from this mixed methods approach which are classified into three broad categories for discussion: 1) structure of motivations and goals in pursuing journalism outside the legacy media; 2) key issues facing professionals involved in the organization; 3) reflections on the precarious features of the global startup trend, such as flexible employment arrangements.

Unlike Powers & Zambrano (2016), who noted that startups in Toulouse and Seattle were driven by a response to the 2008 financial crisis, **Deuze notes that seeking to fill a gap in news coverage is the leading reason for journalists leaving legacy outlets to start or join an independent startup.** Speculatively, this may have something to do with the greater diversity in Deuze's case studies, wherein the developing world is well-represented. Still, Deuze emphasizes that an entrepreneurial mindset is more strongly behind startup formation than the literature typically portrays.

Deuze attributes the rise of startups to several factors:

- The rise of open-source editing and content management systems has lowered barriers to entry in the publishing space.
- The rise of social media has offered new low-cost avenues for distribution.
- Rather than go it alone, skilled freelancers are now pooling resources and capital to form their own outlets. This opportunity also allows for greater editorial independence, or at least a greater say in management decisions.

Deuze notes, in some ways echoing Boyles (2016), that **this independence can be constrained by the startup business model, which often relies on non-journalistic sources for income—such as outside funders, incubators and commercial clients.** Journalists' desire for autonomy however, makes this a comfortable tradeoff when going from legacy outlets and freelancing into the startup world. Deuze underlines how heterogeneous this experience can be from case to case. Some startups in his sample, such as California-based InkaBinka, are content aggregators and so are heavily tech-based, with a focus on non-media, non-journalistic work and on maximizing profit. Elsewhere, staff interviewed expressed deep discontent with the amount of administrative work they were forced to do in the startup space.

Underlying this inconsistency is **a complete lack of uniformity in business models, with many case studies lacking a formal business model altogether**, which serves to replicate the same precariousness in employment that many startup founders were looking to escape. Here, Deuze finds much in common with Powers & Zambrano (2016).

"Home game: India's digital media startups are aiming to outcompete Western news companies," Nieman Journalism Lab (2016)

Hasit Shah

A 2016 Nieman Lab report echoes similar sentiments to that of Sen & Nielsen. Shah argues that the mature media environment in India favors Indian journalism outlets over Western ones. As evidence, Shah points towards homegrown digital startups, which have outpaced the growth of their foreign competitors, despite smaller budgets and access to technology.

ScoopWhoop, a Buzzfeed imitation founded by Sattvik Mishra, reports traffic of up to 270 million users each month across its own platform and social media. Similar to Buzzfeed, what began as a content aggregation site focused on lifestyle topics and entertainment has now expanded to include a dedicated news and editorial staff. The report notes that at the time of writing, *ScoopWhoop* employed 135 people in its New Delhi office compared to Buzzfeed India's staff of 12.

Similar growth can be seen across India's digital media space, where homegrown outlets attract local audiences. *MissMalini*, a digital magazine targeting young women, attracts four million unique viewers and diversifies its revenue stream with branded content and services like social media consulting. By focusing on culture, gossip and entertainment, the outlet produces content for an audience that is incomprehensible from outside the country. The same strategy is pursued by SWEN, which curates news items from around the internet and translates them for a growing non-English-speaking digital audience.

"Ideology as a Resource in Entrepreneurial Journalism," *Journalism Practice* (2016)

Andrea Wagemans, Tamara Witschge & Mark Deuze

In this peer-reviewed article, Wagemans, Witschge and Deuze use a case study of the French media startup *Mediapart* to examine the cultural and organizational shift facing the journalism industry and the opportunities and challenges it presents. *Mediapart* is well known by journalists and scholars for its entirely subscription-based business model. *Mediapart* views itself as the first project of a *nouvelle presse* with the ability to serve as a model for future journalism startups in the digital age.

The authors explore the extent to which the two dimensions in which *Mediapart* differentiates itself from legacy French media outlets—journalism ideology and organizational structure—actually challenge traditional norms of journalism.

Mediapart prides itself on its institutional ideology that media should not be beholden to special interests and that the goal of media should be to uncover the truth in all facets of society, regardless of whether it poses a challenge to powerful institutions or individuals. Despite these differences with traditional French press, *Mediapart's* ideology reinforces traditional Anglo-Saxon conceptions of journalism. This is further proven by the careful delineation between citizen-produced and journalist-produced content on their site, which rejects the idea that "citizen journalism" conducted by non-trained journalists is equivalent to professional journalism.

In terms of organizational structure**, *Mediapart's* business model does innovate on the traditional multi-revenue-stream media outlet model. Operating on a subscription-only sales model from a time when such arrangements were rare for online news has enabled *Mediapart* to become profitable only several years into operation** and serve as a model to other outlets looking to break outside the traditional business model of news media. Some of *Mediapart's* marketing initiatives, including a €1 trial period, were later employed by legacy outlets in France such as *Le Monde*. However, it is worth noting that *Mediapart's* financial success was dependent upon its well-paid and well-known team of journalists (which was recruited thanks to the economic and cultural capital enjoyed by its founders) and a subsidized tax rate, both of which are not necessarily attainable for other outlets seeking to reproduce *Mediapart's* success.

"**Regenerating journalism: Exploring the "alternativeness" and "digital-ness" of online-native media in Latin America**," *Digital Journalism* (2016)

Summer Harlow and Ramón Salaverría

This study evaluates the ways in which digital-native news startups in Latin America challenge traditional journalism norms using two distinct lenses: "alternative-ness"—that is, the extent to which the sites' content, ownership, funding, and organizational goals are outside the journalistic mainstream; and "digital-ness"—or the degree to which the sites include multimedia, interactive and other digital-specific features.

The authors, both researchers at University of Houston's Jack J. Valenti School of Communication, start by determining the most influential digital-native media outlets in Latin America by audience and social media reach, identifying characteristics shared among these outlets such as their use of digital technology, innovative business models, some degree of political activism, and a non-traditional conception of the function of journalism.

In order to define alternative-ness, the authors consider an outlet's objectives, organization and ownership, philosophy and funding, and use of technology. The digital-native outlets varied in their commitment to—or repudiation of—traditional journalistic norms, but did **exhibit more innovation across the board in terms of their funding structures, which often extended beyond a business model based primarily on advertising sales, as outlets turned to NGOs and users for donations, commercialized their content, and held conferences and events to raise revenues.** They did not, however, demonstrate significant innovation beyond that of traditional media outlets on the digital-ness scale, as most digital-native sites appeared to use digital technology in ways largely similar to their more established counterparts.

The study finds that **the most influential digital-native outlets are those who use digital technology, innovative revenue sources, and reconfiguring of journalistic norms** towards more explicitly political or activist objectives than those of mainstream media to challenge traditional modes of journalism.

"**Venture-backed News Startups and the Field of Journalism**," *Digital Journalism* (2017)

Nikki Usher

This study focuses on news startups in the United States, the United Kingdom, and Ireland that have received funding from venture capitalists, entrepreneurs, or venture arms of large media companies. These startups are structured as for-profit organizations and the most popular among them can enjoy tens of millions of dollars in revenue annually through display advertising, although they typically do not rely on subscription models or money from readers. These companies need to clearly articulate their mission in order to receive funding and enjoy a great deal of creative and organizational freedom because of their funding structure and so are especially fruitful subjects for research on digital-native news is reshaping journalism.

Startups interviewed in this study largely stated that their goal was to help readers filter through and better understand information, echoing the organizational mission of most traditional news organizations, though they seek to accomplish this goal through innovative means. News startups do not necessarily consider themselves responsible for creating content (though many do) but rather ensuring that readers are able to easily access content that is relevant and easy to understand. Some startups, like Vox Media, accomplish this by creating news content designed to be easily digestible and highly timely. Others, such as the so-called aggregators, allow readers to filter news according to their interests, while still others employ algorithms designed to deliver news to readers according to their preferences.

The author identifies several qualities that distinguish venture-backed startups from mainstream journalism: a focus on algorithms and news personalization, the development of news platforms and technologies that can be exported as a product in and of themselves, and unique cultures that assign equal importance to technologists and journalists. These features, significantly, are inconsistent with traditional journalistic norms regarding the types of people and products valued at news organizations.

"**Quality, Innovation, and Financial Sustainability**," *Journalism Practice* (2017)
Summer Harlow

This article examines the trend of increasing media innovation from the perspective of readers, identifying which factors audiences value when evaluating journalism startups and, with an eye towards sustainability, what they are willing to pay for. The authors surveyed readers of two major digital-only news sites in Latin America, *Plaza Pública* in Guatemala and *Confidencial Digital* in Nicaragua, on the factors they believe differentiate entrepreneurial digital sites from mainstream media, their motivations for choosing different news sources, and how they view digital sites as "innovating" on traditional media models.

Four main themes emerged from survey responses regarding the primary differences between these entrepreneurial sites and mainstream media. The first two, financial and editorial independence, mean the sites are not owned or subjugated to the will of major corporations, political parties, or governments themselves. The second two, honesty and amplification of the voice of the people, demonstrate that readers consider digital news sites able to speak truth to power and provide a voice to marginalized communities in a way mainstream media does not.

Readers cited quality journalism, innovation, and the outlets' financial models as particularly important in deciding what to read. Most readers **named traditional revenue streams** like advertising and subscriptions **when asked to consider**

appropriate funding sources for media outlets, although more non-traditional sources such as donations from nonprofits and individuals were also mentioned.

"**OpenNews: Insights from Building a Community of Newsroom Technologists**," Knight Foundation (2017)

This report summarizes the results of a fellowship program run by the Knight Foundation from 2012 to 2015. The goal of the program was to strengthen the pipeline for journalism technology talent by placing technologists in ten-month fellowships in newsrooms across the world, including offices in North America, Europe, the Middle East, Africa, and Latin America. Eventually, the program expanded to providing general support to platforms and events concerned with the intersection of technology and journalism.

Fellows reported feeling that they had broadened their networks in journalism, but fell short of their own expectations for the value they felt they brought to the newsrooms in which they worked. The majority (85%) went on to work either in journalism or journalism-related fields, a promising result for the future of technologists' interest in working in journalism. However, **the question of whether journalists are ready to welcome technologists remains less clear; newsrooms reported problems integrating technologists into their culture and workflow,** while technologists surveyed reported that technology teams at most newsrooms were underdeveloped and understaffed and insufficient editors were available to supervise technologists.

4. Profiles of Organizations Interviewed

Daily Maverick (South Africa)

SUMMARY: Award-winning investigative journalism site that helped President Zuma lose his job but still can't generate enough subscription and advertising revenue to cover its costs.

AT A GLANCE:

Founded: 2009

Office: Cape Town, with a branch in Johannesburg

Content: long-form investigations, local and global news, op-eds

Founding staff: 4 people

Current staff: about 25 full-time

Startup capital: $30K

Funding: about $1M per year

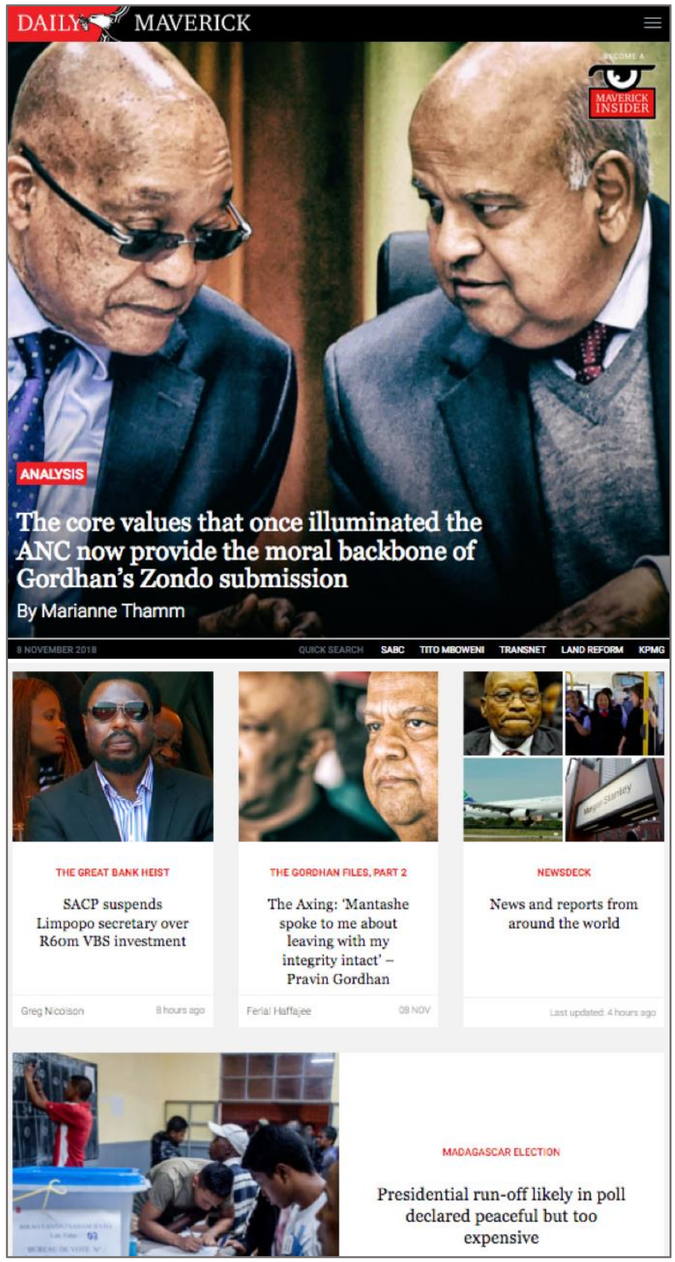
Sources: 25% ads, 60–70% donors, 5–15% other

Social media followers: 122K on Facebook, 382K on Twitter

Website traffic: 1.2M to 1.5M unique visitors per month

Additional reach: 101K daily newsletter subscribers with a 30-40% opening rate

PROFILE BY: Anya Schiffrin



HISTORY

Founded in 2009, *Daily Maverick* is one of the few premier investigative reporting sites in South Africa. In a country where quality media has suffered greatly from financial difficulties, lack of broad-based readership and government antagonism, *Daily Maverick* has thrived thanks to foundation funding, loyal readers and a renewed interest in political news.

The Gupta Leaks of 2017 provided a strong readership boost. The scandal was a dramatic story of corruption and state capture centered around the role of a tycoon family that burrowed deeply into major state-owned companies such as the electricity provider Eskom and property giant Transnet, and offered bribes and kickbacks to former President Jacob Zuma and his family and colleagues. A series of leaked emails shedding light on this long and tangled relationship revealed a vast scandal that engrossed South Africans for more than a year. The *Daily Maverick* got hold of the first trove of incriminating emails and was, together with its close collaborator amaBhungane, at the center of reporting on the story. This scandal drove audience interest and foundation funding to new highs.

"The last three years were good to us. Our audience grew by three times. We finally became a mainstream publication. I get sometimes recognized by people on the street. People say, 'you are from *Daily Maverick*! we love *Daily Maverick*!'" founder Branko Brkic said in a recent interview. The site's reporting staff has doubled and a good Samaritan stepped in to offer the group free office space in Cape Town.

Numerous accolades have followed, including the prestigious Vodacom, Taco Kuiper and Sikuvile reporting awards for amaBhungane, *Daily Maverick* and their partner *News24.* This past June, Branko Brkic won the Nat Nakasa Award given annually by the South African National Editors' Forum, which acknowledged the contribution of the rest of the Gupta Leaks reporting team in announcing its decision. One letter supporting the nominations praised "the work of a brave and courageous bunch of journalists" who persevered despite "a virulent social media campaign of 'fake news' and denigration, which also spilled over into acts of intimidation."

FINANCES

However, all the newfound love and loyalty has not translated into greater subscription or advertising revenue and financial worries are foremost for Brkic, as they have been since *Daily Maverick* was founded. Brkic views investigative reporting as the one great hope for South African democracy and is terrified of a world in which it doesn't survive. Given the political situation and the tenacity of the corruption, Brkic fears for the future of South Africa.

"It's all coming to a head in a country which may face a reckoning of the worst kind. The news media is on shaky ground anyway and I worry that conditions may become even worse," Brkic said.

Daily Maverick's annual revenue is between $800,000 and $1 million (depending on the exchange rate) and Brkic and his business partner Styli Charalambous are always looking for more ideas to generate income. They are expanding into documentaries and have recently launched a membership club, Maverick Insider. Brkic hopes to get between 10,000 and 15,000 people to join. Although membership contributions are voluntary—the suggested monthly amount is between $4 and $25—Brkic sees great potential for growth in this area, of up to $100,000 per month.

"If we do that, we will be sustainable," he said. He also hopes to find a way to launch high-quality business and lifestyle reporting in the hope that readers will be willing to pay for it. "I am not talking Kim Kardashian here. Proper quality stuff."

"I have tons of ideas about what I want to do but not enough money to pay for them. We have terrible holes in our reporting because we don't have enough money. When we get money, we fill the holes," said Brkic. Annual revenue is about $1 million, some 60 to 70% of which is provided by foundations: the Millennium Trust, Claude Leon Foundation and Open Society Foundations, among others. Advertising accounts for another 25% of revenue, and a smaller amount comes from holding events.

Although ad revenue is rising, it will never cover costs, Brkic said. He believes that adding a paywall wouldn't work in a low-income country like South Africa but notes that donations from readers have expanded in the last few years. "More and more publishers are turning to readers as a source of revenue," Brkic said. Distribution is done through Twitter, Facebook and a morning email newsletter with more than 100,000 subscribers.

Daily Maverick also benefits from some 200 unpaid contributors who produce "really good stuff—columns and op-eds," said Brkic. "Over the last few years we became the preferred platform for South African civil society." *Daily Maverick* also collaborates with the community website GroundUp, the Institute for Security Studies, Health-e News, EE Publishers and some 30 other organizations. These outlets are experts in their respective sectors, and they have become good partners, regularly submitting high-quality content for publication.

Brkic said he works nonstop and doesn't have time to do anything else. Finances are a constant struggle but he believes that "we have the best chance of anyone in South Africa to become financially successful because we are online only and strongly focused."

In nine years, he has not had a single "credible" offer for a merger or acquisition though there are people who would love to buy *Daily Maverick* in order to shut it down. He remains in the job because he believes in the words right at the top of the website: Defend Truth. "It's sad we have to post it as a mission because defending truth should be a given. Our intent is to bring quality information to South Africa, not losing your mind on a Twitter storm or social media chaos but to explain to our audience what it's really about."

"We are incredibly old fashioned. We want people to come to us because it's us. We want people who come to us because they want to see today's edition not because they picked up a story because it was marketed on social media."

In particular, *Daily Maverick* has done powerful labor reporting. It was instrumental in exposing the Marikana mine massacre of 2012 in which police shot striking workers, some of them in the back. A series on outsourcing of truck drivers by SABMiller, the owner of the Coca Cola franchise in South Africa, won a CNN Multichoice African Journalist of the Year award in 2016. *Daily Maverick* also broke the news of the corruption and incompetence surrounding the restructuring at the South African tax authority, as recommended by Bain Consulting, as well as of the harassment of the widely-respected Minister for Public Enterprises Pravin Gordhan after he spoke out against President Zuma and a series of suspect tenders and transactions. "We believe investigative reporting will save South Africa," Brkic said.

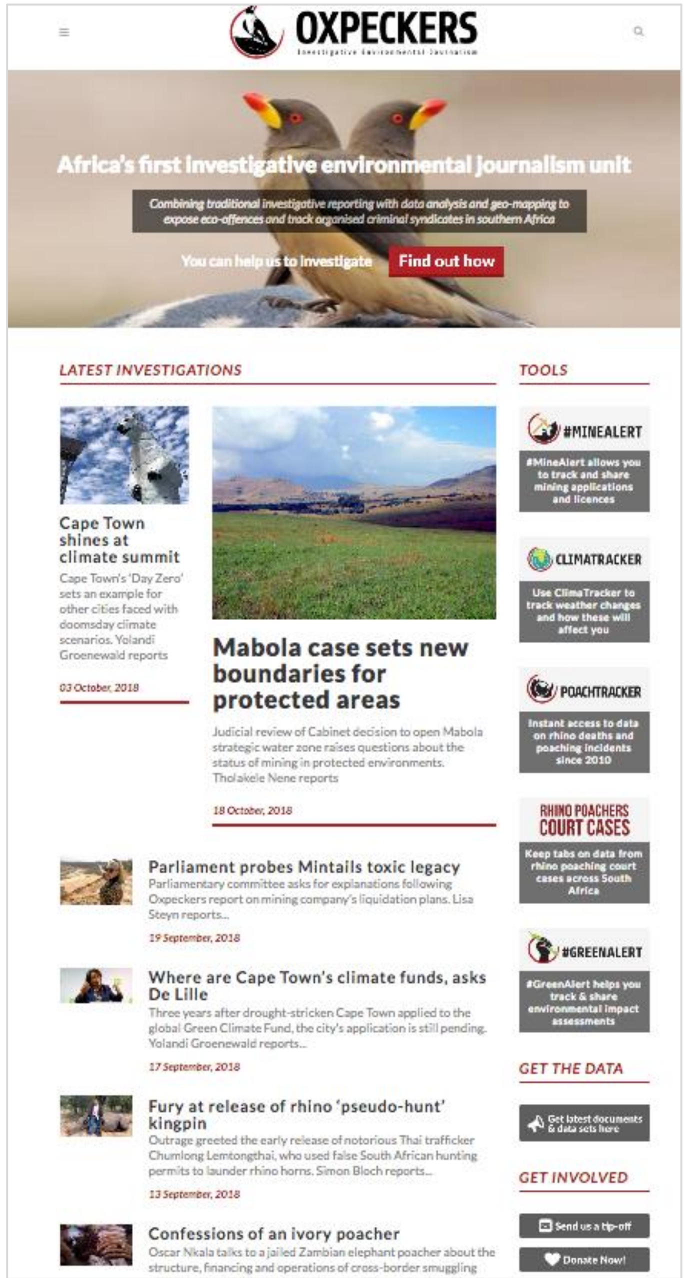
Daily Maverick confirms some of the truisms about media startups outlined in other reports. Survival is success: Find a niche and stick to it.

"When we started *Daily Maverick*, the idea of a website in South Africa was to deliver information even if it was rubbish. We did the opposite," Brkic said. "We vet our information to make sure it's high quality. We didn't acquire our readers through massive marketing campaigns. We got them organically. They came to us."

OXPECKERS (SOUTH AFRICA): Covering the environment across Sub-Saharan Africa

SUMMARY: Award-winning digital news outlet covering conservation and environmental sustainability in sub-Saharan Africa.

AT A GLANCE:



FOUNDED: 2013

OFFICE: Mbombela, South Africa

CONTENT: environmental journalism (1-2 stories a week), open-source geo-journalism tools

FOUNDING STAFF: 1 person

CURRENT STAFF: 2 full-time, 14 part-time

STARTUP CAPITAL: $40K

FUNDING: $105K in 2018

SOURCES: 85% donors. The remainder is raised through sales of investigations and geo-journalism projects commissioned by third-party media outlets.

SOCIAL MEDIA FOLLOWERS: 4.5K on Facebook, 2K on Twitter

WEBSITE TRAFFIC: 5K unique visitors and 15K page views per month

PROFILE BY: Nathan Benevides

History

Oxpeckers Center for Investigative Environmental Journalism is an award-winning digital media outlet based in Mbombela, South Africa, near the country's Kruger National Park. It has built a reputation for innovative coverage of issues ranging from the illegal wildlife trade and mining disasters to corporate malpractice across sub-Saharan Africa.

Its expanding suite of open-source "geo-journalism" tools combine GIS mapping and data science to track opaque processes like the licensing and expansion of mining operations. These tools have made *Oxpeckers* a resource for outside journalists and concerned citizens, even as the outlet has gained recognition for its own environmental reporting.

Oxpeckers publishes investigative pieces on environmental issues across sub-Saharan Africa and maintains two full-time and 14 part-time editorial staff. It also has a standing policy of paying all of its contributors. The center's staff and contributors work both in-office and from locations across southern Africa.

Oxpeckers' editorial strategy is driven by its mission "to track and expose the criminal syndicates, corrupt officials and greedy corporations that are looting Africa's natural resources across international borders." In describing *Oxpeckers*' editorial strategy, founder and editor Fiona Macleod explains that its approach is informed by its own tools which can be used to identify new or developing stories: "We aggregate and analyze data and then we use it in investigations."

Finances

Macleod and her team started off with a private donation of $40,000 in 2013. Since then the center has grown, and revenues for fiscal year 2018 were about $105,000 (R1.5 million). With a business model mostly dependent on donations and grant funding, Macleod describes the business side as "constant juggling between getting enough funding to continue" and deploying that funding strategically to support investigations and projects.

Oxpeckers is a nonprofit organization that receives no advertising revenue. Among its major supporters are Open Society Foundations, Code for Africa, and the Global Investigative Journalism Network. This funding is supplemented by a small number of private donations.

While this funding structure allows for a mission-driven editorial strategy, the grant development process can be a time drain. Echoing experiences of nonprofit digital media around the world, Macleod explained that the process of stewarding relationships and developing proposals distracts from the outlet's mission of investigative journalism.

Although the need for coverage of corporate abuse and environmental destruction is great, Macleod worries about obtaining funding in the future: "We're still here, but the funding sphere is becoming more constrained and there is no guarantee of a long-term financial future. We'd like to go for at least another five years."

Despite future worries, Macleod reports that the outlet has remained financially stable since 2015, continuing to draw funding from its original donors as well as securing new grants. Over the same period, readership has steadily grown—something Macleod attributes to two factors: the digital-first nature of the publication and younger audiences' growing appreciation of environmental issues. "One of our mandates is to take environmental journalism into a new era using new tools. As we have broadened our scope, our audience has broadened as well. More people are interested in newer topics that we cover, visiting our platform, and providing us with feedback. We are managing to reach a new generation via those tools."

To that end, *Oxpeckers* is active on Facebook, Instagram, and Twitter, and its suite of geo-journalism tools is easily integrated with social media. Combined with the rapid growth of internet connectivity across Africa, *Oxpeckers* is well-positioned to continue its coverage of environmental abuses across sub-Saharan Africa.

IMPACT

Oxpeckers has been recognized for its contributions to environmental journalism. In 2018 the site won the SAB EnviroMedia Award for two transnational multimedia collaborations: a study of how local neighborhoods are surviving disruption by global climate change and a year-long investigation into the anti-poaching buffer zone along Mozambique and Kruger National Park in South Africa. In 2017, writer Mark Olalde received a SAB Environmental Media Award and, in 2016, the outlet was recognized by CNN with a Multichoice African Journalist Award.

Macleod notes that this is only one way to measure impact: "I've been doing environmental journalism for many years. The impact takes time to become recognizable. It's rare you get immediate impact."

For *Oxpeckers*, impact is twofold, she explains. The first goal is changing, in tangible ways, "the ways things are done" in terms of laws, elections, and positions of influence. More long-term, Macleod values boosting public awareness around important issues. One example of this is the outlet's coverage of so-called "canned" hunting in which the animal is kept an enclosed space, making it easier to kill. Macleod has covered the subject since the late 1990s, when she was a reporter at the *Mail & Guardian*, but it was only in recent years that she saw the problem gain widespread attention. In 2014, Botswana banned canned hunting in response to an *Oxpeckers* report, and the outlet has continued investigating the issue in a June 2018 report on Zimbabwe.

"If you stay on the same track for long enough, you start realizing impact," she said.

CENTER FOR INVESTIGATIVE JOURNALISM (MALAWI): Providing donor-funded accountability reporting

SUMMARY: An investigative reporting outlet that incorporates mentorship and training into its work.

AT A GLANCE:

FOUNDED: 2013

OFFICE: Mzuzu

CONTENT: news, in-depth reporting, and analysis on social justice topics

FOUNDERS: 9 people

CURRENT STAFF: 7 full-time

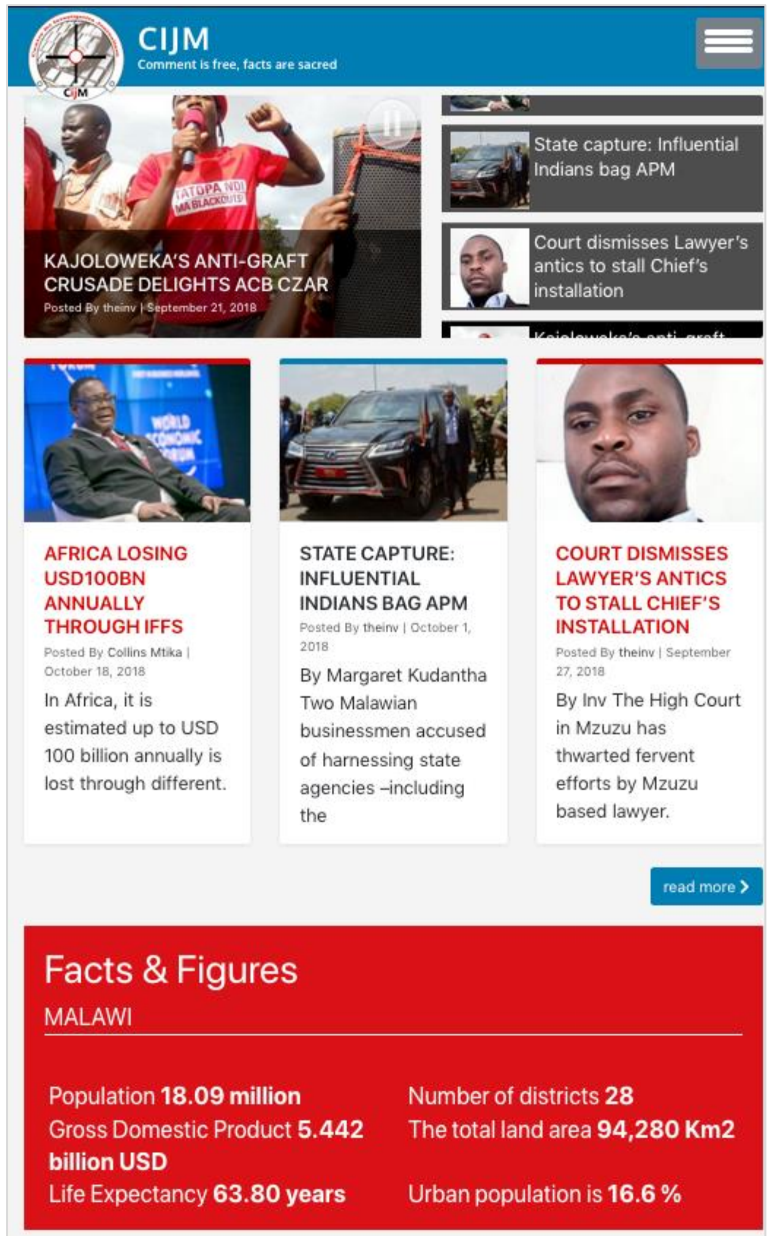
FUNDING: $125K in 2018

SOURCES: 100% donor-funded

SOCIAL MEDIA FOLLOWERS: 2K on Facebook, 400 on Twitter

WEBSITE TRAFFIC: does not track

PROFILE BY: Alicia Gorecki



HISTORY

The Center for Investigative Journalism Malawi (CIJM) is the only non-profit journalism organization operating in the country. Its goal is to shed light on the activities of public officials, holding them accountable to their constituencies. The center was born in 2013 and, three years later, funded by a $90,000 grant from the Open Society Initiative for Southern Africa (OSISA). The grant has helped CIJM to launch journalist training programs and expand its own investigative reporting.

CIJM founder Collins Mtika is a veteran newspaper man with 16 years of experience in the industry. (He launched the center together with eight other journalists, seven of whom are not directly involved with its day-to-day operations.) Mtika is passionate about independent journalism in Malawi. The absence of a strong investigative media "fuels a culture of impunity and unaccountability among both elected officials and the corporate elite," he said. "Strong investigative reporting that exposes the hidden information empowers citizens to demand their rights."

The goal of CIJM is to expose truths beyond the political propaganda of the mainstream media. Malawi's media climate is classified as "partly free," which is comparable to other countries in southern Africa. Violence against journalists is lower than that in East African countries. Mtika noted, however, that the media space is limited to the perspectives of the two political parties. The Democratic Progressive Party, currently in power, is politically centrist and, apart from a two-year term of the center-right People's Party, it has been dominant since 2009. Malawi has two daily newspapers, each with a political orientation: *The Nation* (pro-government) and *The Daily Times* (pro-opposition). As in many African nations, radio has the most comprehensive reach, but it is monopolized by the state-owned Malawi Broadcasting Corporation, which has a pro-government stance.

There are signs that the media space is improving. Malawi's placement on the Freedom of Press index rose 6 spots in 2018, from 70 to 64 out of the 180 countries examined. A law allowing journalists to request information about public officials went into effect in February 2017. But such reforms are only the first steps in addressing the country's pervasive corruption. Transparency International gives Malawi a corruption score of 31 of 100, with 0 being highly corrupt. Malawi also got a "D" country risk assessment from the French credit insurance firm Coface and saw a 15 percent drop in foreign direct investment from 2016 to 2017.

Corruption figures prominently in CIJM's reporting, with many stories focusing on the extractive industries and foreign investors. CIJM posts between one and three articles a month on its website. The pieces are direct—headlines include the names of corporations and officials—and they have had a tangible impact. For instance, a series of articles about the former president Joyce Banda taking money from oil companies prompted an investigation in 2017. (The case was later settled because Banda had moved abroad after her 2014 political defeat and refused to return to Malawi to face charges.)

It is impossible to gauge how much the reporting has limited corruption as a whole, but it has almost certainly made politicians even more hostile to investigative journalism. Many government officials see the center's work as a personal attack. Mtika reports getting threats of lawsuits after he wrote a story that implicated a charity controlled by Gertrude Mutharika, Malawi's first lady, in pocketing money from oil companies: "I am still waiting for the lawsuits to come." CIJM offices were raided in early 2018, but nothing was stolen. Mtika expects more intimidation in the future, ranging from personal attacks to legal risks. However, he also describes a strong public response helping the organization's cause: "We are now getting lots of tips and documents from sources both in government and the private sector."

Finances

To date, the center has existed thanks to donor funding. The original OSISA grant that funded CIJM in 2016 was extended by $50,000 in 2017 and $115,000 in 2018. CIJM has also acquired funding from other, smaller sources. GIZ has provided funding to send reporters to South Africa as well as small grants for investigative reporting from 2016 to 2018. A Hivos grant of $11,000 funded coverage of the extractive sector, and a $10,000 grant from the International Center for Journalists supported health reporting.

CIJM has no established consistent revenue streams, since it neither sells subscriptions and advertising, nor solicits donations on its website (though there is information about wiring money). The center employs seven full-time staff members in its Mzuzu office, four of whom contribute reporting, as well as three freelance writers and two interns. Additional part-time staff work remotely in other cities. Operating costs vary depending on the amount of written work commissioned, and the training activities being organized.

Currently, the primary means of content distribution is Facebook, and the center has just over 2,000 followers. Stories are published on CIJM's own website, which, Mtika admits, is not optimal for growing its readership. These limitations mean that the center's impact is relatively small, particularly among the local population. Many Facebook followers live abroad, and many others are themselves local journalists.

Expanding its audience and adopting data analytics to guide content distribution are two of CIJM's immediate objectives. Building up a revenue model will come next. Mtika would consider his organization successful if its earnings covered 30 percent of its costs; funding all fixed costs (without salaries) would make it financially sustainable. Even in a best-case scenario, however, the center will likely require further donor support to continue operating, and it currently lacks the human and financial capacity to develop a revenue generating strategy.

The team know that "donors are not forever," Mtika said, and they are very aware of the logistical and ideological interferences this type of dependency can cause. Much of the grant funding CIJM has received has been allocated specifically to training and mentorship, and the center has devoted significant resources to meeting these goals. Training does not always translate to publication-ready content, however, leaving Mtika to worry that the center might be losing sight of its original reporting mission.

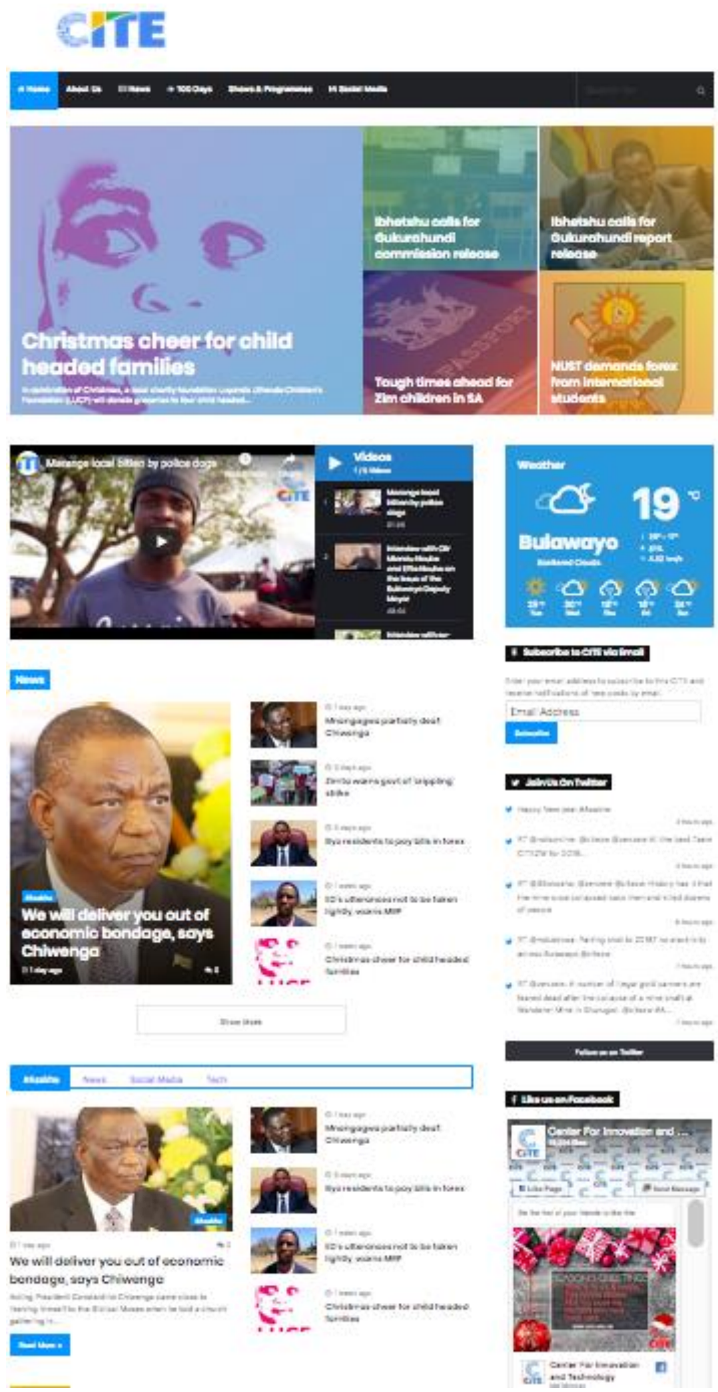
Its training activities have allowed CIJM to build strong partnership with like-minded institutions across the region. Since 2015, CIJM has trained more than 60 local journalists, sending 15 to international internships in South Africa and Botswana, and providing grants to more than 35 to write investigative pieces. Resultant stories have been published by the South African outlet *amaBhungane* and Botswana's *The Star* newspaper.

In Malawi itself, Mtika sees investigative journalism as the key to fixing the corrupt and broken system, although he does not think this process will be quick or easy. "Politicians and policy makers do not understand what investigative journalists do, they think investigative journalism is just digging up bad things," he said. Someday far in the future, he hopes, some of them might think otherwise.

CENTER FOR INNOVATION AND TECHNOLOGY (ZIMBABWE): Reporting local news innovatively

SUMMARY: A news outlet using technology to provide a local news alternative to mainstream Zimbabwean coverage.

AT A GLANCE:



FOUNDED: 2015

OFFICE: Bulawayo

CONTENT: livestreaming video, news, community discussion

FOUNDING STAFF: 2 people

CURRENT STAFF: 10 full-time and 8 part-time

STARTUP CAPITAL: about $30K

FUNDING: $130K

SOURCES: 100% donor-funded

SOCIAL MEDIA FOLLOWERS: 20K on Facebook (90K reach/week), 11.7K on Twitter (20M reach/week)

ADDITIONAL REACH: a WhatsApp group

WEBSITE TRAFFIC: 20K unique visitors per month

PROFILE BY: Alicia Gorecki

History

In 2015, the Zimbabwean journalist Zenzele Ndebele founded the Center for Innovation and Technology (CITE) as a means of bringing local news to a global audience through the internet. Social media "offered more opportunities and an easier way to engage the public," he explains three years later, and he saw it as a way to foster government openness. CITE relies on Facebook and WhatsApp to expose viewers to civic proceedings—such as by live-streaming previously closed-door local council meetings—and promote the accountability of public officials.

The CITE website has numerous reporting segments, including Tech, World, Election Watch 2018, Live Stream, News, and Videos. Of these, the News section is most active. The angle of coverage is carefully chosen to give a voice to Zimbabwe's marginalized populations. One recent article, for example, adopted the perspective of local farmers in telling how incoming small-scale mining operations, supported by the government, forcefully uprooted them from their land without any official permission or legal recourse.

In keeping with its mission of adapting technology to serve the public good, CITE prides itself on being responsive to audience ideas and demands. "If you don't adapt you will become extinct like a dinosaur," Ndebele said.

The impact of CITE reporting is evidenced by responses from both citizen readers and government officials who are often the subject of coverage. Audience engagement on social media has grown—both among the local population in Zimbabwe and in diaspora communities in South Africa, the UK, and the US. This breadth of audience has required some experimentation. In response to feedback, CITE has set goals for a daily livestreaming schedule of one to two hours of content per day.

The political impact, according to Ndebele, has been visible. The elected officials have adjusted their behavior since CITE began live-streaming their council meetings. "The meetings became shorter and more efficient," he said. "The debates are now more informed and relevant, and the officials even began dressing smarter."

Finances

Ndebele had spent years acquiring equipment and developing a strategy for starting CITE before he left his job at the community radio station, *Radio Dialogue*, to dedicate himself fully to the project. His startup capital was about $30,000 in personal savings, and when he launched the outlet, the initial infrastructure was already in place to prepare and release content. It was not until 2017, about a year later, that CITE received any external support: grants from the National Endowment for Democracy ($35,000) and OSISA ($36,000) that allowed CITE to expand programming.

CITE now employs ten full-time staff members, all of whom earn a salary. Of the additional eight part-time staff, five are paid contributors and three others are interns who receive a transport stipend.

Currently the center is completely donor-funded. Its 2018 budget included about $130,000 obtained through grants. Current supporters include the German non-governmental organization InterLink, which has offered $40,000 for training and expenses, and Open Society Foundations, which provided a grant of $90,000. Given CITE's ambitious growth goals, however, these grants do not cover all its anticipated expenses.

Ndebele is exploring several ideas for raising CITE's revenue: expanding advertising, providing technology consulting services for other organizations, and offering equipment rentals. These plans have yet to be fully realized; there is no concrete advertising plan in place, and both the consulting projects and rentals currently occur on an ad-hoc basis. Ndebele describes financial success as being able to fund 60% of CITE's budget. Complete self-sufficiency does not seem like a reasonable or attainable goal. Ndebele laments that even the founders must find outside work at times, taking on outside consulting projects to make ends meet.

However, he does not regret his decision and wishes he started CITE earlier. He believes in the innovation that young people bring to organizations and encourages them to propose solutions. "Your organization is likely to succeed if you're solving a problem," he said.

Above all, he advises new media founders to be passionate about their project and not do it for the money. The sacrifices are worth it in the end, he believes: "If you do something for your community, they will support you."

iHub (Kenya)

SUMMARY: An IT incubator that emerged with much fanfare in 2010 but that has required some creativity to sustain over the long haul.

AT A GLANCE:

Founded: 2010

Office: Nairobi

Founding staff: 4 people (incl. 2 owners)

Current staff: 16 full-time and 2 part-time

Startup capital: grants, including $200K from the Omidyar Network

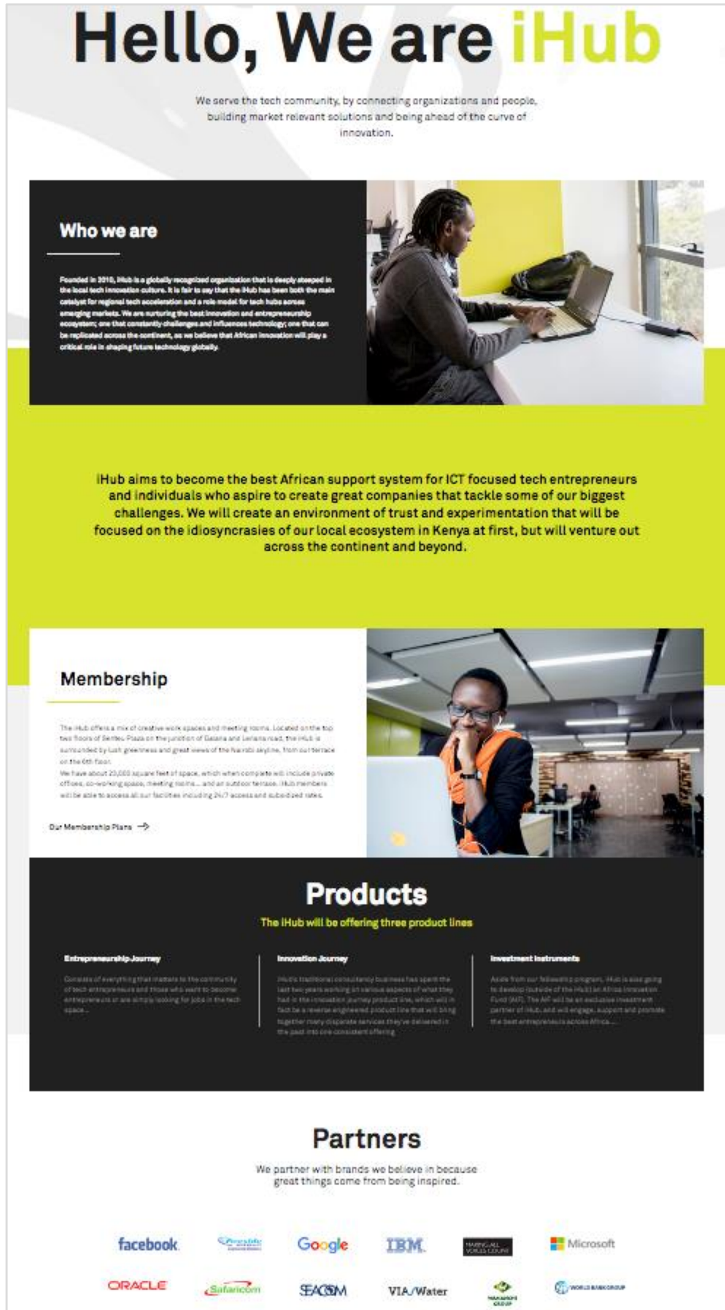
Funding sources: 70% revenue from co-working space; 15–20% donor grants; 10–15% events consulting and workshops

Social media followers: 17K on Facebook, 346K on Twitter

Additional reach: email listserv with 16K subscribers

Website traffic: 50-80K unique visitors per month

PROFILE BY: Sarika Bansal



Founded in 2010, iHub has served as an incubator for the burgeoning IT and tech community in Nairobi, Kenya for almost ten years—even helping the East African city earn the moniker “Silicon Savannah.” iHub raised startup money from large funders, including the Omidyar Network, which awarded it $200,000 to establish a space for tech startups to incubate their ideas. Soon thereafter, iHub gained massive attention from international press, and even hosted US President Barack Obama in 2015 and Facebook founder Mark Zuckerberg in 2016.

While this attention helped raise the profile of iHub—and that of Nairobi overall as an African city filled with notable tech innovation—the organization realized by 2015 that it wasn’t financially sustainable. Because of the large initial investment from Omidyar Network, founder Erik Hersman said, “we didn’t have to worry about revenue right away.” Instead, they had focused on building a community of startup entrepreneurs and giving them all the tools they needed to grow. This included having a “white membership” model, in which members could use the space for free once a week.

These offerings may have been beneficial for young Kenyans who otherwise had limited internet access, but it wasn’t helping iHub become a sustainable enterprise. (Anecdotally, it’s not clear that people were even using the free day of iHub access to work on business ideas.) In 2016, iHub made some major changes to their business model. They eliminated the “white membership” model entirely and transitioned to being a paid coworking space. They began renting the space out for events. They focused more strongly on other revenue-building activities, including consulting services, and began working with companies like Microsoft and Google. The second partnership, for instance, helps Kenyan developers learn the Android platform.

Part of the pinch iHub felt came from the emergence of competition in the incubator space. “In 2010, you could barely hear the word ‘startup’ [in Nairobi],” said Lincoln Njogu, the hub’s technology officer. “We went from being the only hub in East and Central Africa, and now we hit the 100 mark in July [2018].” Within Nairobi, there are now a number of other coworking spaces, including Metta, Ikigai, and Nairobi Garage.

This competition is in part why iHub moved its premises to a much larger location in 2017 (though it is still in the same neighborhood of Kilimani, which is where many of Nairobi’s startups are located). The new headquarters include a versatile event space, a restaurant, and a television studio. Njogu estimates that the space constitutes about 70 percent of iHub’s revenue today.

Not just the incubator space scene, but Nairobi's tech startup field as a whole has changed over this time, Njogu said. In 2010, most ideas were nascent, and over time, those ideas—predominantly apps and other tech-based tools—have either become full-fledged businesses or have floundered. "The kind of people [iHub] used to attract were at the idea stage," said Njogu. "We still attract them nowadays. But now, it's mostly established startups." This evolution has in turn shaped iHub's business model.

"Although the Kenyan startup ecosystem is alive and kicking, many of those first-generation startups failed," Russell Southwood, a telecom market analyst focused on Africa, recently told iHub's Chair Kamal Bhattacharya. "Talking coding and great tech ideas alone were not enough. To a more battle hardened second generation of startup survivors and new entrants, things looked very different."

All of the changes caused a rumbling within iHub. "We had a lot of people who changed jobs when we moved [to our new space]," said Njogu. "Of course, when there's a shift in model of how everything works, there are people who aren't aligned with the new way things are working."

iHub has also moved beyond working with tech startups to related sectors, including agriculture, financial services, and health. The range of topics the team addresses on its blog and on Twitter, has steadily expanded. "We have more to talk about, since the community of startups is larger," said Njogu. "Our community is literally people in oil and gas, advocacy, e-commerce, techies, irrigation, law, social entrepreneurs. Before, it was very tech-heavy."

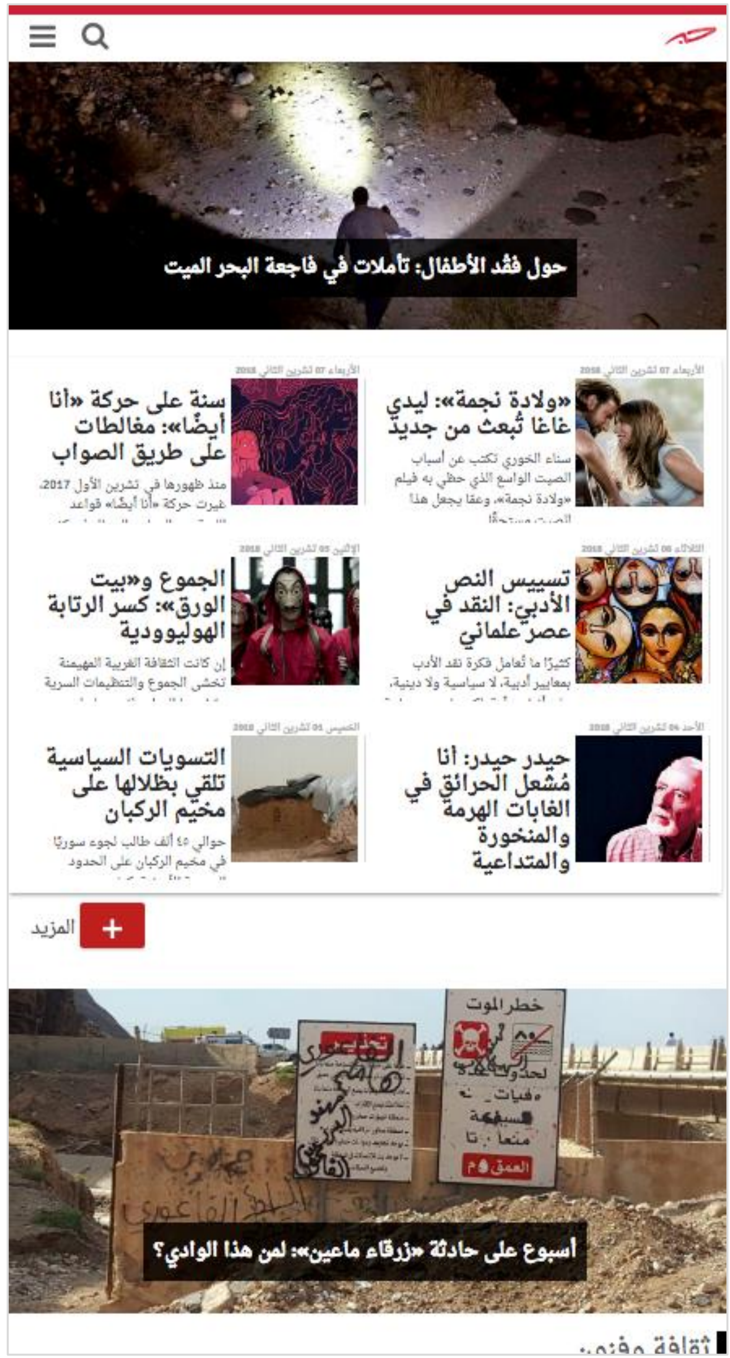
Even with all of these changes, Njogu is not sure if iHub is financially sustainable—and their 16-member team is working hard on consistently innovating. Just in December 2018, they partnered with the production team of Nairobi-based What's Good Studios to launch iHub TV, a digital content initiative whose series "Prototype" will profile Nairobi's tech entrepreneurs.

Still, Njogu is hopeful for iHub's future. "Most other [incubator spaces in Nairobi] are shutting down or are struggling in some way to be more sustainable, while we've been on the journey for a while now. We have a hybrid model, coworking/incubation/software/events, and most hubs are focused on one thing. A hybrid model helps us get more revenue. I'm feeling pretty positive, but we're working hard!"

7IBER (JORDAN)

SUMMARY: Online magazine aimed at young, educated Jordanians and mostly funded by donors.

AT A GLANCE:



FOUNDED: 2007

OFFICE: Amman

CONTENT: multimedia journalism and analysis focused on Jordan and the Arab World

FOUNDING: A FEW VOLUNTEERS BEGAN ON A SHOESTRING WITH NO REAL STARTUP CAPITAL TO SPEAK OF

CURRENT STAFF: 14 full-time

FUNDING: $350K

SOURCES: 80% donors, 20% training and editorial services

SOCIAL MEDIA FOLLOWERS: 340K on Facebook, 117K on Twitter, 7K on Instagram

WEBSITE TRAFFIC: 150K unique visitors per month

PROFILE BY: CJ Dixon

7iber, pronounced “Hiber," is a progressive online magazine based in Amman, Jordan. Its mission is to promote government accountability and social justice through in-depth journalism and critical analysis.

7iber began operations in 2007 as a blog maintained by volunteers. “When we first started, we were influenced by blogging culture,” said executive editor Lina Ejeilat. The 2011 Arab Spring and its aftermath forced the magazine to evolve, she explained: “We were pushed to professionalize our staff and start paying writers for articles.”

The magazine’s primary audience are young educated Jordanians who are looking for more than just a quick news story. Because these people tend to be socially and politically connected, 7iber’s coverage has found a growing audience. The website now receives approximately 150,000 unique visitors per month, and content is disseminated through Facebook (with about 340,000 followers), Twitter (117,000 followers) and Instagram (with just under 7,000 followers).

7iber has also expanded its video offerings and dabbled in live-streaming of events, which has further boosted 7iber’s social media following. An example was its coverage of the protests by Jordanian professional unions over the tax law in May and June 2018, which prompted the resignation of Jordan’s prime minister. “No one covered them in the same way that 7iber did,” Ejeilat said.

7iber has won some formal acclaim. In 2016, for instance, it reported on the plight of 13 Sudanese refugees who had been deported from Jordan. The resultant story, “After the Deportation,” spanned print, animated graphics, and photojournalism and won a regional award for best multimedia story from the Forum for Arab Investigative Journalists.

7iber is currently licensed as a limited liability company. Launched on a shoestring budget—the site was born without any significant capital investment—7iber began generating revenue by offering trainings and consulting services. Early grants came from the Open Society Foundations (in the sum of $75,000) and the European Endowment for Democracy. Another longtime partner is International Media Support, known by its acronym IMS—an international NGO funded by Swedish, Danish and Norwegian governments and based in Copenhagen—which has been supporting 7iber with core funding since 2013.

The magazine employs 14 full-time staff members, including one project manager and one accountant. Thanks to ongoing donor support, 7iber is able to pay its full-time staff a livable salary. As with many small outlets, the editor, Ejeilat, is also the main fundraiser, and the team have hired a consultant to help them upgrade their financial management systems.

The staff continues to generate revenue from training and consulting contracts. However, these activities are labor-intensive and distract from 7iber's core mission of producing in-depth journalism. The same goes for editorial and production services that the magazine has been experimenting with.

Attracting ad revenue has proven a challenge. "Even with niche advertisements, some [firms] said that they didn't want ads on political content," Ejeilat said. Ironically, the same controversial content that has attracted sizable audiences to the site has also served to deter advertisers. After a concerted push for advertising revenue failed to bring the expected results in 2016–17, Ejeilat realized that this avenue "wouldn't work for 7iber, and that we have to be more creative." The site is currently exploring a paid membership program in an effort to capitalize on what it believes is a dedicated community of readers.

Ejeilat would define financial success as being able to fund operations independently of grant revenue. She admits, however, that long-term sustainability is far from certain. "Good journalism is expensive," she said. "I do worry sometimes what it takes to produce this work. In-depth quality journalism cannot be left purely to market forces, it's a public service."

7iber is relatively small compared to other organizations in the region, where media are often supported by big business and governments. Qatari and Saudi connections are particularly common, making it harder for 7iber to compete. Moreover, political violence has become an existential problem as regional governments have taken a more authoritarian line since 2011. Criminalization of online activity under the guise of fighting terrorism and cybercrime has also been on the rise. "There are vague articles in different laws that you know could be used against you. You just don't know when they [politicians] could change their minds and attack," Ejeilat said.

Even so, she has no plans to quit or sell out: "We don't want to make money just for the sake of it. We want to make money to support the quality of journalism that we want to do."

GRAM VAANI (INDIA): Using technology to promote hyperlocal citizen journalism

SUMMARY: A tech company that emphasizes locally sourced, user created media content in the traditions of farm and community radio.

AT A GLANCE

TYPE: IT company that allows users to generate their own radio content on their phones

FOUNDED: 2009

OFFICE: Delhi

FOUNDING STAFF: 5 people

CURRENT STAFF: 73 full-time

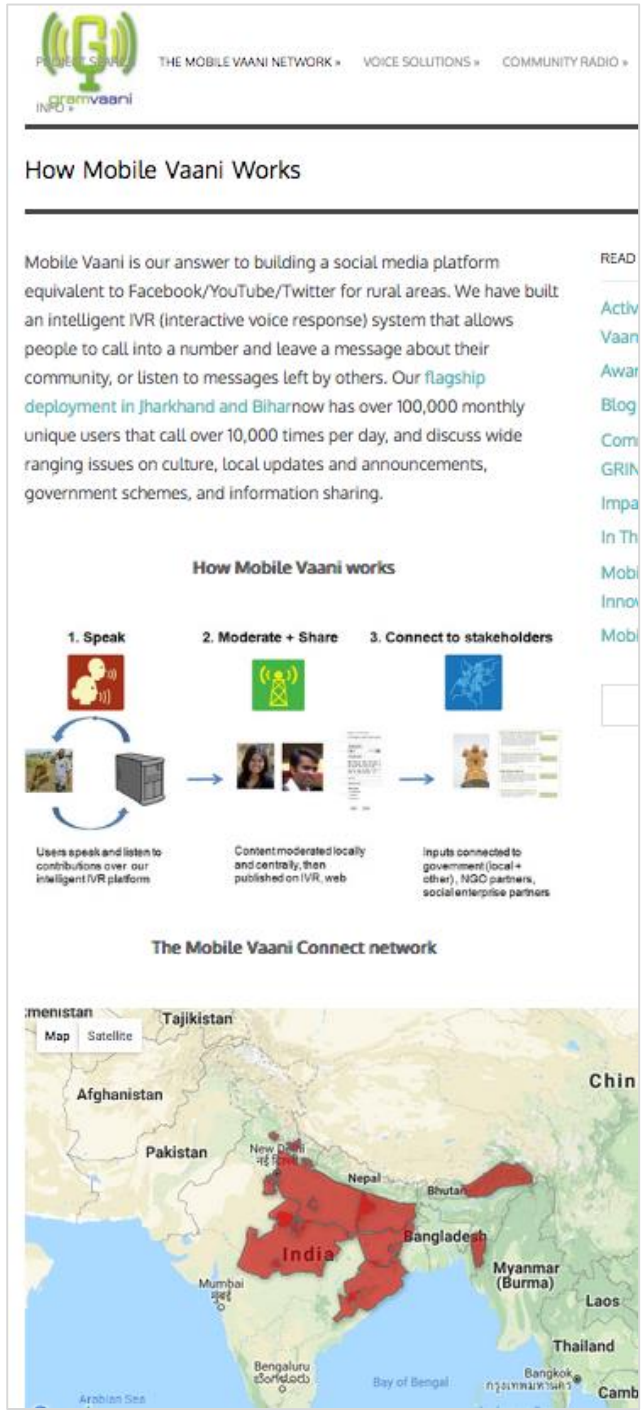
INITIAL INVESTMENT: $200K

CAPITAL RAISED SINCE FOUNDING: $900K in debt and equity

FUNDING SOURCES: 75% project implementation, 15% technology licensing, 10% advertising

REACH: Over 1M users on its Interactive Voice Recognition System; over 10K daily call-ins

PROFILE BY: CJ Dixon



Gram Vaani is a Delhi-based participatory media technology company started in 2009. Its aim is to reverse the usual flow of information, allowing content to be produced from the bottom up. “We want to empower disconnected and marginalized individuals to create and consume media at a hyper-local level,” said Gram Vaani researcher Aparna Moitra.

Gram Vaani’s business model has not changed significantly since our 2015 profile. The company operates more like a social media platform than a traditional media outlet. Content remains primarily user-generated, with Gram Vaani serving as platform provider, moderator, and distributor.

In contrast to the offerings of mainstream media, some 90 percent of content produced via Gram Vaani is community-sourced. It includes local news, interviews, opinion pieces, guided discussion, and agricultural information as well as advice on public service provision and ways to improve it. Also included are folk music and poetry. Gram Vaani provides incentives for content its editorial team considers to be particularly valuable, often because it is relevant to a large audience.

Gram Vaani’s flagship product is Mobile Vaani, which the company describes as the “community media platform for the bottom of the pyramid.” Launched in 2012, the platform is a telephone-based social networking service that invites people to listen to programs and submit their own content by simply dialing in. This allows residents to share information with their community, their local government, and other stakeholders, giving voice to the disenfranchised.

Using the system is free for the callers; when it receives users’ calls, the system disconnects and dials them back to avoid charging the listeners. Mobile Vaani now boasts over 100,000 monthly unique users and 10,000 calls a day. According to cofounder Aaditeshwar Seth, most of these calls are for listening to content, with an average call duration of eight minutes. Three to four percent of the calls lead to content contributions by the users, which translates into 300 to 400 voice reports each day.

In addition to the interactive voice response (IVR) system behind Mobile Vaani, the company also promotes its Gramin Radio Inter-Networking System (GRINS), an automation system that helps community radio stations manage complex tasks. Launched in 2009 with a $200,000 grant from the Knight Foundation, GRINS allows for full radio programming, telephony and SMS integration, internet streaming, content management, and statistical analysis. The system has allowed rural radio stations to run everything from reality shows to children' programs. Another indispensable feature of the GRINS system is its integration with IVR, which allows for outreach using cellular networks.

Moitra has argued that "the common person can't get their own views or information shared in the same way that they can with Mobile Vaani." Recent surveys conducted by the company found that 67 percent of users described Gram Vaani content as more relevant to their daily lives than what is available through mainstream outlets. Nineteen percent of respondents said that it was difficult to get local issues covered by mainstream media outlets, and another 7 percent reported that getting such coverage required the payment of bribes.

Gram Vaani is a for-profit enterprise with strong potential for long-term financial sustainability, having recorded profits over the last three years and developed a roadmap for paying off its remaining debt. It has established multiple sources of revenue, with 10 percent of income derived from advertising, 15 percent from technology licensing, and 75 percent from project implementation. Seth said that financial success for Gram Vaani would be 25 percent profit-after-tax and revenue growth of 30 to 50 percent per year—a goal he believes is well within reach.

The organization has helped disenfranchised communities. One example: working in concert with local community members in Jharkhand, a state in eastern India, Gram Vaani gathered information on the quality of local public health facilities. Its investigation revealed that many of them were short staffed, lacked access to clean drinking water, and had other infrastructural problems. The story was ultimately carried by several regional media publications and testimonials indicate that five facilities in Jharkhand have improved since the start of the campaign as a result of public pressure and demands for accountability.

Gram Vaani has no plans to cease operations in the near or far future. There will always be a need to fill the gaps in media access left by mainstream outlets, said Moitra, "so there will always be need for a Gram Vaani to strive towards equality." She does acknowledge, however, that technology is changing rapidly and Gram Vaani will need to keep pace. Evolving tech make mobile video and interactive applications more accessible, and this may force Gram Vaani to change its technology and business model.

INDIASPEND (INDIA): Using data to promote government accountability and transparency

SUMMARY: A data journalism organization that focuses on health, education and gender and has a modest following.

AT A GLANCE:

FOUNDED: 2011

OFFICE: Mumbai

CONTENT: data-driven stories on health, education, gender, and human rights

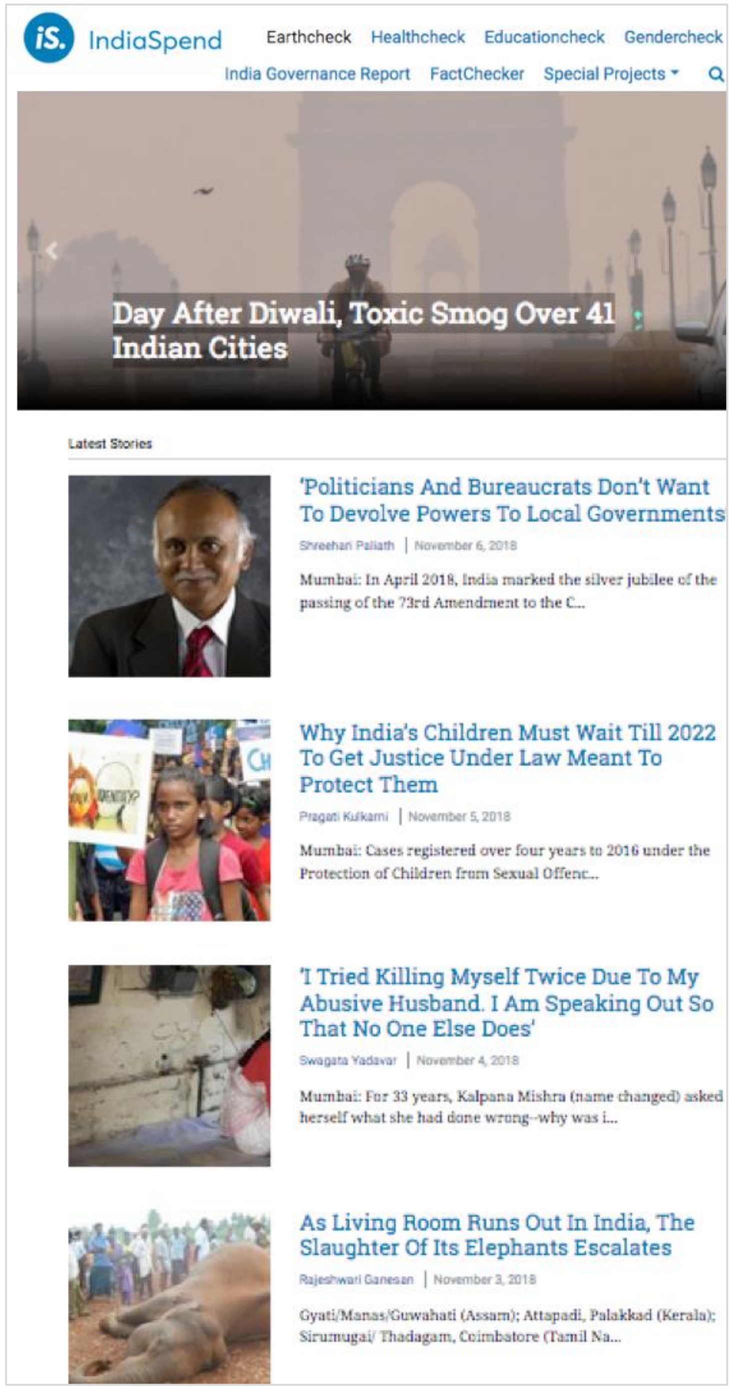
CURRENT STAFF: 13 full-time: 4 editors, 2 policy analysts, 2 writers, and one principal correspondent

FUNDING SOURCES: nearly 100% donor-funded

SOCIAL MEDIA FOLLOWERS: 17K on Facebook, 41K on Twitter

WEBSITE TRAFFIC: 517K unique visitors in Q2 2018

PROFILE BY: CJ Dixon



"Without data, you're just another person with an opinion" is the mantra of *IndiaSpend*, a data-informed media organization based in Mumbai. *IndiaSpend*'s mission is to enforce government transparency and accountability and inform public debate—objectives for which verifiable and factual information is imperative. "*IndiaSpend* is the country's first data journalism initiative," said Program Manager Prachi Salve. "We want to make data analysis exciting and promote data as the first recourse for youth, rather than opinion."

Founded in 2011 with a donation from a consortium of Indian philanthropists, *IndiaSpend* publishes government data on health, education, and gender—its three original focus areas—in addition to the recently added coverage on human rights. Salve explains that this content change occurred organically: "We found information gaps in society that we wanted to fill."

IndiaSpend's dedication to data reporting means that it functions "more like a think-tank on a budget than a media outlet," Salve said. Its focus is more on providing context and analysis rather than covering breaking news, but this has hardly prevented its stories and datasets from directly influencing public policy.

To cite just one recent example, *IndiaSpend* reporting is helping turn public opinion against a particular kind of hate crime in India that targets cattle traders. Since 2010, India has seen an increase in religiously motivated assaults by Hindus, the religious majority who consider cows sacred and consumption of their meat a crime, against members of the Muslim minority, for whom bovine meat is a dietary staple. Many Muslims are employed in industries that depend on beef processing, and they have complained of Hindi "cow vigilantes" extorting, attacking, and in some cases killing members of their community for cow slaughter and consumption.

Most of the evidence for these claims has been anecdotal, however, and their coverage all but absent in mainstream media. That was until *IndiaSpend* aggregated data from hate crimes reported between 2010 to 2018 and established an interactive database. This analysis has documented at least 89 incidents of mob lynching involving 291 victims, the vast majority of them Muslim. The dataset was eventually used by the Indian Supreme Court, which in July 2018 condemned cow vigilantism and pressed the parliament to develop appropriate legislation.

The vast majority of *IndiaSpend's* content is distributed through its website, which received approximately 517,000 visitors during the second quarter of 2018. Social media plays a growing role too. Although, by Salve's admission, online platforms are not among the staff's specialties, the team has more than doubled its Facebook following from around 5,000 in 2015 to 17,000 today and has nearly quadrupled its Twitter following, which currently stands at about 41,000. An Instagram feed launched in May 2018 garnered 295 followers by the year's close.

IndiaSpend also works closely with local and national television news agencies, and its datasets have been regularly used during live debates.

IndiaSpend's founder, TV and print journalist Govindraj Ethiraj, has also founded the Ping Digital Network, a private media company often described as India's largest multi-channel network, whose offerings include food, fashion, gaming, and news. A number of for-profit enterprises established under Ping Digital have directly and indirectly supported *IndiaSpend*. One of them is the fact-checking organization Boom Live, which has been certified by the Poynter Institute's International Fact-Checking Network. The only other Indian organization with that distinction is Factchecker.in, also founded by Ethiraj and funded by the Spending and Policy Research Foundation which runs *IndiaSpend*.

The Ping Digital Network does not underwrite *IndiaSpend*, although the two share some administrative staff. In total, *IndiaSpend* has 15 permanent staff members, including four editors, two policy analysts, two writers, and two principal correspondents—along with one dedicated fact-checker. The organization supplements its permanent staff with freelancers: journalists, researchers, data scientists, and academics. The team works out of two offices in India: the main bureau in Mumbai, and an office in Delhi it shares with PRS Legislative Research, an independent research institute.

As a non-profit, *IndiaSpend* finances its operations almost entirely through donations from individuals and private institutions. Its patrons include the Godrej Foundation and the Independent and Public-Spirited Media Foundation, founded by wealthy Indian philanthropists. *IndiaSpend* also welcomes individual donations via links on its homepage; these contributions amounted to just under $1,000 last fiscal year. *IndiaSpend* is capable of covering its current operating costs, but Salve would consider the organization financially successful if it could cover all of its projects and expand into online video content.

IndiaSpend has garnered a modest audience since its inception in 2011. Active outreach has generated more interest among students and academics, and think-tank experts regularly cite its coverage. But increased visibility has also had its downsides, including attacks against its credibility by internet trolls. This problem is exacerbated by the fact that not all datasets are fully reliable, leading to mistakes in reporting.

As Salve points out, some of the data available is difficult to analyze, poorly collected by the primary source, and at times largely incomplete. Although *IndiaSpend* is fully transparent about the data it uses, some errors made by its reporters have been used against the organization.

IndiaSpend has also become a victim of its own success. The quest for a more accountable government has, at times, deepened the intransigence of public officials, who have restricted access to valuable datasets. According to Salve, requests for information are now taking longer to fulfill and sometimes result in outright denials. In one instance, the government refused to provide *IndiaSpend* with data concerning the number of children that receive government-funded midday meals, with “national security” cited as the reason for the denial.

Despite this increased scrutiny and government recalcitrance, *IndiaSpend* has garnered a number of accolades since it was profiled in 2015 in *Publishing for Peanuts*. Salve and her colleges have earned multiple awards for their three-part series on living with disabilities in India. In 2018 *IndiaSpend* also earned the Mumbai Press Club’s Red Ink Award as “a media startup that is making a difference.”

WASEDA CHRONICLE (JAPAN): Little funding but big hopes for watchdog journalism

SUMMARY: An independent investigative site that has been trying to break through a culture of gentle reporting by covering big pharma and other topics.

AT A GLANCE:

FOUNDED: 2017

OFFICE: Tokyo

CONTENT: investigative reports released as series of articles

FOUNDING STAFF: 2 people

CURRENT STAFF: 4 full-time

STARTUP CAPITAL: about $11K (1.2M yen)

FUNDING SOURCES: 60% donations, 38% crowdfunding, 2% events

SOCIAL MEDIA FOLLOWERS: 2.1K on Facebook, 2.3K on Twitter

ADDITIONAL REACH: an email listserv with 170 subscribers

WEBSITE TRAFFIC: 4K unique visitors per month

PROFILE BY: Chloe Oldham

HISTORY

Waseda Chronicle is the first nonprofit media outlet in Japan devoted entirely to investigative journalism. It started in February 2017 as a project of the Institute for Journalism at Waseda University. The publication became independent from the university in 2018, but so far it has had little funding, and has encountered difficulties trying to undertake investigative journalism in a culture that lacks that tradition.

Many factors hinder watchdog reporting in Japan. One big deterrent is the prominence of the so-called *kisha* clubs[2], exclusive cartels organized by reporters and maintained by the power brokers in Japanese society—ministries, local governments, and industry associations—to control the media's access to information. In existence since the late nineteenth century, the clubs have come under criticism for excluding foreign and freelance reporters and for promoting self-censorship among media workers who are members of the clubs. The expectation is that members will pay for their privilege to access information and officials with favorable coverageThis symbiotic relationship leaves little room for objective and critical reporting.

"Reporters in mainstream media are salarymen first, then journalists, and I don't want to be a salaryman at a media company," *Waseda Chronicle* founder Makoto Watanabe said in a March 2018 interview. "I want to be a lifelong journalist." Watanabe was formerly a reporter with the investigative desk of the *Asahi Shimbun*, a liberal newspaper that ranks among Japan's top five national dailies. But its attempt at creating a truly independent investigative division ran aground in 2014, when the paper was forced to retract an article on the Fukushima nuclear accident under pressure from the right-wing media. Its reporters were subsequently barred from covering this topic, and Watanabe quit not long afterward in protest over what he saw as the culture of conformism prevailing in traditional newsrooms.

Waseda Chronicle is trying to change this culture by publishing robust investigative reporting and by mentoring the next generation. The outlet hopes that establishing new norms and training Japanese students in journalism ethics and methodology will help spark "a movement for the improvement of journalism in Japan," said managing editor Hideaki Kimura. "Established media has lost people's trust year by year."

[2] For more information on *kisha* clubs, see Chisato Tanaka, "Japan's press freedom ranking rises in 2018 – due in part to deteriorating conditions elsewhere," *Japan Times*, April 25, 2018.

The outlet has completed four series of stories as of October 2018, exposing abuses of power and corruption. Two dealt with public health, one with the journalism industry and another with coal power plants in Indonesia. In every instance, the outlet has pursued a “victim-centered” angle, reporting on the people whose lives had been affected.

In 2017 *Waseda Chronicle* ran an exposé of sponsored news in Japanese media. The series described how pharmaceutical firms had paid for favorable coverage of their blood-thinning drugs via the advertisement giant Dentsu Group; these stories were then distributed by Kyodo News Agency and appeared in regional newspapers across Japan without being labeled as paid insertions. This report has prompted the Tokyo metropolitan administration to demand cancellation of articles paid for by a big pharma company. In September 2017—just seven months after *Waseda Chronicle* was born—it won the Supporter of the Free Press Award from the Foreign Correspondents’ Club of Japan for this reporting.

Another investigative project examined forced sterilizations of mentally disabled women conducted by the Japanese government between 1948 and 1996. Reporters studied archives of local municipalities to document how they competed among themselves to meet the government’s quota. The series has pushed the central government to consider victim redress and won the 2018 Grand Prize in Poverty Journalism from the Anti-Poverty Network, a Japanese NGO.

Most recently, a set of stories titled “Money for Docs” revealed a murky relationship between big pharmaceutical companies and doctors. *Waseda Chronicle* reported that the companies had channeled large sums to doctors, hospital directors and medical-school professors in exchange for drug endorsements. It used data disclosed by individual pharmaceutical firms to create an integrated database and released it to the public.

Finances

Funding has not grown in tandem with impact, however. Launched by just two people, the *Chronicle* now employs four full-time unpaid staff. The founders do not earn regular salaries and rely on outside projects for income. Although *Waseda Chronicle* began at the university and recruited some students as interns, it did not receive university financing and paid a monthly fee of about $500 to rent the space.

Some of the original investment came from donations, and the university did allow the team to post their crowdfunding appeal on a university webpage.

The team's experience with soliciting reader contributions online has been mixed. *Waseda Chronicle* did manage to raise some $50,000 through crowdfunding to report the "Journalism for Sale" series—a result that exceeded initial expectations—but the amount raised for the series on forced sterilizations was far lower, at just over $7,000.

The site reached 4,000 unique monthly visitors and about 18,000 total page views by fall 2018. At the moment, only ten percent of viewers are young people aged 18 to 25. Although this share is steadily growing, the staff recognize that boosting readership would require a website upgrade and ideally a mobile app—objectives that are unfeasible under the current budget.

Financial constraints also make it difficult to pay for competent reporters and editors. About 20 journalists are involved with *Waseda Chronicle* in part-time roles, but most keep their participation secret: Many receive salaries from established media companies, and disclosing their affiliation could prompt punishment. The need for secrecy has only increased as *Waseda Chronicle*'s work draws more attention. "The more our presence grows, the more those in power pay attention," Kimura said, and the site has faced criticism and even threats from the corporations its coverage exposed.

This critical stance has won few allies in the media scene where gentle reporting and accommodation have been the norm. "In Japan, it is impossible to collaborate with the established media circles, unlike in the USA," Kimura said. Quite the opposite, the team felt more isolated after they published their first hard-hitting report, on paid-for journalism, and one contributor left shortly afterward, certain that retribution of some kind would follow. "We were dreamers," Kimura said recalling the site's early hopes for forging partnerships with large publications. "We are alone."

This outcome is precisely what makes *Waseda Chronicle*'s work so meaningful to its staff. "Because established media in Japan actually threw away watchdog function, Japanese society is changing rapidly to right-wing," Kimura said. "We think, if our project fails to succeed, authoritarianism would rise up in Japan."

Waseda Chronicle plans to become self-sufficient by diversifying its funding sources. The plan envisions running the organization based on membership fees, with the starting goal of getting 3500 supporters to each pay 1,000 yen (about $9) per month to reach a sustainable stage. Other objectives include obtaining grants from foundations, income from workshops and conferences, and crowdfunding—all targets that remain far off.

Even so, *Waseda Chronicle* does not have an exit strategy, Kimura said. When asked to elaborate, he added, simply, “we will never give up.”

MALAYSIAKINI (MALAYSIA): Facing competition after a surprise democratic transition

SUMMARY: An outlet known globally for having been an alternative voice in the authoritarian climate of Malaysia is facing a host of newly assertive competitors in a new, more democratic political climate.

AT A GLANCE:

FOUNDED: 1999

OFFICE: Kuala Lumpur

CONTENT: Breaking news, multimedia, in-depth coverage; about 100 pieces per day

FOUNDING STAFF: 2 people

CURRENT STAFF: 105 full-time

FUNDING: $2M per year

SOURCES: 70% ads

SOCIAL MEDIA FOLLOWERS: 1.7M on Facebook, 1.2M on Twitter

ADDITIONAL REACH: daily newsletter

WEBSITE TRAFFIC: 8M unique visitors per month

PROFILE BY: Anya Schiffrin

Malaysiakini is an example of the tenuousness of first-mover advantage. For more than a decade it was known as one of the few independent voices in a country with a tightly controlled media environment, and it was a donor darling because the founders seemed to have found a path to profitability.

Now with the dramatic transformation of Malaysian politics and upset election results of May 2018, there is a host of newly energized media outlets in the country, competing with *Malaysiakini*. For decades, Malaysia was governed by the old-fashioned strongman Dr. Mahathir Mohamad, who brought economic growth and development but kept the media firmly in check. His firm governing style was continued under his successor Abdullah Ahmad Badawi, whom Mahathir also criticized. But the stability of Malaysia's political scene was disrupted after revelations that Prime Minister Najib Razak, elected in 2009, and his wife were allegedly at the center of a major corruption scandal. Some $700 million (MYR 2.672 billion) was stolen from a state-owned investment fund known as 1MDB according to a *Wall Street Journal* report in July of 2015. Three years later, in July of 2018, Razak was arrested by the Malaysian Anti-Corruption Commission and charged with funneling state funds into his personal accounts. Two weeks before his arrest, he was ousted in a general election and, to everyone's surprise, the 93-year-old Dr. Mahathir was voted back into office. He brought with him Anwar Ibrahim, his previous finance minister, whom Mahathir had jailed for sodomy in 1998.

This drama of Shakespearian proportions consumed the country as journalists, particularly at *The Sarawak Report* and *The Edge*, broke story after dramatic story. During the election month, May 2018, *Malaysiakini*'s page views soared to 436 million. By October 2018, this number was back down to 185 million.

"There was a larger interest in politics," said Premesh Chandran, *Malaysiakini*'s chief executive officer and cofounder, in an interview in his Kuala Lumpur office in October 2018. "People feel invested in electoral change and want government to perform better and make the changes voters feel are needed in this country."

Malaysiakini's bread and butter is breaking news online, and the outlet carries about 100 pieces of news each day. But *Malaysiakini* is not the only news source for their audience, many of whom look at three or four sites a day including *The Malaysia Insights*, *The Star*, and *Free Malaysia Today*. *Malaysiakini* has won many awards over the years. Its election-related app for the 2018 elections was nominated for an award from the Global Editors Network.

Before the 2018 Democratic transition, there had been some dark years politically. Malaysia has a number of old British media laws on the books including the law on criminal defamation. Both Premesh and cofounder Steven Gan have been hit with about a dozen lawsuits over the years. *Malaysiakini* has won all but one of the suits but, as the saying goes, “win or lose, you still have to pay the lawyers.” The site’s legal bills average $20,000 to $30,000 each year.

As well as the legal bills, there is a chilling effect from government prosecutions: “When the government comes down hard, then advertisers pull out,” Premesh said.

After the 2018 democratic transition, the lower house repealed the hate speech law, but the upper house has refused to take it off the books. Prosecutions of journalists have, however, stopped in the past year.

Malaysiakini’s mission statement explains that the role of independent reporting is to hold power to account and inform citizens about current affairs in Malaysia. The outlet’s goals are in keeping with Malaysia’s new democratic moment. But, as Premesh notes, “before, we were the only one. We no longer face regulatory risks but competition.”

Premesh foresees a need to increase *Malaysiakini*’s expenditure to over $2 million in order to grow. Currently the site breaks even, with 70% of revenues coming from advertising and 30% from subscriptions.

FUTURE FOCUS ON REVENUE GENERATION

The Edge, owned by local businessman Datuk Tong, did excellent reporting on the 1MDB scandal that brought down Prime Minister Razak but, in Premesh’s assessment, its business reporting could be better. So *Malaysiakini* launched a business newspaper, *Kinibiz*. Business reporting is often a revenue generator, but *Kinibiz* didn’t break even and was closed down in 2016.

“We made a mistake when we tried to launch a fortnightly magazine. It burned a hole in our pockets,” Premesh said. “Dailies don’t work, weeklies and monthlies don’t work. I don’t think investigative journalism translates into revenue. It’s like doing an art film. It may be a great film but doesn’t generate revenue.”

Given the strong brand that *Malaysiakini* has in the journalism world, Premesh is considering starting a training academy and exploring collaboration with other institutions involved in journalism. He is looking for donor funding to pay for a training partnership with a prestigious journalism school.

Premesh has high hopes for membership and subscriptions. *Malaysiakini* benefits from subscribers who pay in advance for up to three years and are generally loyal to the brand. Subscriptions cost $50 a year and subscribers get access to sites in English and Mandarin which have different content and writing styles from the free Malay-language site. *Malaysiakini* has also partnered with *Initium*, a Chinese-language outlet in Hong Kong, and the two allow their subscribers access to each other's news.

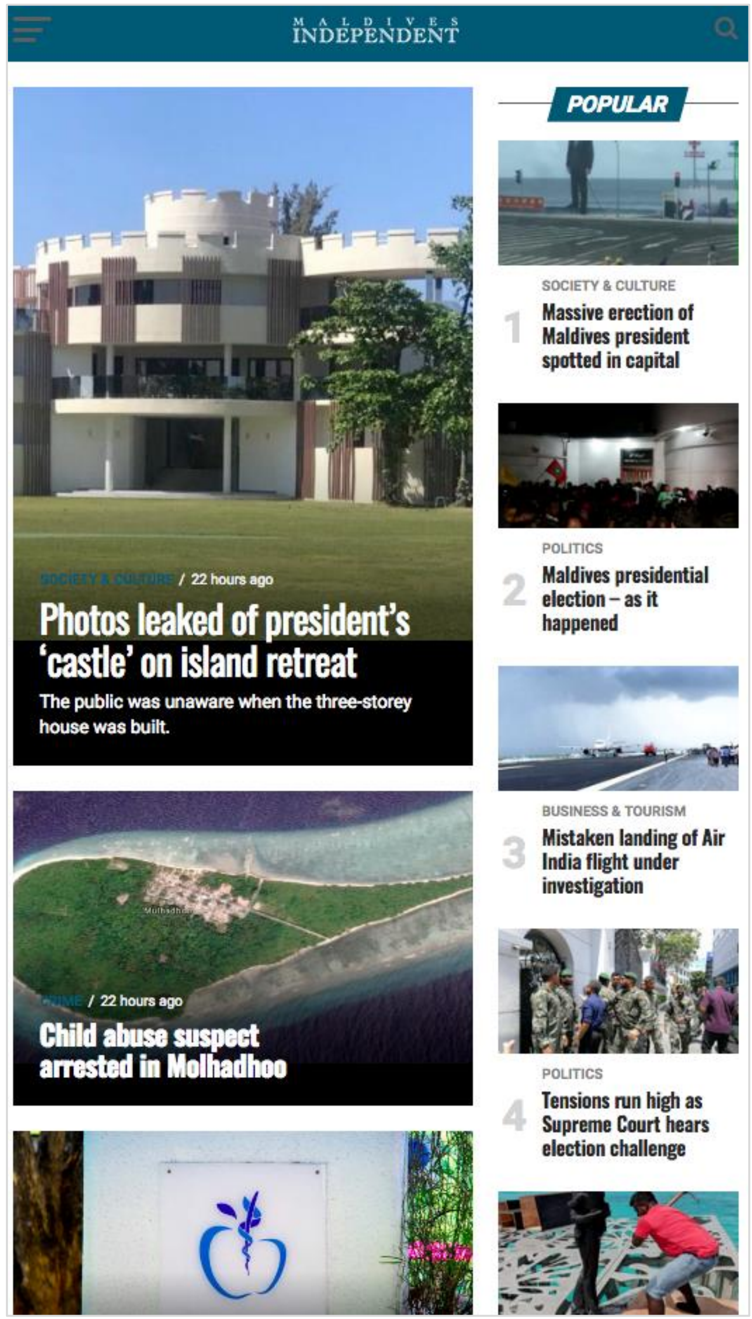
But Premesh said expansion is key. *Malaysiakini*'s competitors such as *Media Prima*, *The Star*, and *Astro* are listed companies, with huge market capitalizations of about $80 to 90 million (RM 300-400 million). Premesh said that unless *Malaysiakini* can get to approximately $5 million (RM 20 million) in revenues, it won't be able to get enough advertising. "We need economies of scale," he explains.

Malaysiakini is fully transparent about its donors and lists them on the site. Its new building was paid for partly by readers who got a special perk: people who gave $300 got a brick with their name on it in the wall of the office cafeteria. The café is in an attractive outdoor space in *Malaysiakini*'s airy office in Petaling Jaya, a suburb about 30 mins from Kuala Lumpur. The café has room for events and comfortable places to sit and is a showcase for the journalists and other visitors from around the world who come to see *Malaysiakini* and learn from its success.

MALDIVES INDEPENDENT (formerly Minivan News): Covering politics under pressure

SUMMARY: English-language news publication that survives thanks to an anonymous donor and an editor-in-chief who has moved overseas.

AT A GLANCE:



FOUNDED: 2006

OFFICE: Malé

CONTENT: news and in-depth coverage of economy, corruption, and the judiciary

CURRENT STAFF: 5 full-time

STARTUP CAPITAL: donations from individual contributors

BUDGET: about $5K per month

FUNDING SOURCES: 100% donations

SOCIAL MEDIA FOLLOWERS: 27K on Twitter, 7K on Facebook

WEBSITE TRAFFIC: 50K unique visitors per month

PROFILE BY: Clayton J. Dixon

Summary

The Maldives Independent, formerly *Minivan News*, is the first English-language news website in the Maldives. Founded in 2005 and politically independent since 2008, it aims to be a nonpartisan and reliable source for English-language readers. Now online-only, it employs a small team of five reporters who produce daily news and analysis on the fast-paced politics of the island archipelago.

The publication has been supported by an anonymous benefactor after advertising revenue all but disappeared during the authoritarian regime of President Abdulla Yameen. Since his ousting in the September 2018 election, the press climate has opened up and *The Maldives Independent* is again looking to become self-funded.

Significant changes since 2015:

- The former Chief Editor Zaheena Rasheed was forced to flee the Maldives after receiving death threats.
- Anti-defamation law passed in 2016 made publication of critical articles riskier (repealed in November 2018).
- Media laws established in 2018 required editors to be Maldivian, which has forced the current Chief Editor to work from abroad.
- Concerns over politically and religiously motivated violence increased in the wake of journalist disappearances and the murder of a prominent satirist.
- The September 2018 elections ushered in an opening of political and press freedom environment.

History

The Maldives Independent was started as *Minivan News*, the first independent English-language publication in the Maldives. Founded in 2005, it was originally intended to give voice to the Maldives Democratic Party, then in the opposition. After the MDP won power in the 2008 multiparty elections, it abandoned *Minivan News* as a political project, allowing it to become functionally independent.

The publication has been led by a succession of editors, most of them foreign citizens. Hiring foreigners was initially a way to affirm impartiality amid the tense and partisan politics of the small close-knit country. After the old regime seized power again in 2012, foreign editors became an asset for a different reason. The biggest threat they faced was deportation, as opposed to imprisonment and violence faced by local staff.

A former Chief Editor, who declined to be named for fear of political retaliation, explained that *The Maldives Independent* strives for quality and accuracy, and tries to include analysis in stories. It uses “tone and structure that would be recognized by most English news organizations around the world,” she said.

Despite its alignment with the MDP on human rights, freedom of expression and multiparty democracy, *The Maldives Independent* has maintained neutrality in a highly partisan country. The publication does not pick sides and indeed has been accused of producing both government and opposition propaganda. It continued publishing during the five-year presidency of Abdulla Yameen, which lasted from 2013 to 2018, at great risk to its staff. One of its journalists, Ahmed Rilwan Abdulla, was abducted by Islamists in 2014 and is believed to have been murdered. Another contributor, the blogger and satirist Yameen Rasheed, was stabbed to death in 2016.

In 2015, Yameen cracked down on political dissent, after surviving an alleged assassination attempt. The following year, his government introduced the anti-defamation law that made it more difficult for media outlets to operate. Broad and vague, the law was used by the politically powerful to settle scores. “One outlet has been fined four times, and they have had to pay all four times before being able to appeal,” the former Chief Editor said. She believes that the ability of *Maldives Independent* to remain out of regulator crosshairs for a time was due to its small size: “The bigger [media outlets] are targeted and act as a buffer. They are a good barometer for how agitated regulators are.”

In September 2016, *Al Jazeera English* released a documentary, “Stealing Paradise,” exposing corruption in the Maldivian government. It featured an interview with Zaheena Rasheed, the top editor of *Maldives Independent* at the time; she had also done data analysis and translation for the film. The publication’s offices were raided just hours after the film appeared online. Rasheed, who had left the country a week earlier as a precaution, received death threats and was forced to remain abroad.

Additional media restrictions were imposed in January 2018, when the Yameen government mandated a list of qualifications for all editors: Maldivian citizenship, age 25 or above, a journalism degree, and five years of experience at a ministry-registered media outlet. These laws have forced the new Chief Editor of *The*

Maldives Independent, who was a foreign national, to work remotely from outside the country (she has since left this position). That anonymity extended to individual writers: articles were often published without bylines due to fear of government reprisals. This summer, the site was also target of a cyber-attack, which the Chief Editor viewed as a “badge of honor. Even though we are small, someone still dedicated resources to knock us out.”

The political situation may improve given the electoral defeat of Yameen by the MDP candidate Mohamed Solih in September 2018. The anti-defamation law, in effect for two years, was repealed in November 2018. *The Maldives Independent* hopes to have more operational freedom, although it continues to protect its reporters; there is still significant corruption in the military, law enforcement, and judiciary. “The opposition must also be held to account,” the former Chief Editor said.

The Maldives Independent’s content covers five categories: politics, business, culture, crime, and the environment. Although the site regularly publishes analytical pieces in its Features and Comment section, most its stories are short, ranging from 400 to 600 words. One popular post from last August, used just 172 words to poke fun at a huge cardboard cutout of Yameen installed on the Malé waterfront. The ostensible purpose of the installation was to celebrate the new “Friendship Bridge” funded by China—a topic that site editors enlivened with a few hyperlinks (inviting readers to take a deeper look) and the title: “Massive erection of Maldives president spotted in capital.”

The publication’s primary audience is readers aged between 18 and 34 and living in the Maldives. The publication has seen an increase in readership from the United States and the United Kingdom since 2015, and is often referenced by diplomats, embassies, and NGOs such as Human Rights Watch.

FINANCES

The Maldives Independent currently employs five full-time staff based in the Maldives: four journalists and one business manager. Freelancers working both locally and remotely (in India and Sri Lanka) contribute reporting. The organization has also benefited from the support of a local donor who prefers to remain anonymous, as well as a network of friends and family members who volunteer their time for administrative and accounting tasks.

With the change in government and the opening up of the press environment, *The Maldives Independent* hopes to once again make money from advertising. In the past, airlines, telecom companies and foreign NGOs were frequent ad buyers—revenue that largely collapsed under President Yameen as businesses became leery of supporting any kind of political journalism. But the site's readers—young, English-speaking and well educated, with disposable incomes to spend—have many traits that advertisers like, which makes the staff hopeful.

Despite operating for more than 10 years, *The Maldives Independent* has never sought funding from international donors or foreign foundations, as media NGOs have tended to overlook the country due to its small size, opaque politics and larger, more tempestuous neighbors like Sri Lanka. The publication has also never charged for content and has no plans of doing so, but it is open to soliciting smaller donations from readers.

It is a testament to its staff's dedication that after the Yameen years, *The Maldives Independent* is still the only English-language Maldivian news organization with the credibility to be cited internationally. The site earned the Index on Censorship's Freedom of Expression Award in 2017, and two of its reporters have appeared in Reporters Without Borders' list of top 100 "information heroes"—quite a feat for a small country which ranks 120 out of 180 on the RSF Press Freedom Index.

This success, however, has come at the cost of political repression, staff turnover, the 2016 murder of one of its reporters, and an uncertain future. The *Maldives Independent* once again has a shot at financial independence and setting an example for other local media—if it can only survive long enough to get back on its feet.

JJ Robinson assisted with editing this piece.

FRONTIER MYANMAR: Holding domestic journalism to international standards

SUMMARY: An independent English-language fortnightly publication based in Yangon that produces journalism for a mixed domestic and international audience and is financed by subscriptions and a parent company.

AT A GLANCE:

FOUNDED: 2015

OFFICE: Yangon

CONTENT: English-language coverage of domestic issues

FOUNDING STAFF: Approximately 15 people

CURRENT STAFF: 50 total including 25 editorial

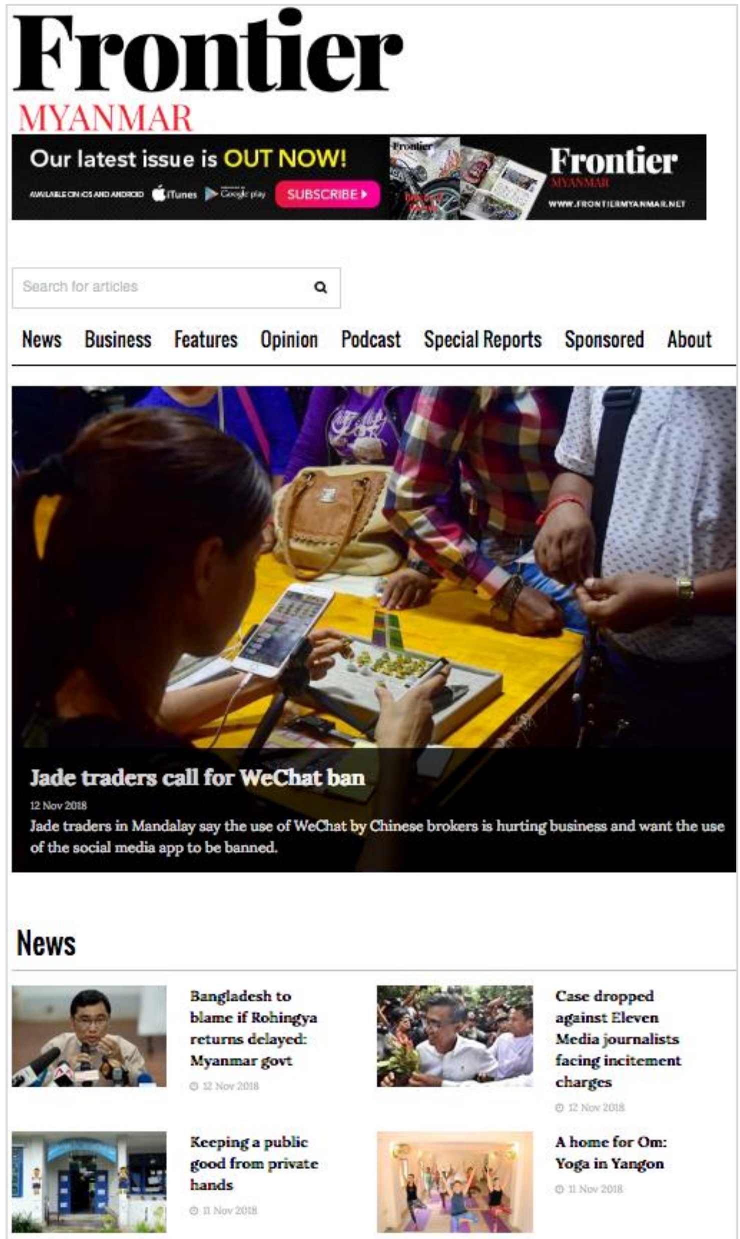
FUNDING SOURCES: 30% ads, 10% subscriptions, 10% donors, 50% support from parent company Black Knight Media

SOCIAL MEDIA FOLLOWERS: 307K on Facebook, 37K on Twitter

ADDITIONAL REACH: 1K email newsletter subscribers

WEBSITE TRAFFIC: 100K unique site visitors per month

PROFILE BY: Alicia Gorecki



HISTORY

Frontier Myanmar was founded in 2015 to fill the gap in independent journalism by providing English-language coverage of Myanmar for both domestic and international readers. In a phone interview, editor-in-chief Thomas Kean described *Frontier Myanmar* as a "response to the lack of critical voices in the market."

It started out as a weekly publication and currently has a circulation of around 3,000. In March 2018, it switched to a biweekly format, and now features about 60 pages per issue, including five pages of ads. The print publication is English only, while the website carries content in both English and Burmese.

The founder of the outlet, Sonny Swe, had been jailed for nearly a decade before starting *Frontier Myanmar*. Swe founded the *Myanmar Times*, an independent and privately owned newspaper, in 2000. He was arrested in 2004—the time of political upheaval and the purging of military intelligence. (Swe's arrest was not just because of his work at the newspaper but was also retribution for his father's position as a senior official in Myanmar's Military Intelligence office.) Swe was sentenced to fourteen years in prison for circumventing Myanmar's strict censorship rules, and ended up serving nine of them, losing his outlet along the way. (His wife was forced to sell it to a media entrepreneur with close ties to the Ministry of Information.) The idea for *Frontier Myanmar* grew out of his prison experiences, when Sonny envisioned a new space for independent reporting. He understands the dangers of what Kean described as "fulfilling the watchdog role that is missing in Myanmar journalism," and knows the value of remaining truly independent.

Frontier Myanmar is one of just a handful of English media outlets in the country. Kean explains that publishing in English provides certain freedoms; the Burmese public is not its primary audience, which might explain why the outlet has not faced the same degree of scrutiny as other media and government-controlled domestic newspapers. This may change with the recent addition of Burmese-language breaking news to its website, which *Frontier* began posting in February 2018 (in collaboration with BBC Burmese).

Frontier Myanmar's stories range from long investigative pieces and commentary on global affairs to local breaking news and a range of specialized topics: energy, health, education, property, and finance. The team has even launched a podcast called Doh Athan, translated as "our voice," that discusses human rights. Its comprehensive coverage and relatively large audience— *Frontier Myanmar* has over 300,000

Facebook followers—mean that it can influence the global understanding of events in the county.

The political situation has changed significantly since 2015. As Kean put it, "after a brief period from 2011 to 2015, when the former government sought to improve relations with the media, Myanmar is slowly reverting back to the repression that was the norm for the previous 50 years. Journalists are once again being locked up for reporting critically on the government and military." In September 2018, two Reuters reporters were sentenced to seven years in prison each for violating the Official Secrets Act after the two conducted reporting on the Rohingya; their appeal was rejected in January by the country's High Court. Shawn Crispin, the Southeast Asia representative of the Committee to Protect Journalists, has called their treatment "a new press freedom low for Myanmar."

The heightened conflict in the Rakhine State between the Rohingya Muslim minority and the Buddhist majority has prompted accusations of genocide, leading the government to crack down on criticism. Unbiased reporting—a point of pride for *Frontier Myanmar* in particular—now carries renewed risks. "The way we covered the Rakhine crisis helped us to establish a reputation for independence and quality journalism faster than probably would have otherwise been possible," Kean wrote in an email in October 2018. "We've been able to stand out from other media in Myanmar that have adopted a more nationalistic, pro-government tone. At the same time, this has made us a target."

The changing political climate has affected the public's perception of the media, Kean explained: "The surge in nationalist sentiment and crisis mentality as a result of the Rakhine conflict has meant that many people now believe media should support the government rather than be independent. In particular, the public has turned against media perceived as foreign because they tend to report negatively on Rakhine State." Given *Frontier Myanmar*'s emphasis on objectivity, this puts them in a difficult position.

FINANCES

Frontier Myanmar's funding comes in part from subscriptions and ads, but support from a parent company, Black Knight Media, plays the key role in keeping *Frontier Myanmar* in business. Black Knight Media operates a profitable content-creation and PR agency, founded by Swe and his business partner Sylvia Saw McKaige about 18 months after *Frontier Myanmar* was born with the idea of supporting the publication. The agency is modeled on McKaige's other business, the Singapore-based digital marketing agency Salween Group. "Like other publications around the world, we have had to look for alternative revenue streams." Swe said. "We took the DNA of Salween Group and created Black Knight Media. We thought there was a gap in the market there because no other agency has access to editorial talent like we do at *Frontier* to help with content creation."

Due to Sonny's history with *The Myanmar Times*, he wanted to ensure that he and the publication's cofounder had a controlling stake in the company—hence the priority of keeping it a small and independent outlet.

The entire organization—*Frontier Myanmar* and Black Knight Media's content-creation business—now has 50 full-time staff members. (Although they were established separately, the two are linked in their operations and revenue.) There are about 25 full-time paid editorial staff, and 10 administrative personnel. There is no single dedicated fund-raiser or grant-writer at present.

Although the outlet was primarily self-funded through personal investment and loans, about 50 percent of its budget currently comes from Black Knight Media. This help notwithstanding, Kean said, "economically we are still struggling. Everybody in the media is going through the same issues." Advertising sales have proven unreliable, particularly in the weak economy of Myanmar. The typical advertisers include local restaurants and retail businesses, but the rates they are willing to pay have been falling.

When asked for advice for anyone wishing to start a media outlet, Swe is not optimistic. "Don't start," he said, "in Myanmar, at least. There are so many risks, both financial and personal. You lose money but you also face the threat of imprisonment. If someone came to me now and proposed to start a media organization together, I would advise them to wait for a few years until Myanmar becomes more stable." As with many outlets across the world, *Frontier Myanmar* struggles to find a balance in a context of political instability and economic uncertainty.

HIMAL SOUTHASIAN (SRI LANKA): Respected regionally but donor-dependent since 1987

SUMMARY: Independent nonprofit news organization loved, by a small following, for its thoughtful reporting but forced to relocate from Nepal to Sri Lanka

AT A GLANCE:

TYPE: independent non-profit news organization

FOUNDED: 1987

OFFICE: Colombo, Sri Lanka, since 2018; moved offices from Nepal

CONTENT: in-depth reporting on South Asia

FOUNDING STAFF: 8 people

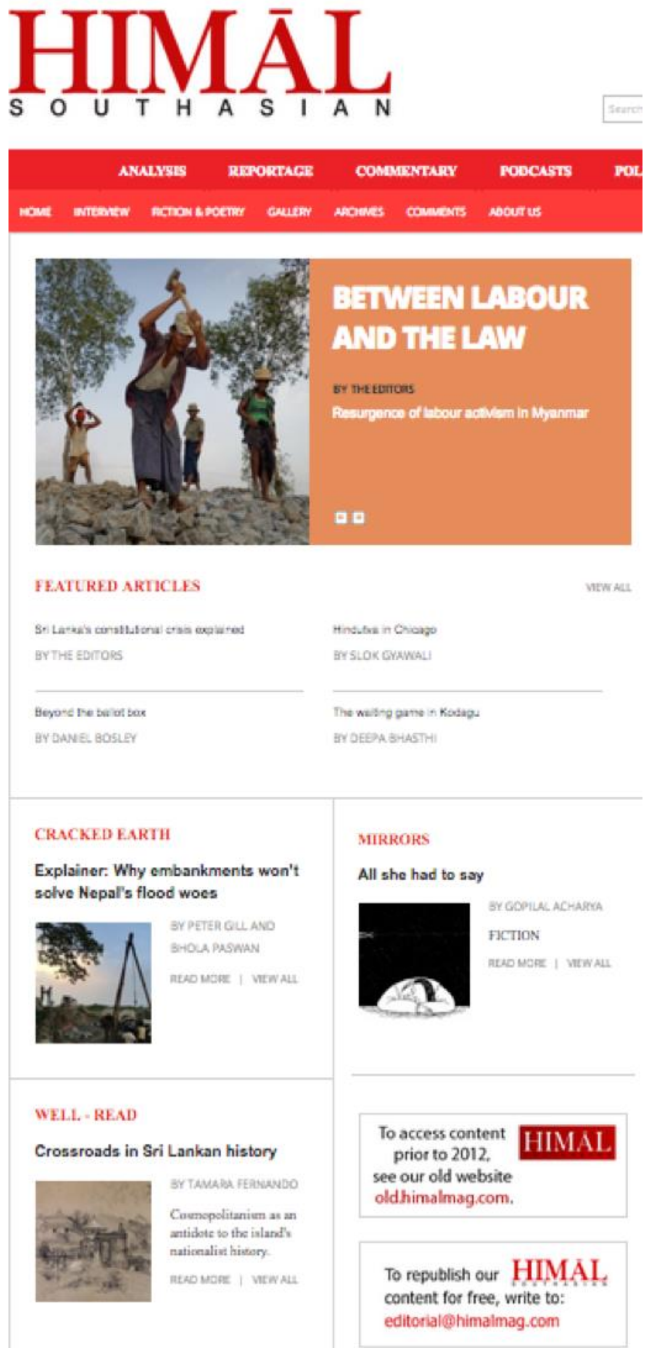
CURRENT STAFF: 4 full-time and 1 part-time in editorial, 2 admin

FUNDING: 100% donor-funded

SOCIAL MEDIA FOLLOWERS: 29K on Facebook, 8K on Twitter

WEBSITE TRAFFIC: 16K unique visitors per month

PROFILE BY: Clayton J. Dixon



Founded in 1987, *Himal Southasian*, an independent, nonprofit news organization based in Colombo, Sri Lanka, is nothing if not tenacious. It sees its mission as amplifying marginalized voices and promoting social justice—objectives it pursues through in-depth, long-form narratives. In 2016. *The New Yorker* profiled *Himal*, which praised its journalists for their dogged coverage of human rights, civil society, and the war in Afghanistan.

The media market in South Asia is defined by nationalism, fractious politics and commercial pandering. In this environment, *Himal*'s thoughtful, analytical approach and its frequent pan-South Asian angle might seem counterintuitive. But the outlet has endured thanks to the small but loyal following it has attracted and to donor funding, while other media organizations have crumbled. “You can’t solve issues at the country level only. Issues must be looked at across borders,” said chief editor Aunohita Mojumdar.

“We continue to be the only platform to publish a lot of writers and journalists who are unable to publish on issues of government sensitivity in their national media,” she added. *Himal Southasian* has done sustained reporting on Tibet and has covered the expulsion of the Lhotshampa people from Bhutan as well as the growing militarization in South Asia as a whole. Mojumdar also credits *Himal Southasian* for helping draw the world’s attention to Aung San Suu Kyi’s problematic stance on the Rohingya.

Since we last wrote about *Himal* in 2015, it has continued to face financial difficulties. It was not able to use the funding it received from donors, ultimately forcing it to cease operations in Nepal in late 2016. In its last years in the country, the government delayed work visas for its expat employees and made it difficult to access the grant money that its donors were allocating; its payments to its contributors were held up by its local bank. “Routine payments began to be delayed by between three to six months, making it difficult for us to pay contributors who are the sole source of articles,” said Mojumdar. “Simple outward remittances that should take maybe weeks started taking months for the government to process.”

Himal’s woes came to a head in April 2016, when founding editor Kanak Mani Dixit was arrested by the Commission for Investigation of Abuse of Authority—a move widely seen as retaliatory in nature. Dixit had openly opposed the appointment of Lokman Singh Karki as head of that government body in 2013, pointing to Karki’s past indictment for suppressing the 2006 People’s Movement. Karki was confirmed, then removed from this post three years later—but not before Dixit was seized and placed in police custody on trumped-up charges of fraud. Financially strapped and politically pressured, *Himal* was forced to close its office in Kathmandu.

The publication was eventually able to renew operations in Sri Lanka in March 2018. Though the move ensured *Himal*'s survival, it has forced numerous organizational, administrative, and operational changes. In particular, *Himal* has eliminated its quarterly print magazine and committed to the digital distribution of its content. This strategy has promise: the publication's webpage receives approximately 18,000 unique visitors a month in the fall of 2018, according to Mojumdar. Its Facebook account counts 29 thousand followers, with another 8,500 on Twitter. The number of younger readers appears to have grown, Mojumdar said, although this increase is based on anecdotal evidence only; *Himal* has been unable to conduct large audience surveys due to its recent cross-border move.

The relocation to Sri Lanka has not been rewarding financially, and insolvency has become a risk. *Himal* currently survives on the largess of donors, many of which are constantly on the hunt for the next new thing. This does not bode well for an organization like *Himal*, which has been in existence for more than 30 years and no longer benefits from novelty. The short-term nature of the donor grant cycle and the lack of time have made long-term planning extremely difficult. "The six-month survival challenges doesn't give you much to plan for the future of the organization," said Mojumdar. For her, financial success would mean being able to meet core costs without complete dependence on private donors. These core expenses include administration costs, contributor payments, and salaries for staff.

Himal has also struggled administratively. When it relocated, it had to create a new nonprofit in order to keep publishing. Like many other small outlets around the world, the outlet's small team is forced to multitask. Mojumdar, for one, pulls double duty as editor and primary fundraiser. In its current form, *Himal* has six full-time employees as well as one part-time staff member who handles social media.

Still, Mojumdar and staff expressed confidence that they will continue to have a positive impact in South Asia. Mojumdar believes that *Himal* often sets the tone for global coverage of the region. "We draw attention to social issues: racism, the militarization of large parts of South Asia, and how in some places the law of the land doesn't apply," she said. "Other people draw on it and use it for references for discourse."

THE CONVERSATION (AUSTRALIA)

SUMMARY: A global outlet that brings academic research to a general audience, relying on funding from universities rather than syndication.

AT A GLANCE:

FOUNDED: 2011

OFFICE: Melbourne plus 8 regional offices worldwide

CONTENT: articles written by academics and edited by journalists

FOUNDING STAFF: 20 people, including 2 founders

CURRENT STAFF: about 30 full-time in Austria; 150-200 full-time globally

STARTUP CAPITAL: 9 million Australian dollars (about $6M US) committed by three Australian universities over three years and help from the State of Victoria

ANNUAL REVENUE (AUSTRALIA BRANCH): 5.1M Australian dollars

SOURCES: 40% university members, 33% grants and donations, 18% international services, 6% display advertising and jobs listings, 3% other

SOCIAL MEDIA FOLLOWERS: 250K on Facebook, 300K on Twitter

WEBSITE TRAFFIC: 11M unique visitors per month

PROFILE BY: Nathan Benevides

History

The Conversation is a global network of digital media outlets committed to reliable, evidence-based journalism written by academics. Founded in Australia with funding from the government of Victoria and a group of universities, the publication helps academics to share research and educate the general public.

"When people talk about public interest journalism they talk about Watergate and gotcha journalism," said Managing Editor Misha Ketchell. "We try to expand the definition of public interest journalism. Power is still being held to account but in a formal way." Ketchell believes that in a world of disinformation and declining media trust, the academic voice is essential for its ability to draw on rigorous evidence-based research that doesn't have an ulterior motive.

"Some people don't like the idea that universities get to have an opinion. That should be reserved for people with vested interests," Ketchell said. In this respect, his contributors are in a unique position: "Depending on academic research means we can report whatever they [academics] find out. … If they survey people and find that 60 percent think something, then that's what we print."

The outlet, which started in 2011, now has eight additional offices around the world, employing about 200 people, most of them full-time staff. Apart from Australia, teams are based in Canada, France, Spain, Africa (South Africa and Kenya), the United Kingdom, the United States, and Indonesia—an edition strengthened in 2018 with the $240,000 grant from the Open Society Foundations.

Each office acts as an autonomous editorial unit, publishing articles relevant to its region. Editors commission pieces tied to current events and, after sourcing them from academic experts, edit most stories down to 600 to 800 words. Ketchell describes this method as a unique strength: no other outlet publishes timely, reader-friendly content from specialists in their fields at similar scale. Articles in *The Conversation* are regularly quoted by policymakers and other media outlets, and the contributors discuss their stories on radio and TV. This role of "public intellectuals thinking in public" is part of Ketchell's focus on improving public discourse—an objective he prefers over monetizing content or demonstrating impact.

The *Conversation's* decentralized model makes it difficult to assess the extent to which the outlet's editorial strategies have changed over time. Ketchell notes that while the site has expanded into infographics and explainer pieces, the fundamental approach of academically-sourced content remains the same. This is true at each of the eight editorial teams as well, where editorial and content strategies are homegrown in response to national issues and audience tastes.

Finances

The Conversation gets much of its funding from universities—often the same ones whose academics provide the bulk of its content. The finished articles are then given out for free. The outlet is not dependent on funding from advertisers, readers or syndication. This funding strategy presents certain advantages; when newspapers run short of money, they often cut what they consider non-core content—which could mean the very kind of explainers and analytical stories that *The Conversation* emphasizes. Also, because *The Conversation* never counted on syndication as one of its financial pillars, it has avoided the disappointments and financial shortfalls faced by many other media startups.

In Australia, universities contribute nearly half the operating budget of $4.5 million. The rest is made up of private donations, grants, government funding, and a small stream of advertising revenue (less than $50,000). Funding strategies vary around the world. In Africa for instance, the two offices in Nairobi and Johannesburg depend more on grant funding from the Bill and Melinda Gates Foundation. In the United States, a larger share of that budget comes from private foundations.

Managing so many donors, often with different interests and needs, takes time and effort, and Ketchell would love to see *The Conversation* become free of government funding. Small contributions from readers are rising and have recently reached $700,000 a year. Ketchell is inspired by the example of the *Guardian*, which now has one million small contributors, but he is careful about the tone of the funding appeals he writes: “I want to make sure we don’t send out a signal to our audience that we are on the precipice.”

Before joining *The Conversation*, Ketchell worked at Australia’s public broadcaster and he believes that creating large and strong institutions, rather than short-lived startups, is how journalism will survive. Some donors and entrepreneurs “believe in letting a thousand flowers bloom,” Ketchell said. “But the best types of journalism come from stronger institutions.”

Currently, *The Conversation* does not have a single centralized editorial authority overseeing operations throughout their global network. Ketchell explains that each team must comply with global editorial policies, and editors regularly check in for online staff meetings. But local editors are ultimately in charge of their region's coverage and answer to their own board and academics in their own country. "There is brand risk from what anyone does across a big, decentralized network," Ketchell admits. "If another team publishes an article that gets a lot of skepticism, it reflects on all of us. Finding ways to protect our global reputation when decision-making is done by individual teams is a big risk we have to manage."

Beyond this, Ketchell is worried that technological change might disrupt *The Conversation*'s otherwise rapid growth. While the outlet's business model has insulated it from the most damaging impacts of Facebook and Google's algorithm changes, further changes might make it more difficult for readers to access content.

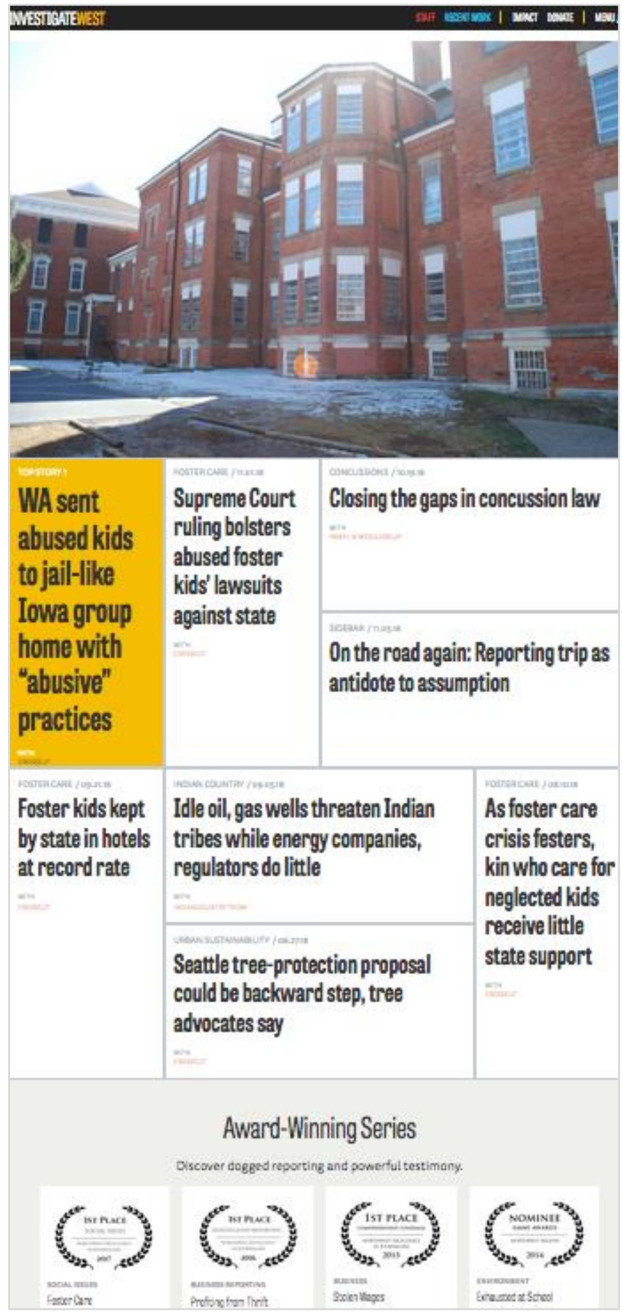
Apart from these main sources of funding, *The Conversation* is in the very early stages of trying to secure an endowment as a route to long-term financial stability. Ketchell noted that "we have a very sustainable business model—we will be here in five years' time. The question is really about scale." He sees no reason, he said, why *The Conversation* would not be able to match major regional and even global publications in reach in a decade. At the moment, however, the outlet's pace of expansion has slowed somewhat, as its leaders emphasize stability and long-term planning.

Having helped build an outlet that has thrived and grown, Ketchell is clear about what it takes to succeed: "You've got to have a reason to exist. We're in a world of content now—the challenge isn't creating content. It's getting people to engage and spend time with *your* content. If you're really clear about the core value proposition, you have the potential to succeed. If you try to be all things to all people, you're going to fail."

INVESTIGATEWEST (UNITED STATES): Muckraking in the Pacific Northwest

SUMMARY: A regional investigative reporting site that is having an impact but has been hard hit by the decline of local newspapers in the US.

AT A GLANCE:



FOUNDED: 2009

OFFICE: Seattle

CONTENT: in-depth, locally focused reporting

FOUNDING STAFF: 6 people

CURRENT STAFF: 1 full-time, 4 part-time

STARTUP CAPITAL: about $20K in personal investment from founder

REVENUE: $302K in 2017

FUNDING: 72% foundations, 22% reader contributions, 6% content syndication

SOCIAL MEDIA FOLLOWERS: 2.3K on Facebook, 3.5K on Twitter

ADDITIONAL REACH: listserv with 1K readers

WEBSITE TRAFFIC: 1K to 5K unique page views per month

PROFILE BY: Anya Schiffrin

HISTORY

The mission of *InvestigateWest* has not changed since its founding in 2009. The site publishes journalism for the common good, focusing on stories that are not being reported by other outlets in the Pacific Northwest. Based in Seattle and Portland, two US cities known for liberal politics and high levels of civic engagement, *InvestigateWest* benefits from a community that cares passionately about public interest journalism and social issues.

“We do in-depth journalism that has a clear bearing on public policy and corporate practice and, it goes without saying, we try to afflict the comfortable and comfort the afflicted,” said Robert McClure, founder and executive director, in an interview.

McClure is proud of the impact *InvestigateWest*’s stories have and points to a 2015 series on the nation’s leading for-profit thrift shop chain as a prime example. Value Village, part of a $1.2 billion company called Savers, had been misleading the tax authorities, as well as donors and customers, about the percentage of its profits given to charity. After *InvestigateWest*’s reporting, the state government sued Savers to force it to change the Value Village disclosure policies and register it as a commercial fundraiser.

Another investigation, a series of stories on the crisis in Washington State’s foster care system, laid bare a tangled mess of problems including a shortage of foster parents so acute that children were being forced to spend the night in offices and hotels. At the same time, caregivers in the children’s extended families, such as grandparents, upon whom the foster care system relies, were receiving minimal state support. After the series appeared, the Washington State Legislature credited the site with exposing the problem and, in 2017, passed six laws to help foster kids and parents, allocating $48 million in new funding.

McClure said that the site’s loyal core of readers understand the importance of its investigative reporting and that the election of President Trump has made them all the more appreciative. The number of small contributions from readers has risen, as have more generous gifts including a $25,000 donation in December 2018—the site’s largest to date. Ten other donors gave $1,000 or more that year.

“It’s nothing like what *ProPublica* saw after Trump was elected. It’s been much more modest for us, but it’s been positive. More people are realizing we need funding for independent media,” McClure stated.

FINANCES

InvestigateWest's founders went without a salary for 14 months, and McClure took out a new 30-year mortgage on his house to help cover expenses. He and his cofounders were eventually able to start paying themselves a salary, but McClure has never won back his original investment of $20,000 and still dips into savings from time to time to help fund the project. His revenue streams are uneven and that makes staffing variable too.

When *InvestigateWest* was launched, a consulting firm worked pro bono to help the founders come up with a business plan, but the result ultimately proved unfeasible. The firm, Point B, envisioned that *InvestigateWest* would report and fundraise across the West Coast, while syndicating pieces to regional newspapers at $400 to $700 a clip. When this plan failed, *InvestigateWest* decided to pull back and focus on being a Northwest-oriented news organization. In 2012, some 14 percent of the budget came from selling content. That was down to 10 percent by 2014 and to around 5 percent in 2018.

"The newspapers that were having difficulty before paying a reasonable fee are now laying off in droves and don't want to pay us anything," McClure explains. "As content income has plunged we have grown our individual donor base and landed a handful of individual donations of five figures."

More helpful than the consultants in outlining the editorial strategy, McClure said, have been the meetings of the Investigative News Network and an introduction to another local news site, *Voice of San Diego*. McClure has spent the last few years learning what works and what doesn't. *InvestigateWest* tried crowdfunding for two investigations but managed to raise only $15,000 in total. Events have similarly turned out not to be worth the amount of time required to plan them, so *InvestigateWest* has largely abandoned this fundraising model as well. The site had a few layoffs in 2016 and now manages with a half-time staff who cover issues such as the Native American community and sport-related concussions. A team of volunteers comb through documents.

Along with support from readers, *InvestigateWest* has been sustained by grants, including from the Knight Foundation, the Bullitt Foundation, the Ethics & Excellence in Journalism Foundation, the Seattle Foundation, Meyer Memorial Trust, and the Loyal Bigelow and Jedediah Dewey Foundation, among others.

InvestigateWest does not run ads. “We don’t take advertising because we don’t want to burn calories on garnering digital advertising at rates that just don’t make sense,” McClure said. “We are about providing a high-quality editorial product.” He added, however, that he is open to a merger or acquisition if the right partner came along.

In the meantime, McClure focuses on trying to get the 957 people on his email list to become donors. *InvestigateWest* features a donation button on its website to encourage reader contributions. Facebook distribution has gotten harder, however, since the problem of Russian social media interference came to light. Facebook has begun rejecting almost all nonprofit news entities’ attempts to boost posts.

“Facebook should stop censoring our posts. Facebook identifies them as political and can’t get them boosted, so it’s terrible for nonprofit news sites and keeps you from getting information to people you want to reach on social media,” McClure said.

Despite the difficulties, McClure has no plans to quit. He feels that there is still an important role for *InvestigateWest* and that it is doing stories no one else is covering.

“Our main goal is to get things to happen in society,” McClure said. “We’re out to explore problems and point out solutions to solve those problems.”

ANIMAL POLÍTICO (MEXICO): Famed investigative reporting site hopes to break even

SUMMARY: Mexico's leading online news site, an award-winning organization that finances in-depth investigative and data journalism through a multi-pronged income strategy: traditional ad sales, creative content production, and an active grant-seeking initiative.

AT A GLANCE:

FOUNDED: 2010

OFFICE: Mexico City

CONTENT: news, investigations, and data journalism

FOUNDING STAFF: 10 people

CURRENT STAFF: 25 full-time

FUNDING: 45% ads, 25% grants, 15% trainings, 10% consulting, 5% donations from readers

SOCIAL MEDIA FOLLOWERS: 1.3M on Facebook, 2M on Twitter, 48K on Instagram

WEBSITE TRAFFIC: 5M unique visitors per month

ADDITIONAL REACH: a newsletter with 12K subscribers

PROFILE BY: Nathaniel Parish Flannery

HISTORY

Animal Político, a news and culture site founded in 2010, is now the most successful digital media startup in Mexico. The site attracts over five million users every month. In July 2018, the month of Mexico's presidential election, *Animal Político* received over 12 million page views. Being based in Mexico City—both the largest metropolitan area in the Western Hemisphere and the largest Spanish speaking city in the world—provides *Animal Político* with access to a large local audience of readers. Now a national media brand, *Animal Político* competes with the country's top nationally-distributed print newspapers.

The publication operates within a challenging context. According to official statistics, last year broke 2017's record as the most violent year in modern Mexican history, with murders rising by 33 percent. According to the Committee to Protect Journalists, nine journalists were killed in Mexico in 2018. Over the last decade, class divisions in Mexico have sharpened, stoking popular frustration over ineffective government programs and rampant political corruption. *Animal Político*'s editorial independence and proven track record for publishing investigative and analytical reporting have earned it a high level of trust among Mexico's young, well-educated, urban demographic.

During a recent interview, Daniel Moreno, the site's cofounder and editor-in-chief, said that *Animal Político*'s mantra is simple: "do journalism."

"Provide a service for readers on important topics for Mexico—corruption, violence, and inequality—give a face to the victims, document human rights violations, document government corruption. Those are the themes we focus on," he said.

Animal Político won the Ortega y Gasset prize in 2018 for its investigative report titled "La Estafa Maestra," which uncovered a massive embezzlement scheme siphoning money from Mexico's federal budget.

As a veteran organization in Mexico's rapidly evolving digital journalism ecosystem *Animal Político* has had to adapt to readers' tastes and platform preferences as technology has progressed.

"When *Animal Político* started, we didn't take advantage of digital tools. Over the last few years we've embraced video, interactive graphics, graphic novels," Moreno explained. "We try to target new audiences. The big reports of *Animal Político* are no longer text-only. We also do work on design and promotion, videos, and graphics. We create a strategy for social network promotion."

Animal Político has been successful in engaging readers on social media. The site has nearly 2 million followers on Twitter and more than 1.3 million followers on Facebook. Moving forward Moreno plans to work with his team to embrace video and create content for YouTube. "I think the digital world gives you a wide set of options for communicating with readers. Digital readers don't come for long texts. They come for graphics or videos," he said.

Animal Político is still fine-tuning its business model and working to achieve profitability. For now, Moreno thinks the organization's biggest successes are related to the content the site publishes. "In the last two years, we've published stories on corruption and violence that are important. We've won prizes. That's the big success we've had. Having credibility is a success. We are one of the most trustworthy media outlets in Mexico. We are known across the country," he explained.

Finances

Animal Político's editorial excellence, however, has not translated into financial viability. Although finances have improved between 2015 and 2018, the founders are still looking for ways to boost ad sales, increase reader donations, and find other revenue streams. As of late 2018, the site's operating costs exceeded its revenues. Moreno said that he hoped to reach the break-even point in 2019.

According to information *Animal Político* discloses online, in 2017 it received a $80,000 grant from the Open Society Foundations, a $90,000 grant from the Ford Foundation, and a $85,000 grant from the Kellogg Foundation. The publication's website states that 45 percent of its revenues comes from ads, 25 percent from grants, 15 percent from training other media groups, 10 percent from consulting work, and 5 percent from reader donations. The rest comes from the sale of creative content and advertorials.

Moreno explained that "the most important risk was the business model. We can talk about external risks, pressure, but the big topic for digital media is finding a business model that will work in the long run. In Mexico, it's been hard to convince the private sector to buy ads in digital media, especially political media."

Animal Político currently employs a team of 27 staff members, including Moreno. He was unwilling to provide further on-the-record information about revenue, but said that although *Animal Político* is not yet a profitable enterprise, the site has a bright future. “I think today *Animal Político* is a well-positioned brand. I think we have left behind the era of financial instability and are stable now. We see it as a business. We want to finance good journalism through a business model. We don’t want to depend on foundations. I’d define financial success as when we can cover our costs with income from sales and reader donations, not foundations.”

Animal Político’s experience has taught Moreno about the difficulty of creating a digital media business. New organizations need to think about defining a clear editorial and business strategy from the beginning, he said. Good content needs to be backed by a viable business plan, but a clear business plan isn’t enough either: “You need to do something better than other people. Some people just cover general topics. You have to figure out exactly what you’ll do differently.”

CHIAPAS PARALELO (MEXICO): Nonprofit site providing local news and analysis in Mexico's poorest region

SUMMARY: Digital-only media startup working to deliver critical news analysis in Mexico's poorest state

AT A GLANCE:

FOUNDED: 2013

OFFICE: Chiapas (virtual)

CONTENT: news and analysis focused on the state of Chiapas

FOUNDING STAFF: 4 people

CURRENT STAFF: 8 part-time

STARTUP CAPITAL: about $5K (60K pesos)

FUNDING: $11K in first three quarters of 2018

SOURCES: 25% ads, 75% grants

SOCIAL MEDIA FOLLOWERS: 129K on Facebook, 17K on Twitter, 5K on Instagram

ADDITIONAL REACH: email listserv with 4K readers

PROFILE BY: Nathaniel Parish Flannery

HISTORY

Chiapas Paralelo is a minimalist media company based in Chiapas, an ethnically diverse state in southern Mexico that presents complex social, cultural, political, and economic challenges. Much of the state's population is spread across tiny mountain hamlets, and many of them are divided along cultural and ethnic lines. In indigenous communities, many people do not speak Spanish. Chiapas is Mexico's poorest state, and only four in ten of its residents have internet access. During the NAFTA era, local entrepreneurs and state-level politicians have failed to foster significant economic development, and recurring corruption scandals have hit both the state government and the local branches of federal agencies. One journalist was killed in September 2018 after accusing a local politician of corruption in an article. Struggling to operate in this economic and political dynamic, media outlets are often forced to choose between survival and seeking funds from local politicians.

Chiapas Paralelo was founded in 2013. The site works to share critical news analysis and commentary from local academics and journalists. Ángeles Mariscal, one of the site's cofounders, explained in a recent interview that "here in Mexico, it's about the effort it takes to do good journalism." The site has struggled to secure enough ad sales to cover costs, but it has succeeded in winning loyal readers. "We've had a lot of success [editorially]. The content we generate changes people's lives a little bit and helps create more fair conditions in public, political, and daily life," Mariscal said.

"We want to share a perspective that's connected with human rights. We want people to understand the socio-economic conditions of the state. We talk about environmental topics, indigenous communities, and women's rights," she added. The site has amassed around 129,000 followers on Facebook and 17,000 on Twitter, along with 4,000 subscribers to its email listserv. The founders have pursued a digital-only strategy in part to cut operational expenditure. They focus their attention on educated readers who access news online. "Our readers are activists, professionals, people who have internet," Mariscal explained.

Remarkably, the site has found a way to report on organized crime and political corruption while tempering the risk faced by its writers. "On the topic of organized crime and violence, we write about how it affects society and daily life. We don't focus on specifying who the operators of these groups are," Mariscal said. In the site's ample coverage of political corruption, "we are very careful that everything we mention is well-documented to avoid having mistakes that would damage our reputation."

FINANCES

Between 2015 and 2018 *Chiapas Paralelo* has seen its financial health improve, but has still not achieved profitability. Finances were boosted by a grant from a private foundation. During the first eight months of 2018 the site recorded revenues of $11,000, up from just $6,000 in 2017. Although revenue is growing and help from donors has provided vital support, *Chiapas Paralelo* still lacks a physical office and relies heavily on volunteered time from its founders and leading contributors. In 2015, the founders' main concern was securing enough advertising to cover basic operational costs to keep the site running. The team now includes one person who actively seeks foundation funding, and there are plans to bring in an advisor to help run the business side of the organization.

Chiapas Paralelo is still looking for a viable business model. Currently, grant money accounts for 75 percent of its income. Ad sales, which total barely over $2,000 per year, add up to 25 percent. None of the founders receive a salary. "It has cost us a lot to keep going," Mariscal said. "We work double-time to survive."

But even if the site is not yet profitable, Mariscal is not worried that it will be forced to close. "I think we have stability. I see it as stable. Our survival is guaranteed to a certain point. We need to find resources to develop more," she said. She views the site as less a business than an information portal that provides a crucial public service.

Mariscal believes that increasing the site's income will help improve the content it publishes. The team hopes to continue to publish unique stories that have an impact, attract more readers, and steadily increase income over the next two years. A big part of this objective is finding outside support. The biggest mistake she and her cofounders made was not prioritizing the search for foundation grants from the start, Mariscal said: "We don't see it as a business. We see it as a project that we can eventually get by on economically."

EL DAILY POST (MEXICO): Short-lived startup that closed down due to lack of revenue and audience

SUMMARY: English-language Mexico-focused news analysis portal that invested heavily in expert commentary and was quickly closed.

AT A GLANCE:

LIFESPAN: 2015 to 2016

OFFICE: Mexico City

CONTENT: English-language news and analysis about Mexico, 70% from *Animal Político*

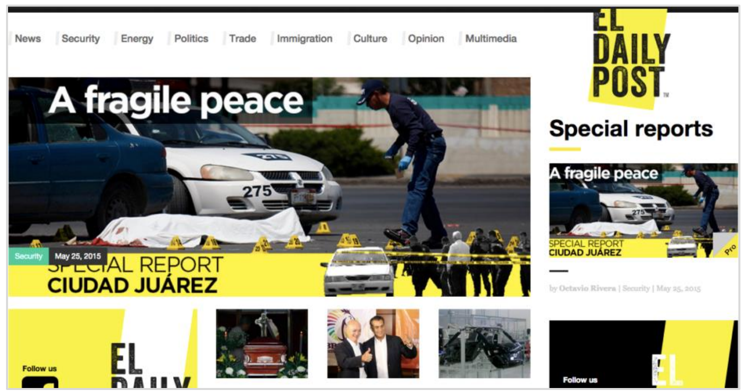
FOUNDING STAFF: 3 people

STAFF AT CLOSURE: 6 full-time and 10 part-time

FUNDING: ads, paywall, support from parent company *Animal Político*

SOCIAL MEDIA FOLLOWERS: 5K on Facebook, 7K on Twitter

PROFILE BY: Nathaniel Parish Flannery



Snapshots of *El Daily Post* website from 2015 and 2016

El Daily Post was a promising media startup that offered English-language content about Mexico. In operation for just a year in 2015-16, it distinguished itself from other online outlets by hiring A-list analysts such as security expert Alejandro Hope and energy expert Dwight Dyer with the aim of creating exclusive commentary that could eventually be monetized. The site was backed by the founders of *Animal Político* and the US-based Fusion multimedia TV and web platform, and modeled after Politico.com. Around 70 percent of its content came from *Animal Político*, translated to English.

After several months of operation, *El Daily Post* was still struggling to attract a major following, and its founders shut it down. Former editor-in-chief Octavio Rivera López explained in an interview that the site "wasn't a priority for the people who created it. I think they had some economic problems and … other projects that were more important to them."

The publication's social media following was slow to grow as well, reaching only a few thousand followers on Facebook and Twitter. Its content wasn't to blame, Rivera told me, but there was no viable business model to accompany it. "We didn't look into how to get traction in search engines and social media. … We didn't get the diffusion we could have because of technical errors," he explained.

Back in 2015 the site's cofounder Daniel Moreno defined success as financial independence—an ability to generate a profit and sustain operations through a diversified income stream. He guessed that in a few years, *El Daily Post* would achieve a profit margin of 15 percent. But the founders had made the mistake of not drawing up a roadmap for how to reach that goal, Rivera said. "There wasn't a business model behind it."

Meanwhile, hiring expert commentators had inflated salary expenses, which ad revenue did not nearly cover. The original plan called for having experts in strategic areas like security, energy, politics, and migration. The idea was that that the experts would help monetize the site, either by charging readers or by syndicating their content. When costs of retaining these writers mounted, whole areas of potential coverage were slashed. "They decided not to hire experts in migration and politics. It was a failure. You can't monetize content without having the content be well known," Rivera said.

He remains proud of the work completed by the site's reporters, many of whom were trained in the United States. "We did investigations that were really good. …

That was important, having people who could do good reports about Mexico written in English," he said. But because insufficient thought was given to content distribution, the site never attracted much attention from readers in Mexico or the United States. An additional problem was that the site's servers were based abroad—a cost-cutting measure that complicated search engine optimization.

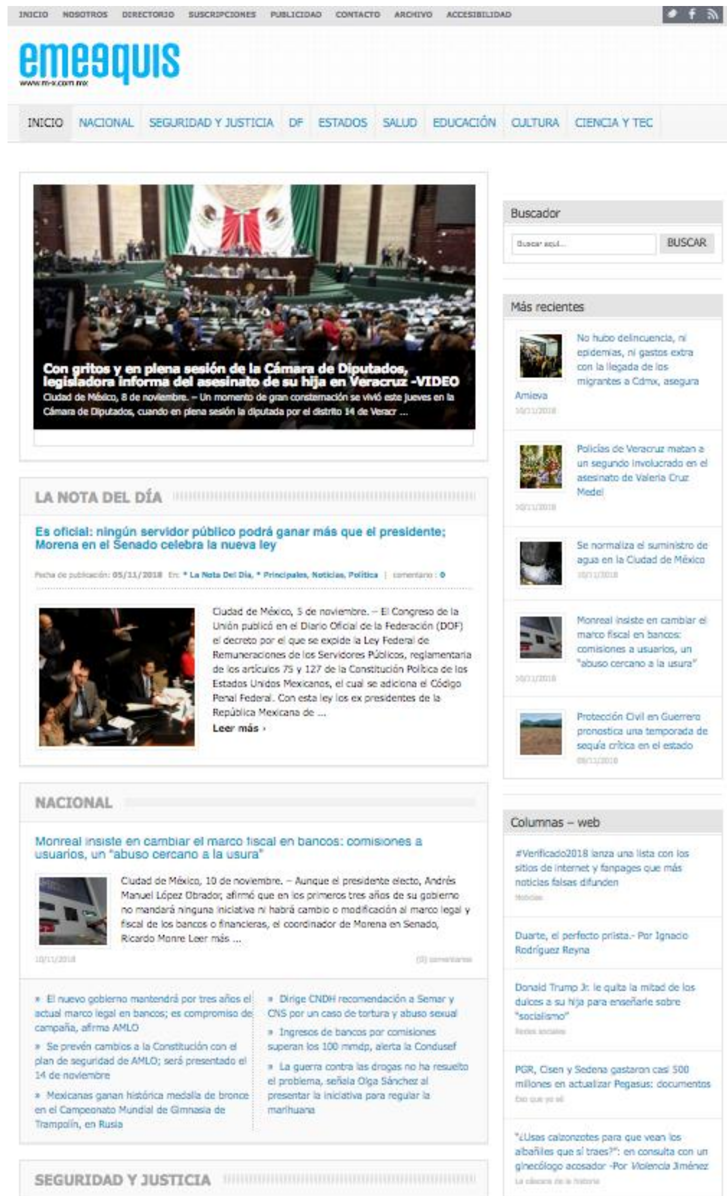
Rivera cautioned other startups against repeating *El Daily Post*'s mistakes. The site's failure offers a lesson, he said: "You have to think about not just one source but various sources of income. You have to look for grants—not just ads or product sales. You have to know that projects take time to mature. You have to have money to survive. Smaller is better. You have to start small and then grow as you can."

Within Mexico itself, Rivera thinks that the mantra "smaller is better" will soon be increasingly relevant. In December 2018, the presidency changed over to a leftist politician whose campaign promises had included cutting the government's spending on advertising—a longtime source of funding that has long sustained media outlets across the country. Now they will have to adapt accordingly, and Rivera anticipates huge job losses at newspapers and TV outlets. "Media companies are trying to cut their payrolls and find a way to live when they don't get the same income they got. Some newspapers will close. But for the positive side there will be culling. I hope that media outlets that make quality journalism will survive. … We'll have to do better journalism to survive," Rivera said.

EMEEQUIS (MEXICO): A drop in ad revenues prompts a move to digital-only

SUMMARY: Veteran independent media company that is trying to leverage its loyal base of readers to reinvent itself as an online-only news analysis platform

AT A GLANCE:



FOUNDED: 2006

OFFICE: Mexico City (virtual)

CONTENT: news and analysis, investigations

FOUNDING STAFF: 23 people

CURRENT STAFF: 7 full-time and 6 freelance, 11 regular contributors

STARTUP CAPITAL: about $150 via crowdfunding

REVENUE: $30–40K per year

FUNDING: 100% ads

SOCIAL MEDIA FOLLOWERS: 242K on Facebook, 435K on Twitter

WEBSITE TRAFFIC: 500K unique visitors per month; 800K monthly page views

PROFILE BY: Nathaniel Parish Flannery

History

Emeequis is an independent outlet that started off as a magazine and is now struggling to reinvent itself as a digital-only media platform. *Emeequis*, whose name combines the pronunciations of the letters M and X in Spanish, was launched in 2006 and quickly earned a reputation for its critical, innovative feature articles and fieldwork-intensive investigations. Despite attracting a loyal following of readers, however, it has struggled to implement an effective business model.

After a series of financial setbacks, the editors decided to shutter the print magazine in 2016. As the site's cofounder and current editor-in-chief Ignacio Rodríguez Reyna explained in a recent interview, "now it's just a website." Since going web-only, *Emeequis* has worked to build its online brand in a marketplace that includes strong competitors like *SinEmbargo*, *Animal Político*, and *Horizontal*. The site currently receives half a million visitors per month and generates 800,000 page views.

Rodríguez has a clear view on what constitutes good journalism. Originality and creativity are key, he said. "You have to know how to tell the story differently. Too many media outlets do things the orthodox way. It's boring." The *Emeequis* print magazine drew young, educated readers by investing in expensive and expansive stories: a widely read investigation into volunteer "citizen police" in unruly mountainous towns in western Mexico, a deeply reported profile of an adult film star.

Rodríguez is still working to define what *Emeequis* will be known for moving forward. He hopes that maintaining its commitment to quality will grow online readership and raise ad revenue, and he plans to issue occasional print issues dedicated to specific topics. Two other goals are to do more video journalism and to supplement income through conferences and events for which *Emeequis* would charge attendance fees. But Rodríguez remains confident that the publication's original mission is still worth pursuing. "I think the idea is valid. It's focusing on readers who don't see stories about themselves in other outlets," he said. "We want to offer quality journalism."

Finances

Emeequis has changed considerably since 2015, most notably by abandoning its print edition. "There was a financial crisis. There was a drop in print advertising. There was less income. That led to the decision to stop printing. The costs were very high," Rodríguez explained. The decision drastically reduced the organization's operating costs but also cut into ad revenue. Even though online readership has grown over the past five years, online ad sales have not offset the lost print advertising income.

Currently *Emeequis* is able to remain operational only because its staff and many contributing writers support themselves with outside projects. Rodríguez said the future is uncertain: the founders might sell the outlet to another media company or continue searching for new sources of revenue and new types of online content production. *Emeequis* currently has 11 paid contributors but doesn't have a staff member dedicated to looking for grants. It has not received any foundation funding.

Emeequis would now like to seek grants, and Rodríguez acknowledges that the team's biggest mistake was not developing a clear business plan back in 2006. Currently ad sales represent the entirety of *Emeequis* revenues, and a sudden drop can be hard to overcome. "It's very vulnerable," he said of the publication's budget. "We are stagnating. We can't grow. We can't push forward projects… We should have created a strategy for digital transformation that went quicker. And we should have looked for donations from private foundations."

Rodríguez wants to build *Emeequis* into a functioning digital media brand with strong online readership. This would boost ad revenue and help foster a community of followers who would become regular supporters, he hopes. The challenge, however, is that at present the publication does not have the resources to finance this transformation, and Rodríguez isn't sure how long the current dynamic can last. "We are a for-profit business that doesn't have any profits," he said.

He imagines success as "having enough income to invest in technology and hire qualified people with skills in programming, designing, audio, video, to make products that attract readers. To have resources to do long-term investigations." Going through this list underscored the existing challenges. "I think success would be starting to be able to work full-time, guaranteeing a medium term for the organization," Rodríguez added.

Rodríguez thinks there are two essential components to any media company hoping to survive in the long term. First and foremost is quality journalism. Second and equally important, the founders need to create a clear business plan and a branding strategy, he said. "In Mexico there are digital media outlets that won't last three years. They have shortcomings in their content or in their business model. You need both. If you lack one, you will fail."

HORIZONTAL (MEXICO): Lefty, policy-related news analysis for Mexico City

SUMMARY: Left-of-center, public policy–oriented online magazine that eschews paid advertising and relies on grants and revenues generated by classes, workshops, and public events.

AT A GLANCE:

FOUNDED: 2015

OFFICE: Mexico City

CONTENT: news and analysis

FOUNDERS: 4 people

CURRENT STAFF: 9 full-time, 4 part-time

STARTUP CAPITAL: $250K

FUNDING: $484K in 2017

SOURCES: 58% foundations, 30% cultural center (classes and events), 12% other; no ads

SOCIAL MEDIA FOLLOWERS: 28K on Facebook, 27K on Twitter, 1K on Instagram

WEBSITE TRAFFIC: 30K unique visitors per month

ADDITIONAL REACH: email newsletter with 2K subscribers

PROFILE BY: Nathaniel Parish Flannery

HISTORY

Horizontal is based in Mexico City, a sprawling metropolis with 20 million residents in its metro area. The city has a dense population of well-educated readers who are concerned about public policy issues like congestion, air pollution, crime, corruption, and economic inequality. Mexico City is the country's political epicenter and home to many of the country's top government agencies, universities and think-tanks, as well as leading media outlets. Although news consumers have access to a wide variety of local newspapers, magazines, radio shows and TV news programs, *Horizontal*, which was founded in 2015, benefits from the fact that nearly 70 percent of Mexico City's residents have internet, well above the national average. *Horizontal* is differentiating itself from other media outlets by finding ways to connect with readers through fee-based, in-person classes and workshops hosted at the site's office.

Antonio Martínez Velázquez, the site's cofounder and editor, explained the site's mission as "building citizenship through dialogue and conversation. We see ourselves as an actor that provokes discussion about public life."

One topic of *Horizontal*'s particular focus is violence against journalists. Journalists were killed in Mexico City in 2011, 2012, 2015, and 2018 (when two died in the first six months alone). One of *Horizontal*'s successes is its organizing an event called Agenda Periodistas to bring together 400 colleagues from around the country to discuss the risks facing media industry professionals.

Horizontal has also focused on other important topics. The site generated public debate through publishing a series of analytical articles on racism in Mexican society. These articles generated between 500,000 and one million page views and sparked a broader discussion on social media. Coverage of a large private development on one of the city's main avenues led to a wide social movement that eventually managed to block the project. The site also helped develop a fact-checking initiative to verify reports related to the damage caused by the September 2017 earthquake. "It's not about site visitors. It's about real life," Martínez said.

For now *Horizontal* is primarily focused on the internet and social media. The site receives 30,000 visitors a month and generates 50,000 page views and has sizable social media following: some 28,000 people on Facebook and 27,000 on Twitter. *Horizontal* also has plans to increase investing in video and produce more multimedia for the web. In addition to distributing content through its website and social media *Horizontal* also organizes live events.

The site's founders plan to expand their audience but will stick to the same target demographic. "Our readers are 25-35 years old, well educated, who are interested in politics, who make decisions. As we do more cultural stories we get cultural readers, but it's the same profile of people," Martínez explained. Over the last three years *Horizontal* has pushed to do more deep-dive analytical and investigative stories and also tried to fine-tune the editorial voice to be more accessible to a wider audience of non-academic readers. "We do bigger reports now. We do data reports," Martínez said. The goal is to process and present complex analysis in a format that is accessible to a wider base of readers.

Finances

Horizontal was founded through an initial investment of $250,000 that was entirely raised through friends and family of the founders, and it has seen its financial health strengthen since then. Its income tripled between 2015 and 2017. If revenues continue to grow, the site could become profitable by the end of 2019. *Horizontal* has a unique business model that flatly rejects advertising and focuses solely on revenue drawn from workshops and events and income received through grants. There are no subscription fees or even a portal for reader donations.

The site pays salaries to nine employees and currently reports just under $500,000 in yearly revenue. It has received support from groups such as the Ford Foundation, the Kellogg Foundation, and the Open Society Foundations and has sought collaborations with Mexican think-tanks, research universities and NGOs.

Martínez thinks financial success is "being able to pay the salaries of your employees without generating debt." By that definition Martínez believes *Horizontal* is already achieving a degree of financial stability. "I think it's good in the context of Mexico's media ecosystem. We don't sell ads. Media groups here depend on government ads. If you take that in mind, we are healthy financially," he said.

Horizontal has recently moved into a new office, a refurbished residence in a central neighborhood, and will continue to plan and host educational events. Its investment in a physical office allows the organization to host tuition-based classes, camps, and lectures every month on topics ranging from the theory of classical music to social media strategy to advice for writing biographies. On average these live events attract audiences of around 40 people, with some supplemental income generated by beer and drink sales at some of the functions.

Martínez said that the biggest lesson he's learned is about financial prudence. "Be organized with managing finances. That's the key to success for a media company. You can get a ton of venture capital money and still fail. You need to be able to do a lot with little." The success *Horizontal* has had from charging for classes and lectures taught the founders an important lesson, he added: "Ads aren't everything. There are different roads to financial stability."

The team at *Horizontal* would like to expand its geographic footprint beyond Mexico City and build cultural centers in other cities around the country, but they still haven't created a plan for financing this expansion. Martínez thinks *Horizontal* has the potential to grow but also acknowledges potential pitfalls. "Growing geographically is big risk. It will be challenging. How will we maintain quality? How will we maintain our brand? It could fail," he said.

LADO B (MEXICO): Reporting independently on a shoestring from Puebla

SUMMARY: In a state that is affected by organized crime, this digital news analysis platform is struggling to diversify its revenue sources and achieve financial security.

AT A GLANCE:

FOUNDED: 2011

OFFICE: Puebla

FOUNDERS: 7 editorial staff, part-time and full-time

CURRENT STAFF: 3 full-time reporters, 1 editor, 5-6 freelancers

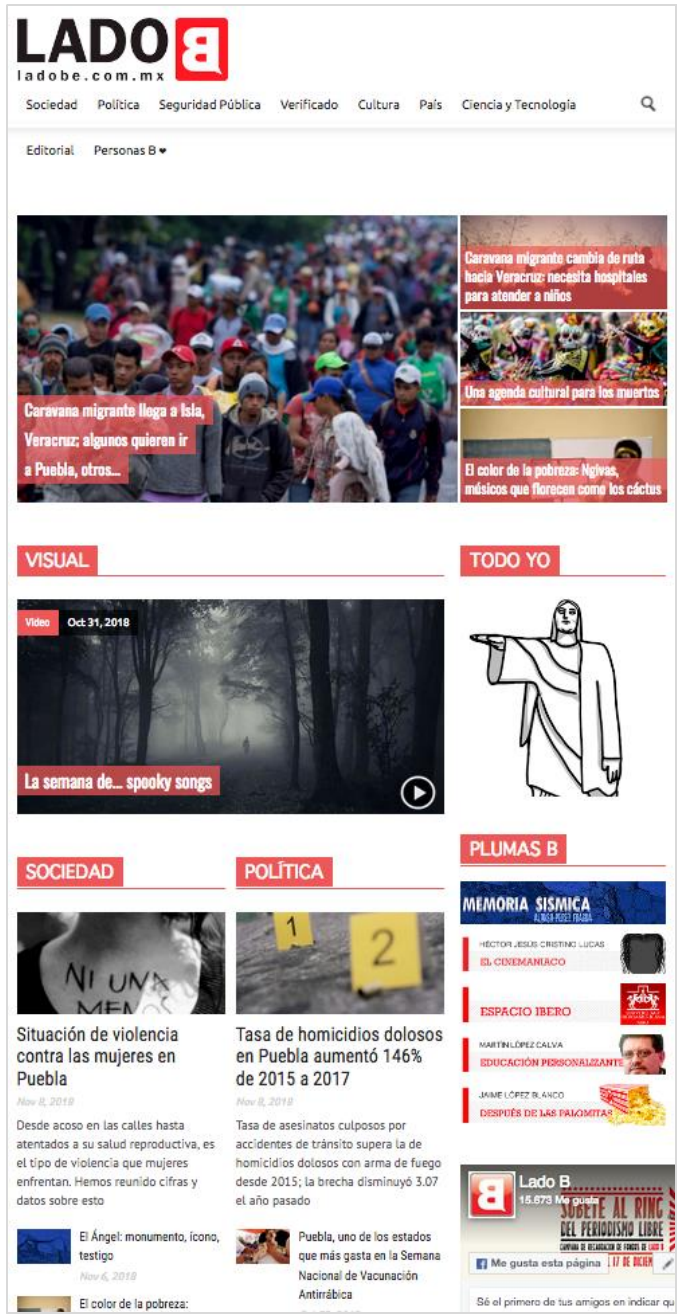
STARTUP CAPITAL: about $30K

FUNDING: about $25K in 2017

SOURCES: 50% ads, 40% grants and donations, 10% events and workshops

SOCIAL MEDIA FOLLOWERS: 17K on Facebook, 13K on Twitter

WEBSITE TRAFFIC: 80K unique visitors per month



PROFILE BY: Nathaniel Parish Flannery

HISTORY

Founded in 2011, *Lado B* is the leading digital media startup in the state of Puebla, which is located east of Mexico City and has over six million residents. Home to major automotive manufacturing plants, impoverished indigenous villages, a deeply embedded culture of political corruption, and a worrisome increase in organized crime activity, Puebla presents a complex mix of social problems. As is the case across Mexico, many traditional media outlets in Puebla rely heavily on government advertising, to the detriment of editorial independence. *Lado B* is experimenting with an alternative model. The site's founders are working to supplement advertising revenue with funding from foundations but *Lado B* does not currently earn enough income to pay the founders' salaries.

In 2016 *Lado B* won an award from the grassroots Mexican journalism group, Periodistas de a Pie, for a photojournalism project about domestic workers. *Lado B* has attracted loyal readers due to its meticulous coverage such as its articles documenting cases of electoral fraud in Mexico's July 2018 election. The 2018 election in Puebla was marred by violence and electoral tampering. The state recorded more complaints related to irregularities than any other state in Mexico. *Lado B*'s coverage of the election and criminality surrounding it further burnished its reputation for independent, critical reporting. "We've become a site of reference beyond Puebla for media outlets that are looking for allies. They look to *Lado B* as a strategic ally in Puebla," said Ernesto Aroche, the site's cofounder and editor-in-chief.

As an online-only platform, *Lado B* benefits from having a large, urbanized local audience: Puebla has a population of 6.5 million residents, and its capital city alone is home to 1.6 million more than half of whom have access to the internet. (This share is lower for the Puebla state as a whole, at only 20 percent.) The site caters to a relatively young audience of well-educated people in their twenties and thirties. Rather than trying to expand market penetration within Puebla by investing in print and radio journalism, *Lado B* has worked to cultivate a broader base of readers from across Mexico. This strategy has largely worked. Over recent years *Lado B* has seen its audience grow as more readers connect with its content via social media. Although the site has only 15,000 followers on Facebook and 13,000 on Twitter, it is currently attracting over 80,000 unique visitors per month.

"There's been an evolution in our audience since 2011 but not since 2015. Now readers come in from social networks and not from the site. That's the change in the last seven years," Aroche said.

Aroche and his team have worked to devise a strategy that allows reporters to analyze and inform about violence and organized crime activity without putting their lives at risk. (Journalists were murdered in Puebla in 2012, 2013, and 2016.) Aroche encourages his writers to focus on analyzing and explaining trends related to violence and crime rather than exposing themselves to unnecessary danger by venturing into high-crime areas on a regular basis.

"The topic of organized crime and investigations of corruption are risky topics for financially weak media outlets but they are important for society," Aroche said. "We don't enter communities that are conflict zones. We analyze statistics but don't put ourselves at risk. … You have to understand and think about how far you can go with your stories without it costing you your life."

The trust that *Lado B* has built with its readers has established it as an important part of the media ecosystem—not just in Puebla, but in Mexico as a whole. *Lado B* has made alliances and content-sharing agreements with other sites. Its editorial success, however, has not yet translated into financial stability.

Finances

Lado B was founded eight years ago with about $30 thousand, or 400 thousand pesos, most of it contributed by the founders themselves, families, and friends. The site still does not generate enough income to pay the founders' salaries. Aroche estimates that *Lado B*'s income grew from $17,000 in 2016 to around $25,000 in 2017, but the site isn't yet profitable. This financial dynamic puts its future in jeopardy since the founders need to rely on income generated from freelance journalism to cover their living expenses.

After receiving a grant from a private foundation, *Lado B* hired a business advisor to help develop a strategy for how to strengthen its revenue and supplement ad income with educational events and classes. These alternative revenue sources now account for 10 percent of the income. Only half of *Lado B*'s funding comes from advertising. The other 40 percent is derived from grants.

Aroche plans to look for additional grant money to provide additional resources. “Another mistake for *Lado B* that we’ve had since the beginning is not take on a salary for ourselves. We don’t have time to dedicate ourselves 100 percent to *Lado B* since we have to look for work elsewhere,” he said.

Over the last three years *Lado B* has stumbled and learned from its mistakes. In 2016 Aroche tried to expand the editorial team and boost the site’s scale of coverage. The effort ultimately fizzled after it failed to generate enough income to pay for the additional content. “It’s important that somebody from the team takes on the role of running the business and making it sustainable so you can do journalism. That’s something we had to learn. It took us a long time. That’s what people need to know,” Aroche said.

Lado B has a small staff and relies on a tight group of contributors. The site employs three paid full-time reporters and has five or six regular freelancers. *Lado B* hasn’t yet achieved financial viability but hopes to over the medium term. “In 2015 and even now we faced risks from financial instability. That’s our risk. We want to be independent and separate economically from power. It’s precarious. We are not 100 percent self-sufficient. We want to be in the medium term.”

LIBERACION (MEXICO): Labor-of-love photo magazine that never found funding

SUMMARY: Independent media outlet that opened in 2015 and closed in 2017 after failing to secure funding to cover production costs.

AT A GLANCE:

LIFESPAN: April 2015 to December 2016

OFFICE: Acapulco

CONTENT: coverage of crime, corruption and human rights

FOUNDING STAFF: 3 people

CURRENT STAFF: 5 full-time

REVENUE: about $5K to $6K (100K pesos) per month

STARTUP CAPITAL: friends and family

FUNDING: 100% print ads

PROFILE BY: Nathaniel Parish Flannery

A September 2016 issue of the newspaper

HISTORY

Liberacion Guerrero was a small independent media company in the state of Guerrero that operated from April 2015 to December 2016. It tried to pursue an independent, human-rights-focused editorial strategy while avoiding government ads and the politically biased content that usually comes with them. *Liberacion* was based in the seaside city of Acapulco, one of the worst hotspots for organized crime and gang-related violence in Mexico. Between 2015 and 2017, the total number of murders reported in the state surged from 970 to 2,252. In 2014, 43 trainee teachers were kidnapped, leading to nationwide protests and accusations of complicity between local criminal groups and public officials at the local, state, and federal levels. Three journalists were killed in Guerrero in 2009, followed by four in 2010 and another six between 2011 and 2018.

The state struggles with some of the worst rates of poverty in the country. Nearly 70 percent of its residents live in poverty, and nearly 60 percent lack internet access. Organized crime exerts significant influence, in part due to the high levels of political corruption and impunity and severe limitations on accountability.

Liberacion attempted to fill a void in the local media landscape by creating independent content. “There isn’t a lot of investigative journalism in Guerrero,” Pedro Pardo, one of the founders, explained in a 2018 interview. Media outlets don’t investigate violent incidents or explain the story behind them. “There are very few journalists who really confront the violence and focus on the roots, the complicity, the impunity in the degraded system we have.”

He added: “The mission we had was creating an independent, free media outlet with a focus that was 100 percent on journalism. We committed to not letting ad-buyers influence our content.”

FINANCES

Pardo and other cofounders pooled their own resources to start *Liberacion*, and their challenge was finding a viable business model. The team believed it was important to publish a print newspaper to reach readers without smart phones and internet access. The site never embraced an effective digital strategy. Although the founders wanted to share content across print, web and social media, they mostly focused on print, driving up costs: each newspaper issue took approximately $4,200 to produce.

The founders often went without pay and struggled to pay freelancers; checks were often late to arrive.

Although *Liberacion* received some positive feedback from university students, researchers, and activists, it never achieved profitability and relied almost exclusively on funding from the municipal government in Acapulco. “That was the main motor” for a time, Pardo said, but this lifeline quickly disappeared, in part because the mayor wasn’t interested in the project. *Liberacion*’s coverage of human rights posed obstacles to securing ad sales from local political parties. The founders, however, never focused on pursuing grants from private foundations. “We thought about doing that in the future. We were interested in that model, but that was for down the road,” Pardo explained. They similarly put off inviting a financial advisor to develop a business model, and chose to instead focus on producing good content.

Their abstract goal of achieving profitability aside, the team took no steps toward financial soundness. They never overcame the paradox of trying to become a critical and independent voice while relying entirely on government advertising. “The failure was not being able succeed in government ads,” Pado said. “That’s the only model in Guerrero. Business ads don’t work. No businesses came. We had to focus on government ads like other media outlets in Guerrero. But they asked for conditions we couldn’t give.” Pardo does think he and his team should have worked harder to build up their presence on social media but he defended his focus on investing in print: “We were romantics. We liked paper. That was one thing. To look for [advertising] clients, it’s easier to have a paper copy. A webpage isn’t valued.”

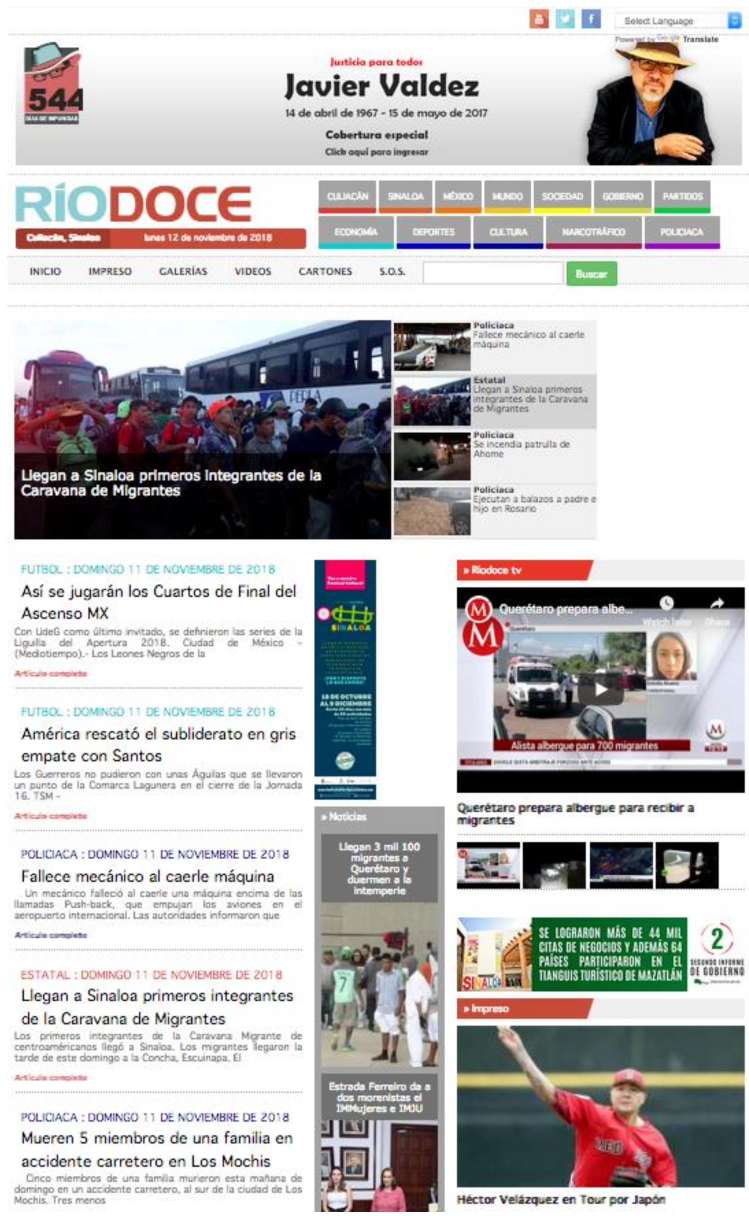
Between 2015 and 2018, however, Pardo has watched other digital media startups in Mexico survive, in part by eschewing print and focusing on digital. “In the last year or two, there’s been growth,” he said. “I still like paper. But I think you have to make a calculation on your business model. My main advice is depend less on the government and focus on getting money from foundations. I think that’s the best path for being independent.”

He expects a funding squeeze for many Mexican publications in the coming months. The new political coalition put in power by the 2018 election has promised to reduce public money on advertising, and some big publications in Guerrero were already going through layoffs. “The new president will reduce the deals the government has with media companies. He has the rhetoric of austerity,” Pardo said. “I think the papers will have to recalibrate.”

RIODOCE (MEXICO): Struggling financially and providing independent reporting in a dangerous region

SUMMARY: Media outlet based in Sinaloa that provides brave reporting and analysis on security issues in one of Mexico's most dangerous states.

AT A GLANCE:



FOUNDED: 2013

OFFICE: Culiacán, Sinaloa

CONTENT: coverage of organized crime and drug cartels

FOUNDING STAFF: 5 people

CURRENT STAFF: 15 full-time, 5 part-time

REVENUE: about $250K (5M pesos) per year

FUNDING: 70% ads, 30% print sales

SOCIAL MEDIA FOLLOWERS: 168K on Facebook, 21K on Twitter

WEBSITE TRAFFIC: 15K unique visitors and 270K page views per month

PROFILE BY: Nathaniel Parish Flannery

History

Sinaloa, Mexico, is a mountainous state in northwest Mexico that is best known for the eponymous cartel based there. A major opium and marijuana production area, Sinaloa hosts a number of powerful drug trafficking organizations and struggles with high levels of organized-crime-related violence. Between 2008 and 2017 the state recorded over 14,000 homicides.[3] It is also home to cartel gunmen who are able to effectively challenge state authorities, as well as poor farming villages and exploitative, export-oriented agricultural businesses.

Ríodoce is the best known independent media outlet in Sinaloa. A weekly print newspaper as well as a dynamic news website, it has a physical office in the state capital Culiacán and a small satellite space in the coastal city of Mazatlán. The publication has won the respect of readers from across Mexico for its intrepid reports on organized crime, corruption, injustice, and violence.

Covering political corruption and organized crime comes with serious risks: ten journalists have been murdered in Sinaloa since 2007. Among them was one of *Ríodoce*'s founders, Javier Valdez Cárdenas, renowned as one of the best drug war reporters in Mexico. He was shot and killed in May 2017 in Culiacán. This loss has only redoubled *Ríodoce*'s commitment. In a recent interview, another founder and current editor-in-chief, Ismael Bojórquez, said that the team continues "doing independent, critical journalism."

With three million residents in Sinaloa, a large part of them relatively affluent and internet-savvy, *Ríodoce* has a large local audience of potential readers. Less than a third of Sinaloa's population falls below the poverty line—a far lower share than in states like Guerrero and Chiapas. Over 85 percent of Sinaloa residents have a cell phone (the third highest rate in the country), and over 60 percent have the internet in their homes (the ninth highest rate).

Digital journalism has helped expand *Ríodoce*'s geographic reach. Its website draws 270,000 pageviews per month, and 168,000 people follow its coverage on Facebook, along with 22,000 on Twitter. Moving forward, Bojórquez plans to focus on further leveraging social media, and growing the role of video in *Ríodoce*'s coverage.

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[3] "**Mortalidad. Conjunto de datos: Defunciones por homicidios**," National Institute of Statistics and Geography (INEGI).

If print ad revenue falls, the publication may shift more attention to its web and social media content. “We have to adapt ourselves to technological change. Print has been vital for us but more and more people are opting to get their information from digital devices,” Bojórquez explained. He believes that *Ríodoce*’s biggest success is on the editorial side: the respect and praise that its articles get from readers and the prizes they’ve received. But he also thinks *Ríodoce* has made some grave mistakes as a for-profit media company. The biggest error, he said, is “not developing a business model that would give us financial certainty.”

Finances

Between 2015 and 2018 *Ríodoce* has seen its financial situation become more precarious. The outlet has been hurt by declining print sales and is now vulnerable to any decrease in ad revenue. *Ríodoce* currently has no grant funding or staff members dedicated to searching for it, and the need to recalibrate its business model has become clear, said Bojórquez.

At present, newspaper sales and ad revenue are enough to cover salaries for five full-time employees and a small group of paid contributors. Advertising accounts for 70 percent of *Ríodoce*’s revenues, and print sales comprise the other 30 percent. But print revenues have been falling since 2015, which has deepened dependence on ad sales and raised the risk of a budgetary crisis if they were to decline as well.

Bojórquez has serious doubts about the organization’s long-term viability. He sees financial success as having a “cushion” that would allow it to survive short-term crises. *Ríodoce*’s long-term financial health, he said, is “very bad” and its current position precarious. “We just adjusted our spending and we have liabilities that we can’t charge to providers. If we don’t obtain additional income, we could go bankrupt.”

Moving forward, *Ríodoce* will look to improve its financial health by shifting toward digital journalism and finding new ways to attract and engage readers on social media. The outlet needs to diversify its income and pad its finances with support from foundations. But *Ríodoce* also needs to expand its online readership in order to make online ad sales more profitable and wean the publication from print advertising. “Our plan is to fully get involved on digital platforms and create our own audiovisual content and look for new readers and income. We also want to do radio,” Bojórquez said.

SINEMBARGO (MEXICO): Doing critical reporting, focusing on the web and trying to become profitable

SUMMARY: One of Mexico's leading and most successful online news platforms that is trying to carry out investigative reporting for an internet-savvy audience.

AT A GLANCE:

FOUNDED: 2011

OFFICE: Mexico City

CONTENT: news, analysis, and multimedia

FOUNDING STAFF: 12 people

CURRENT STAFF: 40 full-time

STARTUP CAPITAL: about $85M (1M pesos)

FUNDING: 60% ads, 5% grants, 35% funding from partners

SOCIAL MEDIA FOLLOWERS: 1.7M on Facebook, 1.3M on Twitter, 15K on Instagram

WEBSITE TRAFFIC: 7M unique visitors per month

PROFILE BY: Nathaniel Parish Flannery

HISTORY

SinEmbargo is one of Mexico's most successful online news sites. It focuses on poverty, inequality, victims of violence and economic growth—and is unafraid to directly criticize the government as it covers these topics. Cofounder and editor-in-chief Alejandro Paez described its mission as "independent journalism, deep journalism, rigorous journalism."

The last few years have been difficult for media outlets in Mexico. Some state governments have cut back on advertising. Journalists face threats for exposing political corruption and organized crime activity. In 2017 the International Press Institute ranked Mexico as the world's deadliest country for reporters; in 2018, Mexico tied for that spot with Afghanistan. *SinEmbargo* has had to find a way to publish critical reporting without exposing its staff to unnecessary risks, a task that has become "a lot more dangerous," Paez said. The publication has shifted from using many external freelancers to running more investigations in house. "I saw that media outlets buy from freelancers in conflict zones but don't buy them insurance," Paez said. "We got our own people but took responsibility for them. If you do a job and get killed, it wasn't worth it." More investigative field work is now done by on-staff reporters, and there is an in-house data team.

While many traditional media outlets in Mexico are struggling to find a way to compete in the new online environment, *SinEmbargo* has had some success in focusing exclusively on web content. This strategy has attracted a national audience of well educated, technology-savvy readers. Only some 22 percent of Mexico's adult population has a university education, and only 10 percent has a family income of over $40,000 a year. But because Mexico is the world's largest Spanish-speaking country, home to 130 million people, the demographic of educated, middle-class residents is larger than the entire population of many industrialized economies. *SinEmbargo* tries to target some of the country's 71 million internet users and the 65 million people under age 29. Becoming a national media outlet has put it on a path toward profitability; the large pool of potential readers in a big country makes web advertising seem more viable.

Between 2015 and 2018 Mexico experienced a worrisome increase in violent crime and shrinking expectations for economic growth. "It's changed a lot and for the worse," Paez said. "Corruption grew. GDP growth fell. Poverty grew. Inequality became worse. Salaries fell. And the violence is historic. It's never been as bad." While traditional outlets often compromise their editorial independence by accepting government advertising, *SinEmbargo* found itself in a unique position of having the independence and capacity to pursue investigations of government corruption. “The country has evolved. Some readers didn’t know we exist. Now they do. When they want depth, they come to us. I think our audience grew. I think the country realized that what was happening in Mexico was an atrocity. This helped digital media grow in comparison to traditional media. We have the space to say what’s really happening,” Paez explained.

The site has focused heavily on developing its presence on social media. It has 1.7 million followers on Facebook, 1.3 million on Twitter. Another 34,000 subscribe to its Instagram account and 37,000 follow its YouTube channel, SinEmbargo TV. The site also has a listserv with 15,000 subscribers. Staff size has grown from just twelve people in 2015 to about 40 people today, and the team has moved into a bigger office.

Paez thinks that *SinEmbargo*’s most important achievement is its editorial independence. “We are critical about the absence of transparency, about corruption and violence. That’s our biggest success,” he said. He also specified what he considered one major disappointment: the ongoing struggle to make rigorous, critical journalism profitable. “Investing in investigations is expensive. The failure we’ve had is not being able to turn into a viable business,” he said.

FINANCES

SinEmbargo was founded using seed capital from a small group of investors. Starting with one million pesos in funding, it worked to build up advertising revenue. Since 2015 it has more aggressively pursued foundation grants, which now account for 5 percent of its funding. Overall, the site has seen ad revenue grow alongside its web traffic, and this income now accounts for 60 percent of the total. Most of this money comes from the private sector; ad revenue from government-affiliated clients barely added up to $12,000 in the last four years.

SinEmbargo is not yet self-sufficient. Paez thinks that one of the biggest mistakes he and his cofounders made was not securing the support from private foundations from the start. “The first mistake was not connecting *SinEmbargo* with more international foundations and having more visibility in order to have more income that doesn’t come from the government,” he said.

Currently costs exceed revenues by 35 percent, with the site's founders and financial backers covering the difference. Paez said that he sees *SinEmbargo* more as a non-profit than a business, but he also expects that it will soon operate as a standalone enterprise. "I think we'll be self-sufficient by next year based on the pace of growth in advertising. We'll hit the break-even point," he said in late 2018. Paez thinks *SinEmbargo* has a straightforward business model in which content drives readership and readership (or pageviews) make an ad-based revenue model possible: "Readers pay by making advertising profitable. The business model will work. We've been waiting for seven years. Next year we'll be profitable."

Paez thinks that especially in developing economies, digital journalism can be a challenging business, but he also stresses the crucial role of independent media in helping these economies to develop. "In countries like ours it's worth it to try to be an independent journalist. It's a long road. Tabloids… talk about spectacles and rumors, they are viable. But having a positive influence, that's important," he explained. "We've had an impact in Mexican society because of our criticism. We say things that other outlets don't say because the government shuts them up."

AGÊNCIA MURAL (BRAZIL): Building a community of journalists in the peripheries of São Paulo

SUMMARY: A hyperlocal journalism outlet that connects the low-income periphery communities of São Paulo to the mainstream audience.

AT A GLANCE:

FOUNDED: 2010 (blog on *Folha*), 2015 (outlet independence)

OFFICE: São Paulo (virtual)

CONTENT: community-based reporting on São Paulo's peripheral areas

FOUNDING STAFF: 2 people

CURRENT STAFF: 8 full-time

STARTUP CAPITAL: Small editorial budget from *Folha* to cover contributor fees; personal investment from founders

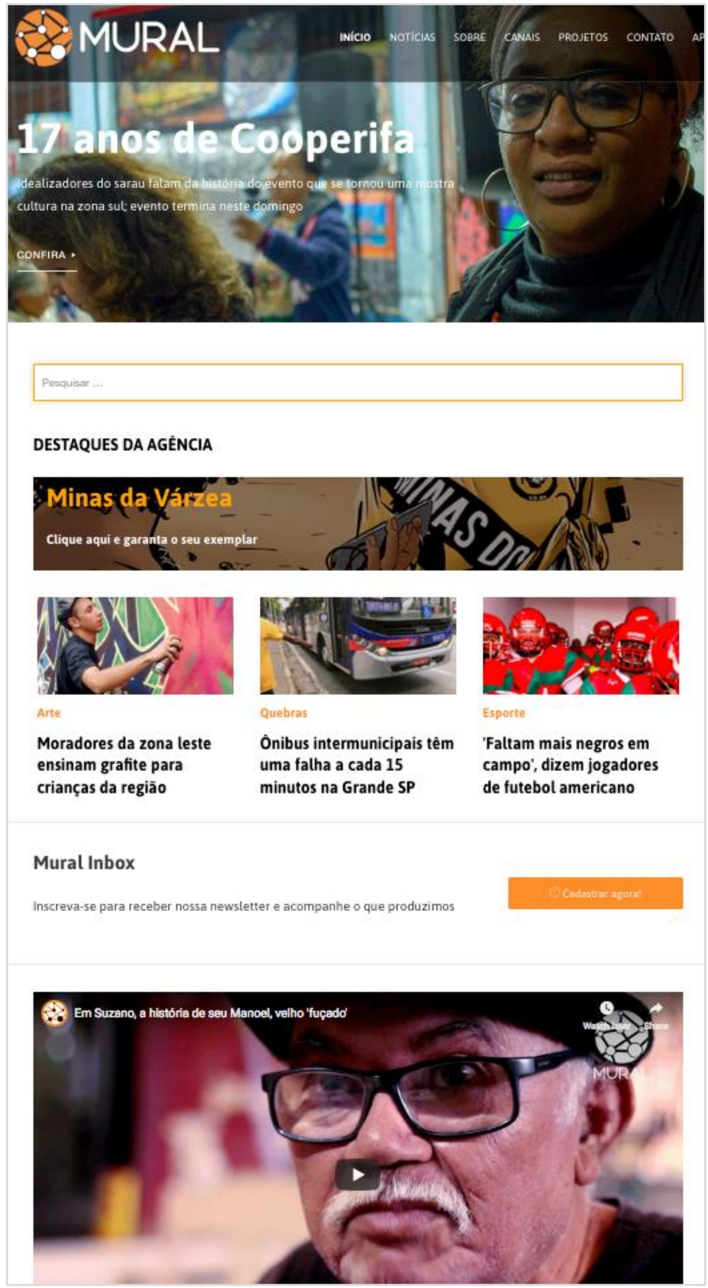
FUNDING: $140K per year (donor funding for April 2018–May 2019)

SOURCES: 100% grant funding for operating expenses

SOCIAL MEDIA FOLLOWERS: 24K on Facebook, 1.7K on Twitter

ADDITIONAL REACH: email listserv with 1.3K subscribers

WEBSITE TRAFFIC: 5K unique visitors per month



PROFILE BY: Alicia Gorecki

HISTORY

Greater São Paulo is comprised of 39 municipalities with a population of 21 million, but mainstream coverage of the many communities that lie far from its center has centered on topics like crime and poverty. *Agência Mural* aims to change this narrative. It has been working for nine years to amplify the voices of the peripheral urban communities, allowing them to share their stories with one another and the rest of São Paulo. The goal, said cofounder Izabela Moi, is helping the low-income residents join the conversation and "giving them ownership of the city as well."

Agência Mural began in 2010 as a project of a visiting ICFJ Knight International Fellow, the BBC's Bruno Garcez, who hosted a writing training for citizen journalists and bloggers. More than 50 students attended over four weekends. The goal of the program was to encourage reporting on topics that affected daily lives of people on the city's outskirts, including the bloggers themselves.

These stories gave rise to a blog, which a local newspaper, *Folha de São Paulo,* agreed to host on its website. Moi oversaw the content on *Folha*'s side—at the time, she was editing the paper's Sunday cultural segment—and she saw the new blog as filling a crucial news gap: *Folha* lacked the resources to send in-house journalists to cover the greater city. Moi took on this extra work for free, as did other *Agência Mural* editors, while the existing budget went to paying contributors for their stories. In an email, Moi described why the team continued operations without a revenue stream: "We had no choice, and we really believe (and still do) that our mission—to reduce the information gap about those underprivileged regions of São Paulo—is relevant. So we did it!"

In 2015, *Agência Mural* struck it out as a separate news outlet with its own website, although *Folha* has continued to cross-publish its articles. The new programming included "live" events, which involved displaying published stories at local public spaces—an effort to engage the community and reach the people who lacked internet access. It also included journalism workshops at public schools and universities, in addition to continuing to expand coverage of São Paulo's underreported neighborhoods.

The core of *Agência Mural* team are the so-called muralistas, or citizen journalists who contribute stories. All of them live in the districts they cover—a key qualification for becoming a reporter—and many are young professionals with little prior journalism experience. All current muralistas are also first-generation college graduates. Many have day jobs and write on their mobile devices during their daily commutes, which can take as long as three to four hours.

Since 2010, the original team of twenty muralistas has grown to 82 contributors—enough to cover about a dozen of Greater São Paulo's 39 municipalities and some 50 of its smaller municipal subdivisions known as *distritos*. The ultimate goal is to leave no municipality or district without a correspondent, Moi said.

Agência Mural follows several rules for the type of content it publishes. First, it does not report on any crimes or police activity. This is in part to protect the muralistas; writing about neighbors engaged in criminal activity could put them at great personal risk in their communities, while doing little to combat the adverse stereotypes of their neighborhoods held by outsiders. (Besides, crime-oriented independent journalism projects were not a niche that needed filling; São Paulo already has media organizations of this kind.) Another exclusion is big corporations and their dealings. "If Coca-Cola funded a soccer stadium in one of the districts, this is not an issue a muralista would cover. We do not provide free marketing service," Moi said.

These rules leave plenty of topics for muralistas to write about. Many report on cultural events and people who personify the distinct culture of each neighborhood. Any political developments that affect daily life also get attention. In the runup to the 2018 presidential elections, for instance, *Agência Mural* covered how each candidate's goals addressed community needs, and how local residents and muralistas themselves approached election decision-making. But while the current political climate lends itself to a higher proportion of political reporting, the original goal of the blog, introducing São Paulo's mainstream audience to the culture of the periphery communities, remains central. Moi's definition of having an impact is "changing reality," and in her opinion *Agência Mural* has had a perceptible impact both on a regional and personal level for the muralistas.

FINANCES

Agência Mural existed as a *Folha* blog from 2010 to 2015. During that time, the only funding came from *Folha*, and the only expense was contributor fees: payments of approximately $30 that muralistas received for every published piece. All editing and administrative work went unpaid, and editors would hold planning meeting in cafes and other public spaces.

In 2015, *Agência Mural* committed to expanding operations and filed to become a nonprofit organization. From 2015 to 2018, the newly independent outlet had no funding outside of the per-piece payments covered by *Folha*. Then, in 2018, it obtained an Open Society Foundations grant totaling $140,000 to cover operating expenses.

Current partnerships for content distribution include *Folha*, another outlet called *32xSP*, and the news website *Catraca Livre*, for which *Agência Mural* reporters develop cultural guides. Each of these pays the journalists per piece and publishes on the partner site, with content then aggregated on the *Agência Mural* webpage. The website, upgraded and relaunched in June 2018, does not have any advertising, although there is a donation option.

Direct content distribution via online newsletters was streamlined only recently. The Open Society Foundations grant allowed the outlet to invest in a newsletter mailing tool with a higher subscriber capacity—the old service was free but imposed a subscriber limit—and to send the letter twice a month. But donor funding has not yet inspired the development of a business model, possibly because *Agência Mural* has become accustomed to operating without revenue.

Finances are not the only obstacle the outlet faces. Said Moi: “We have to remember that *Agência Mural* covers a ‘news desert’ of neighborhoods/districts and cities in the São Paulo metropolitan area. … Our mission is to reduce the information gap about the areas we cover and a big part of it comes from being recognized, by the audience and by the mainstream journalism ecosystem, that we are a legitimate and trustworthy outlet.”

JOTA (BRAZIL): Reporting on legal climate in Brazil and profiting—while promoting transparency

SUMMARY: A Brazilian news site that provides specialized business and legal information to corporate and institutional clients.

AT A GLANCE:

TYPE: legal news website

FOUNDED: 2015

OFFICES: São Paulo and Brazilia

CONTENT: coverage of legal, regulatory and business news in Brazil

FOUNDING STAFF: 6 people

CURRENT STAFF: 40 full-time

STARTUP CAPITAL: about $200K in investment from friends and family

FUNDING: about $2M (projected for 2018)

SOURCES: subscriptions to specialized newsletters and branded content; no ads

SOCIAL MEDIA FOLLOWERS: 154K on Facebook, 166K on Twitter

WEBSITE TRAFFIC: 700K to 1M unique visitors per month

PROFILE BY: Anya Schiffrin

HISTORY AND FINANCES

Since its founding in 2015, JOTA has expanded its subject areas and audience and become profitable. Originally intended to boost the transparency of the opaque and complex Brazilian legal system, JOTA has found that companies will pay for legal, regulatory and business information that helps them do business in Latin America's largest economy. Revenue jumped from 150,000 reals in 2014 to one million reals in 2015 and is on track for seven or eight million reals (about $2 million) in 2018.

"Brazil is complex, which is good for us," said Felipe Seligman, cofounder and chief operating officer of JOTA.

The October election victory of the far-right presidential candidate, Jair Bolsonaro, introduced further uncertainty about Brazil's future course. Seligman is afraid of the political risk. "Having some complexity and institutional chaos is good for our business model, because having those actors interested in investing in Brazil fulfils our mission. The problem is when the complexity is too big, and the mess is insurmountable, that people start losing interest about our country. In this case, we wouldn't be useful anymore."

It was listening to readers that gave JOTA its ideas about expansion. JOTA was founded with a clear mission: to boost transparency in Brazil by helping readers understand the legal and regulatory structure of the country. Brazil's legal system is a place where new regulations, guidelines, and implementing regulations are constantly being issued. Lawyers, foreign investors and businesses need to be kept apprised and Seligman and his cofounders knew there was a business opportunity. They raised startup funds from friends and family—"angels" who didn't want a return but who were committed to growing the business and giving advice as to how to make it work. JOTA started with about $200,000 (or 900,000 reals) raised this way and benefited from the fact that the friends and family had business experience and plenty of ideas as to how it should be run.

"They want to be partners," Seligman said. "They believe in our mission and ability to grow, so they want to stay, and we want them to. They collaborate and have good ideas. They don't get involved unless we call and ask them questions. They don't interfere with editorial issues. They are only worried about whether we are doing the right thing, both strategically and financially. The value proposition of JOTA rang a bell for them. They always thought, 'I read the newspaper and it's superficial. What I really need is in-depth information addressed directly to our issues.'"

In the three years since its launch, JOTA has remained focused on legal information, but instead of just covering the judiciary, it now reports on other regulatory institutions: the tax authority, anti-trust authorities, the health agency and congress.

“Our readers told us, ‘I love the way you cover what you cover, but I would pay you even more if you covered that and that,’” Seligman recalled. One example: tax laws affect prices and foreign investment, but fall under the purview of the judiciary, congress, the executive branch and government agencies. So in order to keep readers informed of the developments, it is important to cover those bodies too.

This content strategy has paid off as subscriptions to JOTA’s specialized newsletters have risen dramatically. The cost is between 200 to 200,000 reals a year (about $50 to $50,000) and subscriptions in late 2018 stood at about 4,000 individuals and 200 companies, including 30 banks.

The publication has already launched new newsletters on healthcare, aviation, infrastructure, and energy. Retention is as important to Seligman as getting new subscribers. “A new subscriber you can convince with good marketing and strategy. A renewal with someone means we are doing well,” Seligman said.

JOTA’s audience for the non-paywall part of its website is more or less the same as ever: lawyers, law students, and journalists. However, it is planning to put all its content behind a paywall. The hope is to then gather email addresses and convert the traffic into newsletter subscribers who will eventually pay for JOTA’s news on the website.

“We’ve been growing our website audience but not as much,” Seligman said. “What we did was understand where the different audiences are and give them what they need. We want conversion. We don’t want a huge network where people follow or like us because of one thing they read. We want people who really care about JOTA and are willing to pay for our information.”

Seligman is considering launching some data and analytics products that would involve journalism along the lines of what Bloomberg does. Other ways of making money include sponsored content: Google pays JOTA to produce one article each week related to freedom of information. The publication was also paid by Open Society Foundations for coverage of the UN Millennium Development Goal on justice. In addition, JOTA has a roster of unpaid columnists, including supreme court justices, and it gets cheap office space in São Paulo from an incubator.

Along the way, JOTA lost two out of seven cofounders, leaving behind five who are more aligned with the company's mission. Apart from Seligman, there is the CEO Marc Sangarné. “Everyone that started with us was very important to make JOTA what it is. But whenever you start to grow, the professionalization of a company brings some differences between those cofounders, and when this happens it's time to move on,” Seligman said.

Founder departures notwithstanding, the staff has grown from six in 2015 to 40 in 2018, including 16 in São Paulo, 18 people in Brasilia, and a couple of people working remotely in Rio and the United States. Labor laws and government regulations are strict, which means that while it's work for JOTA to obey them, there is a business opportunity in providing information to subscribers about them. “Everyone goes to the justice system to get something if they are fired or quit,” Seligman said. “There is no conciliation [arbitration] system, so there are millions of lawsuits in Brazil. In the US you may threaten to sue someone but never do it because it's expensive, but in Brazil people do go ahead and sue. This is why JOTA is successful. Justice system is present in daily life in Brazil. There are more than 100 million lawsuits ongoing right now and we have a population of over 200 million people.”

GOAL, MISSION, IMPACT

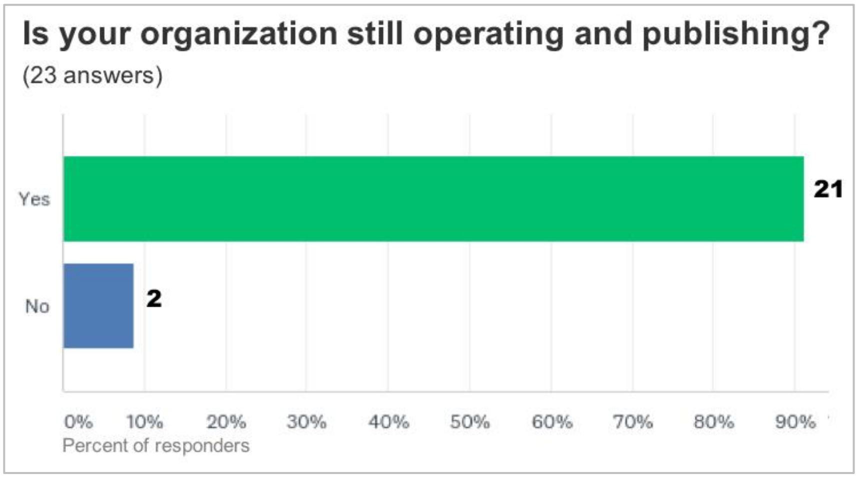
JOTA's founders wanted to make Brazil more transparent and thought that reporting on the legal system would help. “We are different from a think tank that wants to push the government to open up its data,” Seligman said. “We want to access and provide the data, not just push someone else to do it.” He added that explaining this information is crucial for increasing transparency: “We focus on our mission which is bringing transparency and predictability to help people make wiser decisions than if we were not there.”

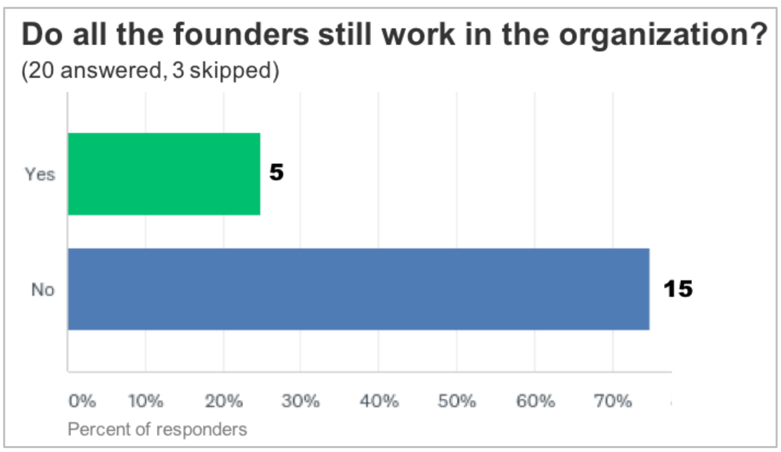
In terms of impact, Seligman has the traditional journalism view: if people pay for the news it means it's having an impact. “If people say, ‘we need your service and we need your information,’ then that's impact.”

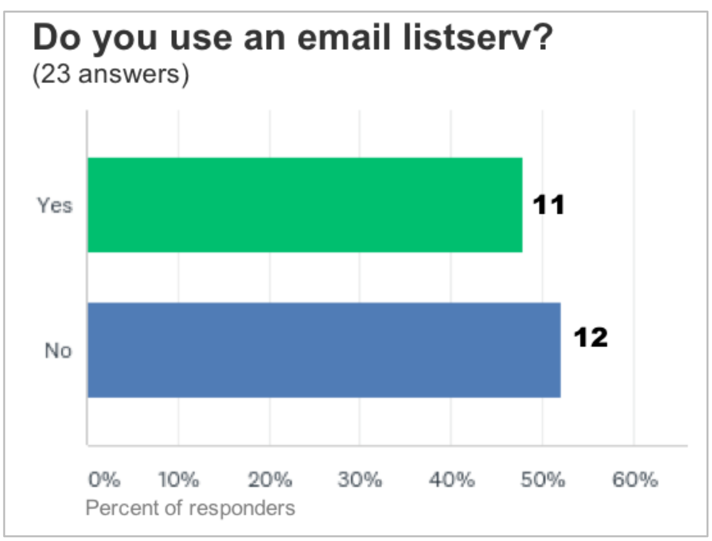
“We need to keep growing. We need to have impact and that means we need to be big. If we want to make the mission a reality we need to keep growing. The main risk is to change the startup mentality and become a corporation that is afraid of change. When you start to think you are big, you forget how you got there," Seligman said.

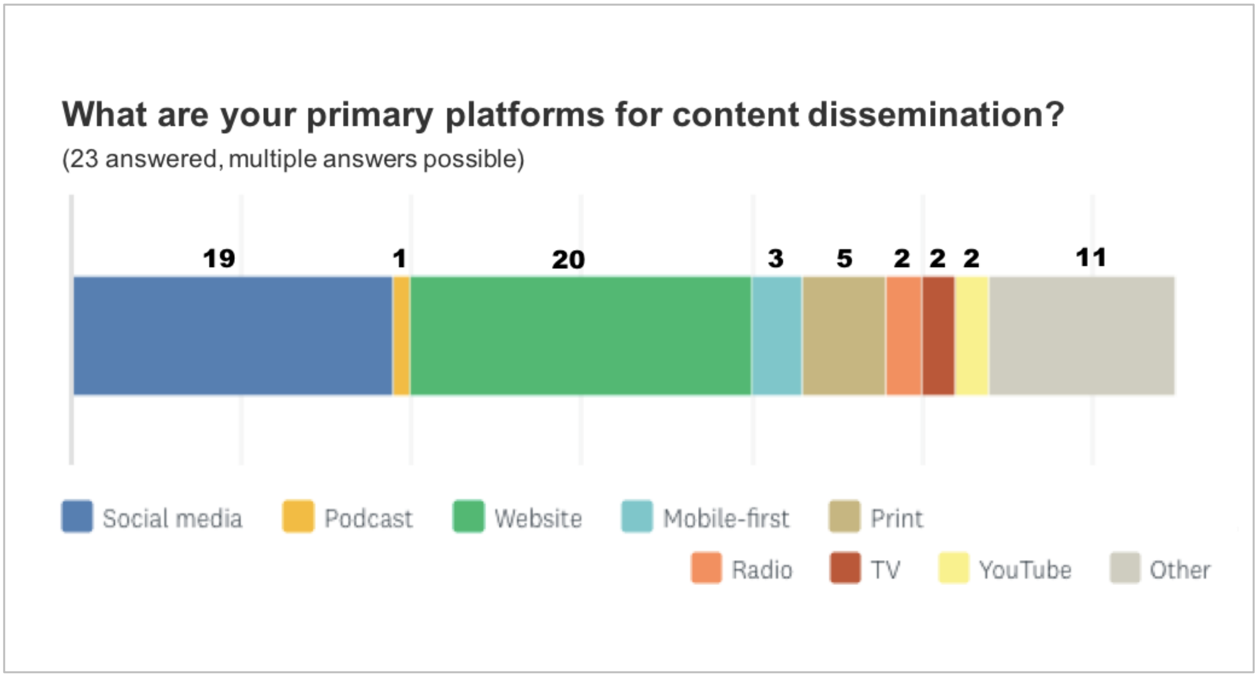
5. Survey Results

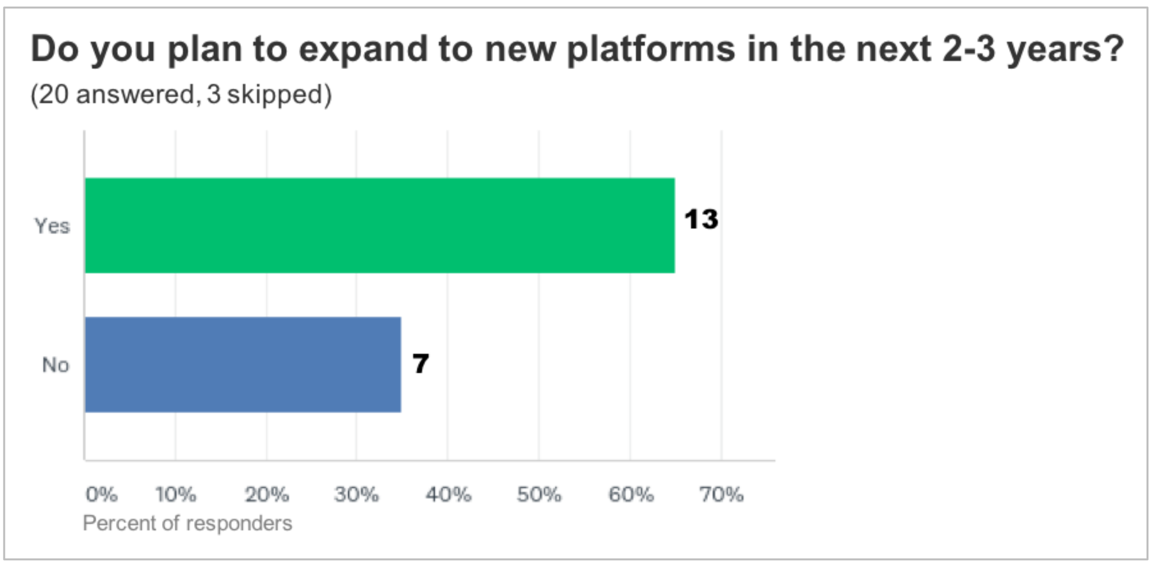
Below are the questions we asked in our survey of media organizations for this report. The interviews were mostly conducted over the phone and Skype between August and December 2018.

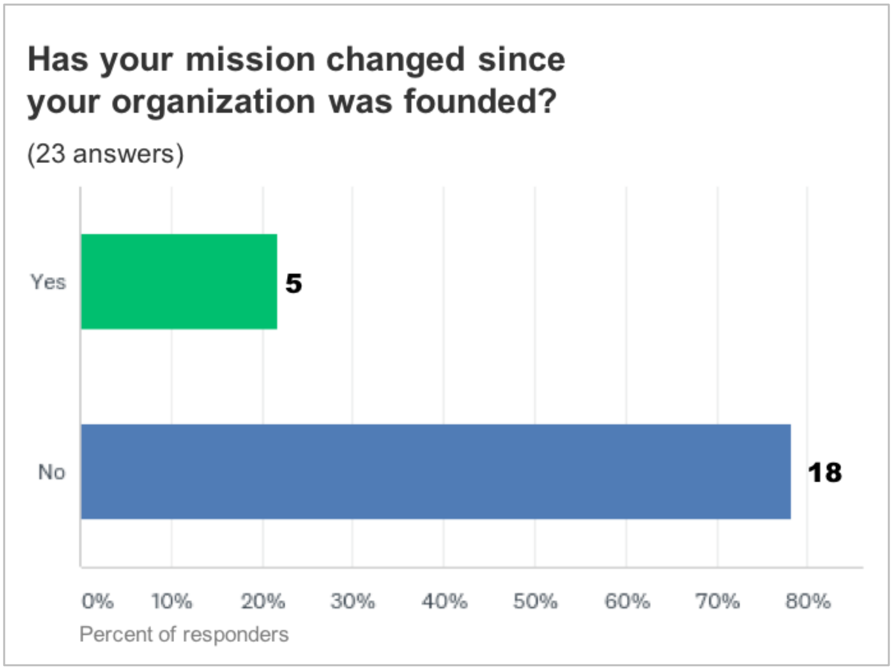


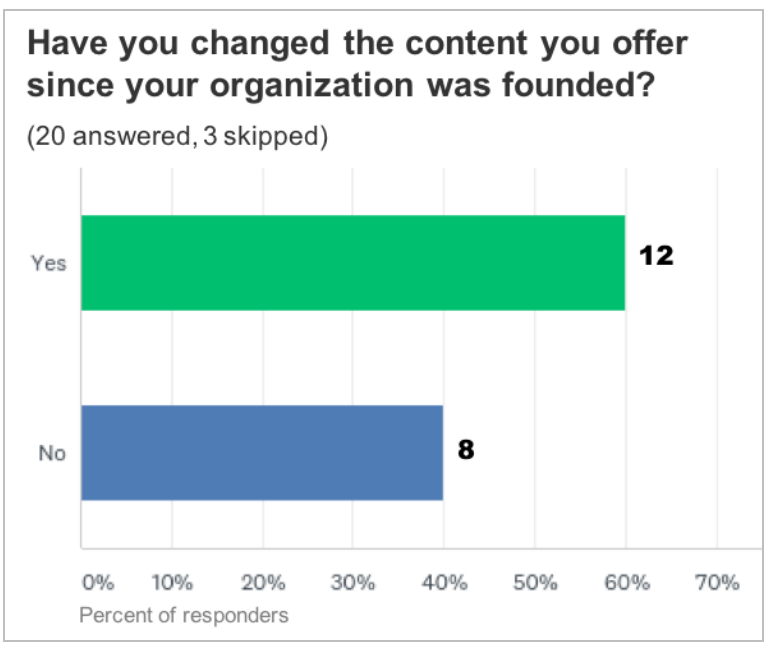


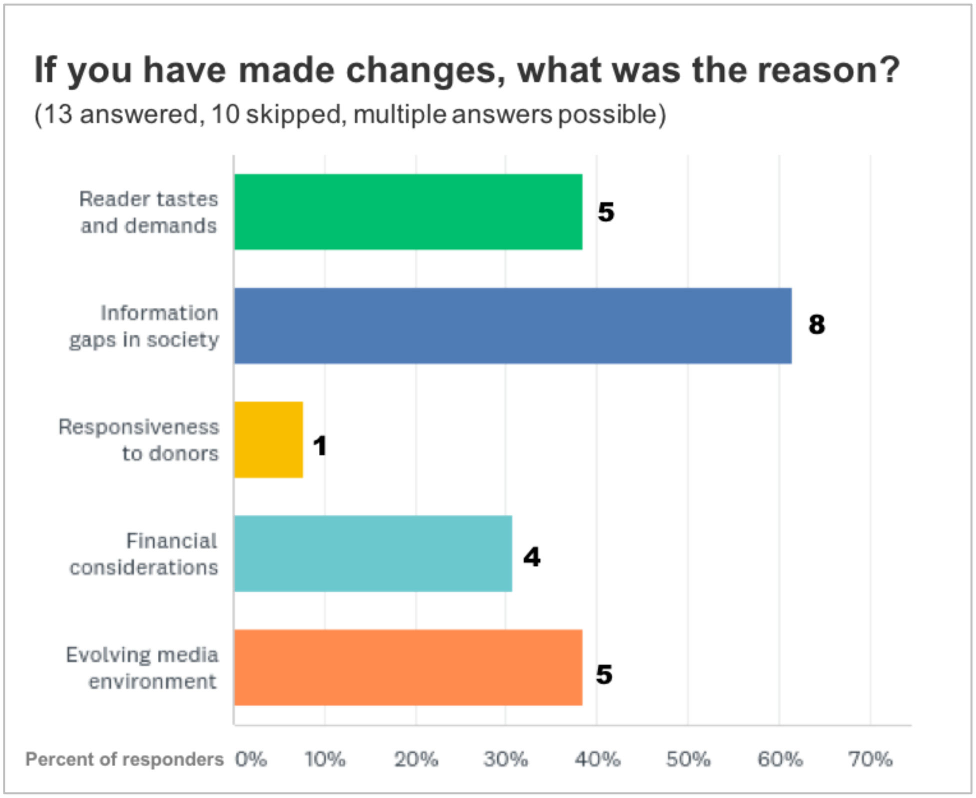


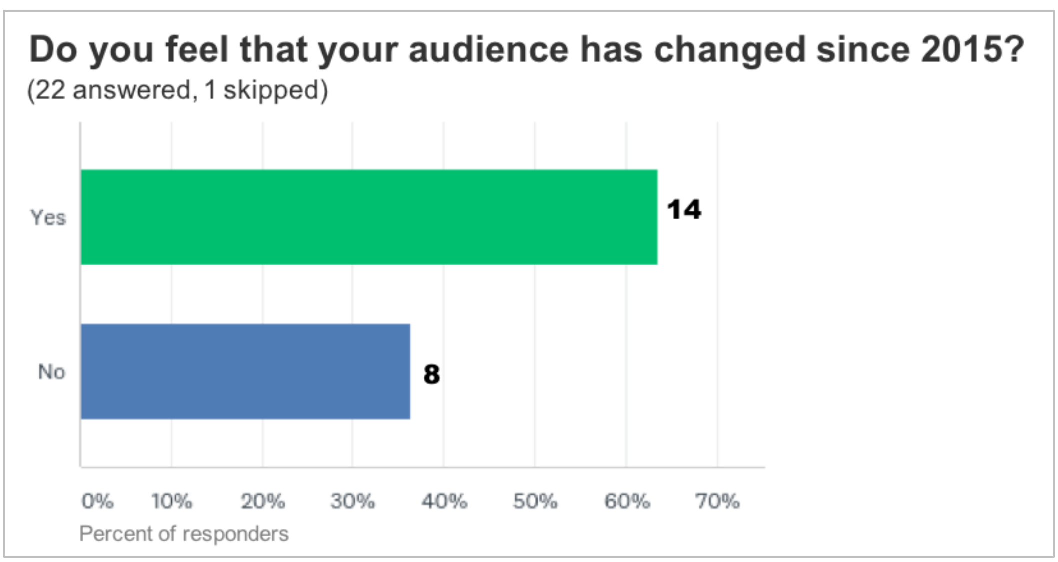

What are your primary platforms for content dissemination?
(23 answered, multiple answers possible)
19
1
20
3
5
2
2
2
11
Social media
Podcast
Website
Mobile-first
Print
Radio
TV
YouTube
Other

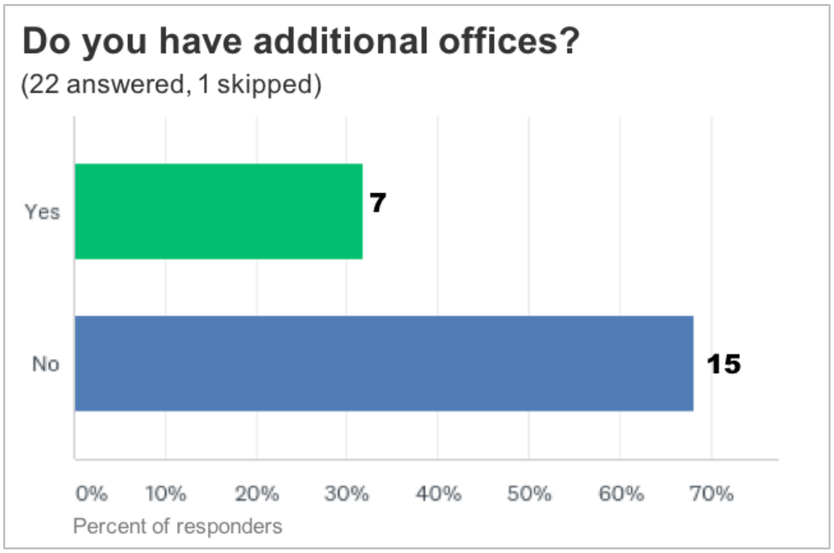

Do you plan to expand to new platforms in the next 2-3 years?
(20 answered, 3 skipped)
Yes
13
No
7
0%
10%
20%
30%
40%
50%
60%
70%
Percent of responders

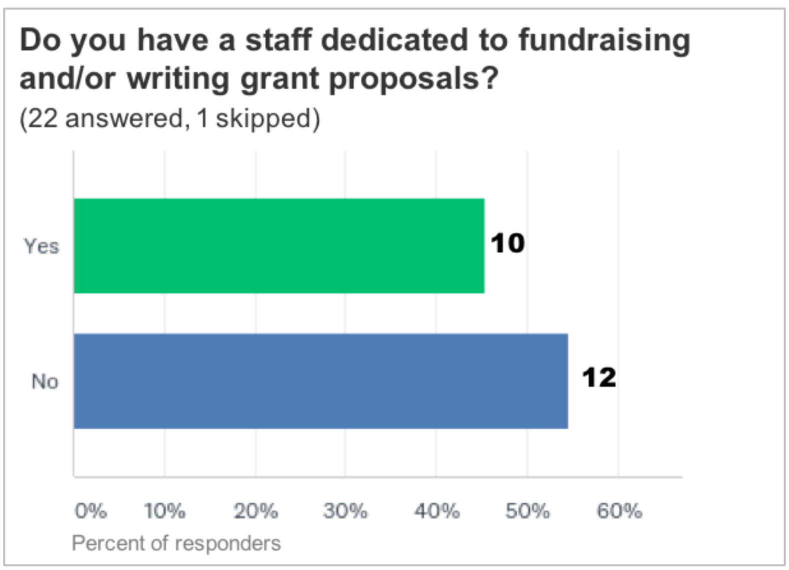

Has your mission changed since your organization was founded?
(23 answers)
Yes
5
No
18
0%
10%
20%
30%
40%
50%
60%
70%
80%
Percent of responders

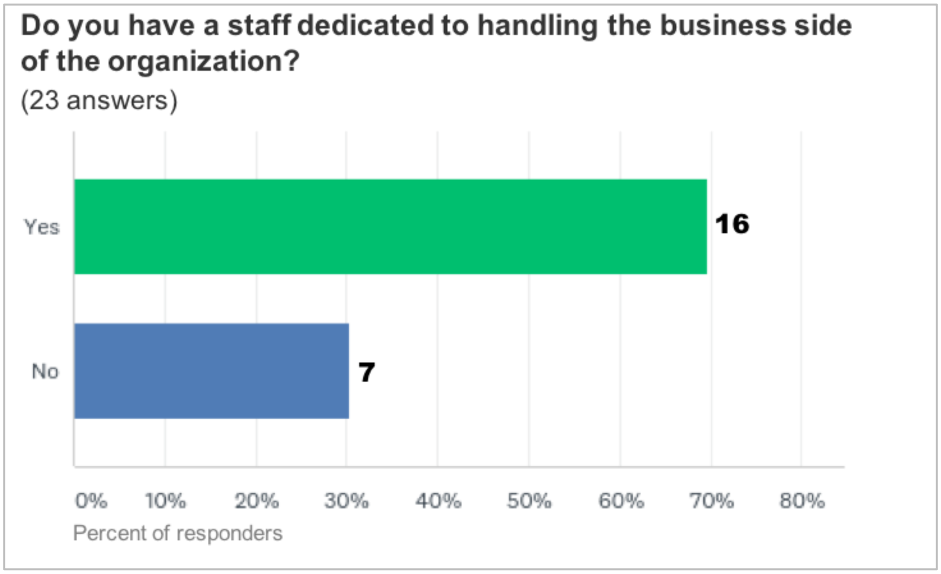

Have you changed the content you offer since your organization was founded?
(20 answered, 3 skipped)
Yes
12
No
8
0%
10%
20%
30%
40%
50%
60%
70%
Percent of responders

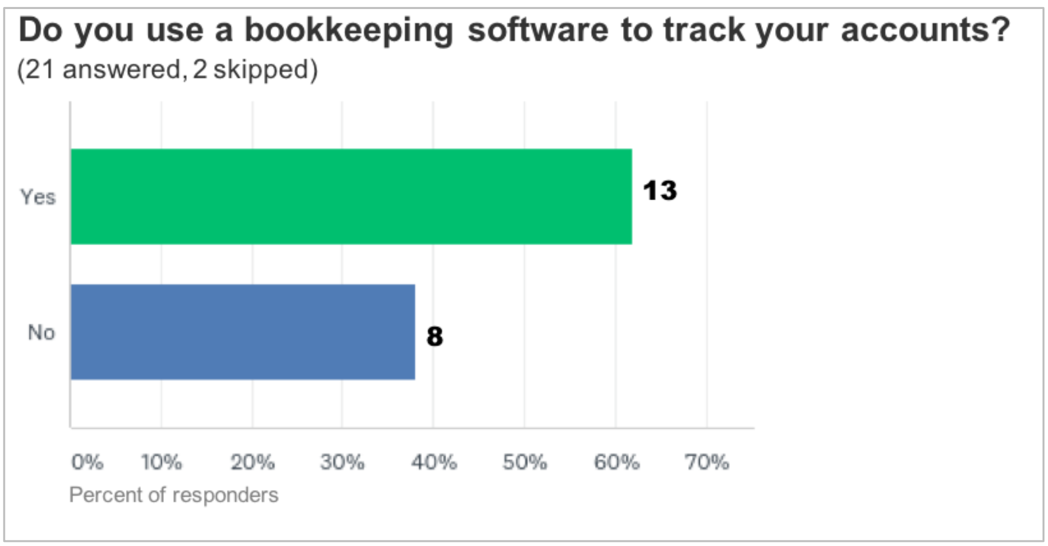

If you have made changes, what was the reason?
(13 answered, 10 skipped, multiple answers possible)
Reader tastes and demands
5
Information gaps in society
8
Responsiveness to donors
1
Financial considerations
4
Evolving media environment
5
Percent of responders
0%
10%
20%
30%
40%
50%
60%
70%

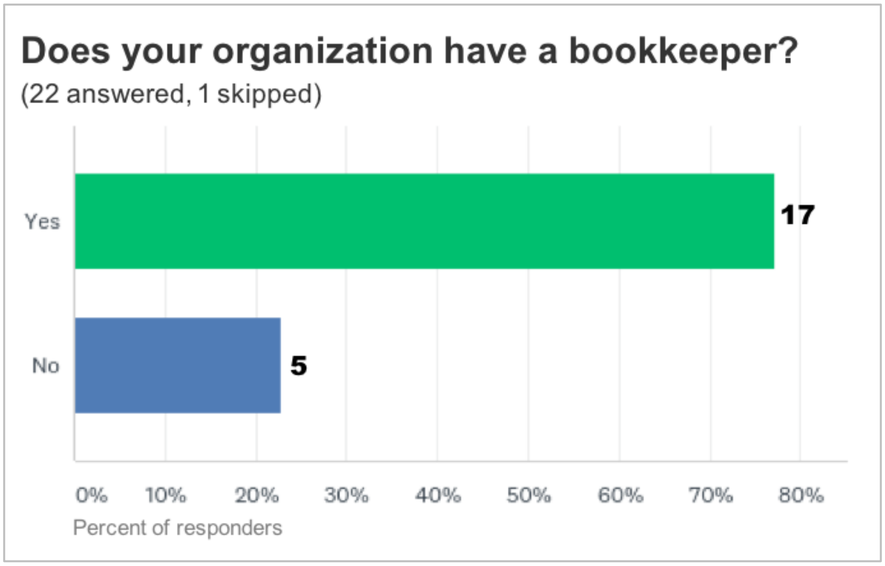

Do you feel that your audience has changed since 2015?
(22 answered, 1 skipped)
Yes
14
No
8
0%
10%
20%
30%
40%
50%
60%
70%
Percent of responders

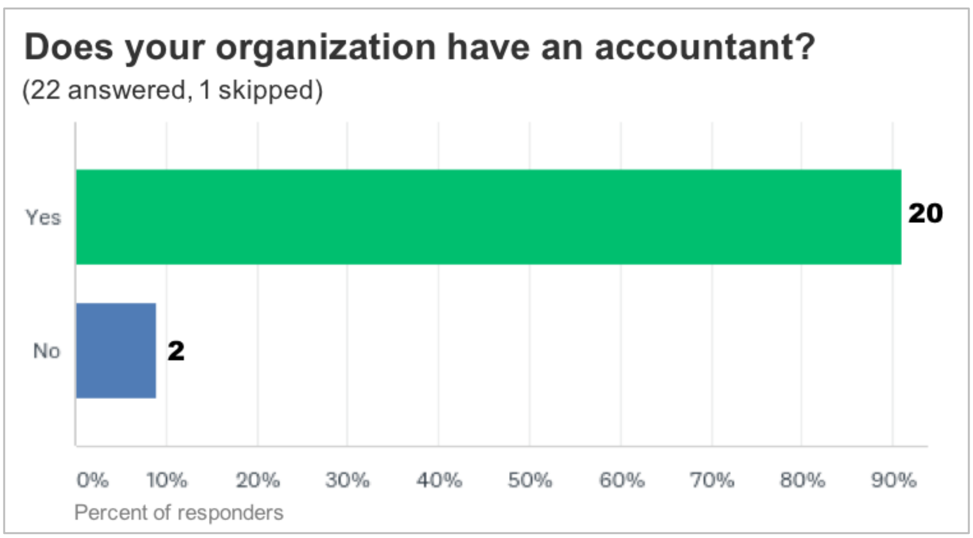

Do you have additional offices?
(22 answered, 1 skipped)
Yes
7
No
15
0%
10%
20%
30%
40%
50%
60%
70%
Percent of responders

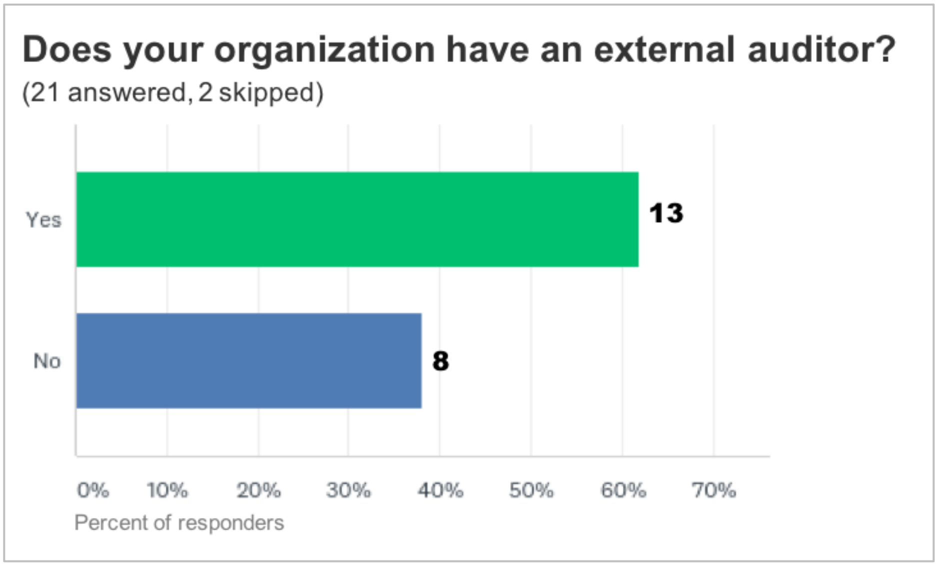

Do you have a staff dedicated to fundraising and/or writing grant proposals?
(22 answered, 1 skipped)
Yes
10
No
12
0%
10%
20%
30%
40%
50%
60%
Percent of responders

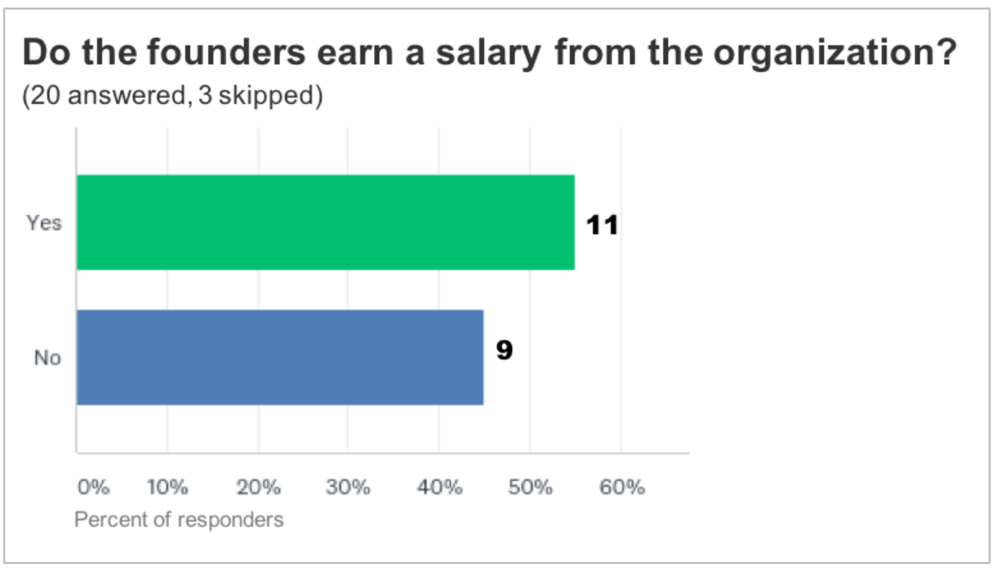

Do you have a staff dedicated to handling the business side of the organization?
(23 answers)
Yes
16
No
7
0%
10%
20%
30%
40%
50%
60%
70%
80%
Percent of responders

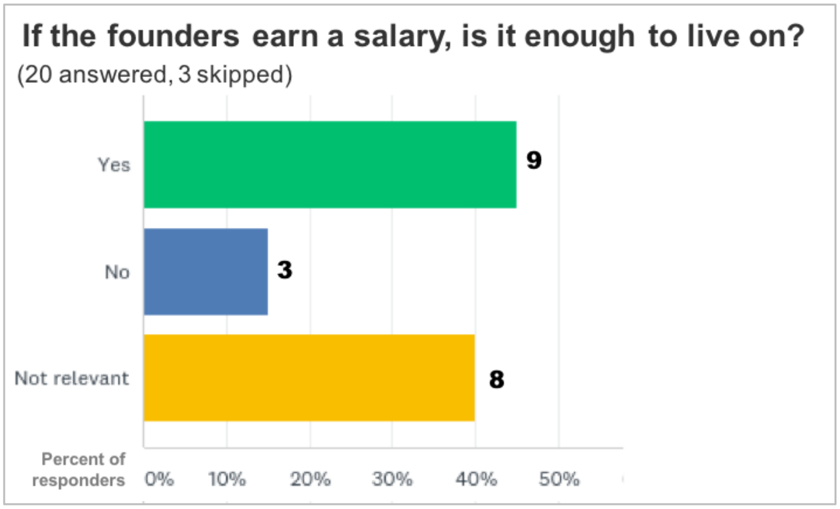

Do you use a bookkeeping software to track your accounts?
(21 answered, 2 skipped)
Yes
13
No
8
0%
10%
20%
30%
40%
50%
60%
70%
Percent of responders

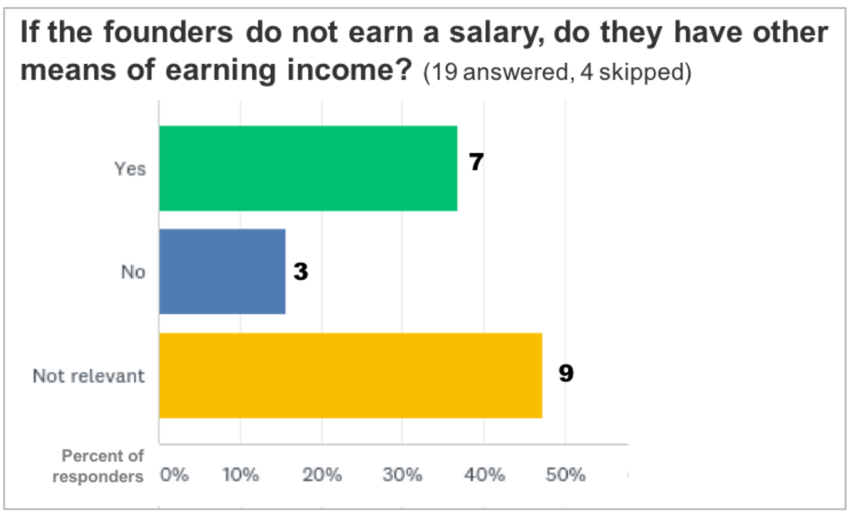

Does your organization have a bookkeeper?
(22 answered, 1 skipped)
Yes
17
No
5
0%
10%
20%
30%
40%
50%
60%
70%
80%
Percent of responders

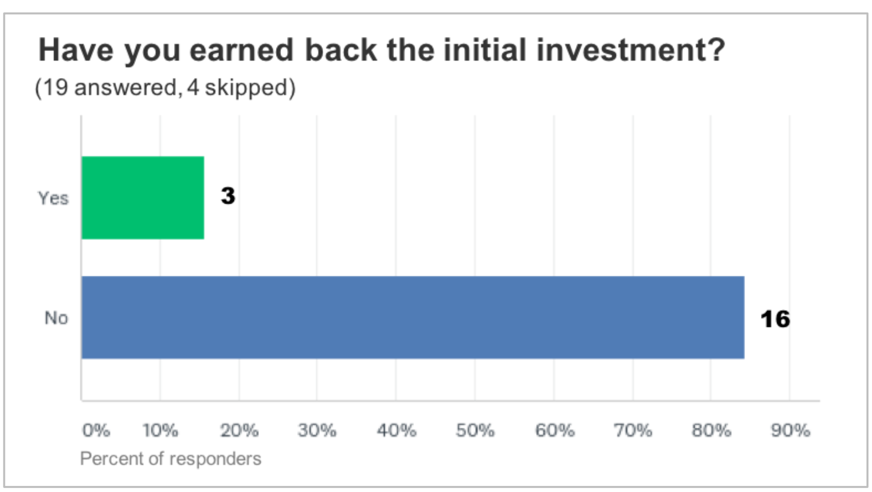

Does your organization have an accountant?
(22 answered, 1 skipped)
Yes
20
No
2
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
Percent of responders

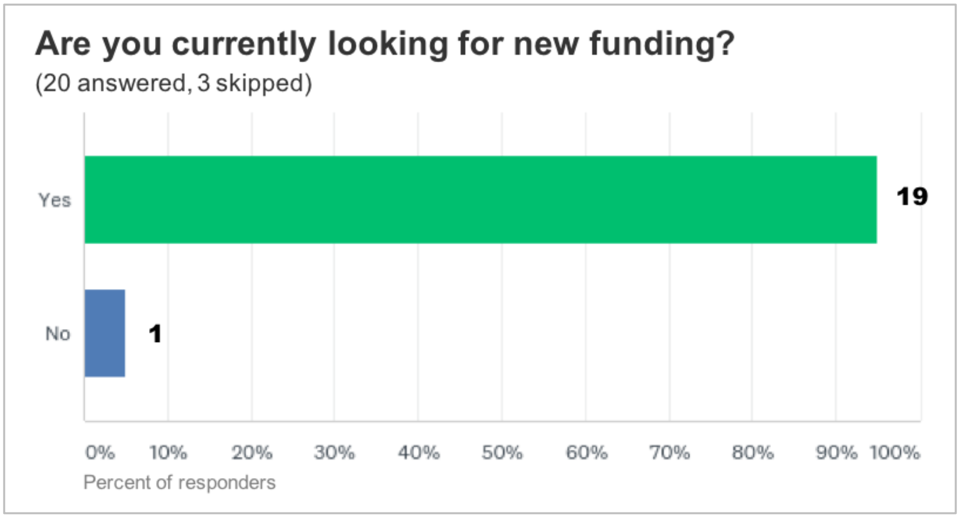

Does your organization have an external auditor?
(21 answered, 2 skipped)
Yes
13
No
8
0%
10%
20%
30%
40%
50%
60%
70%
Percent of responders

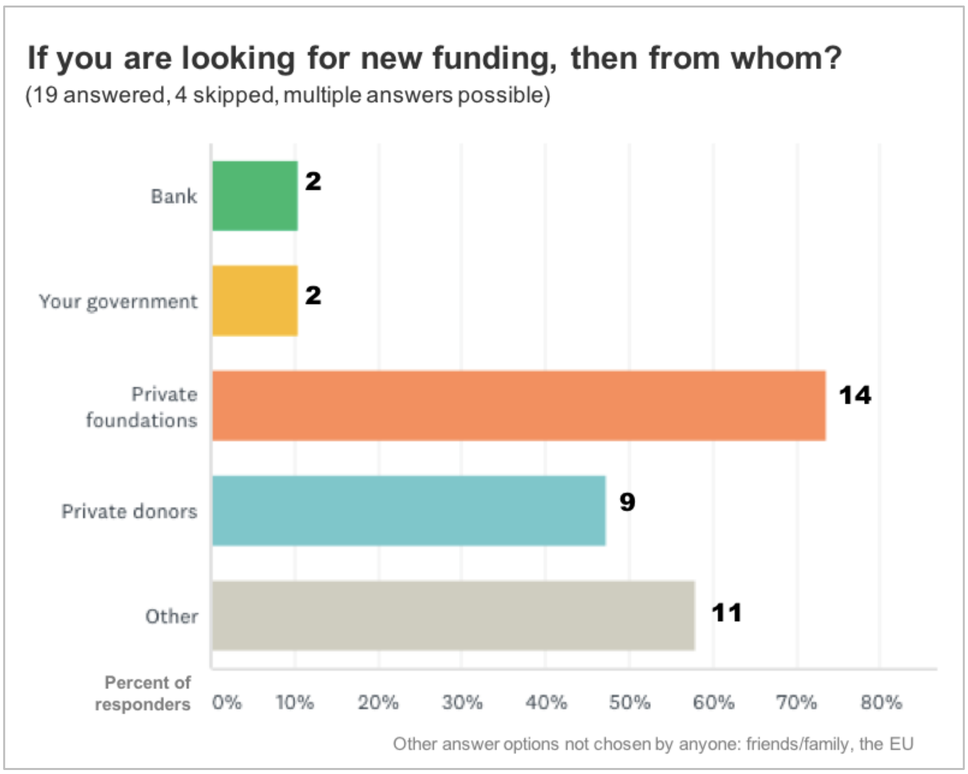

Do the founders earn a salary from the organization?
(20 answered, 3 skipped)
Yes
11
No
9
0%
10%
20%
30%
40%
50%
60%
Percent of responders

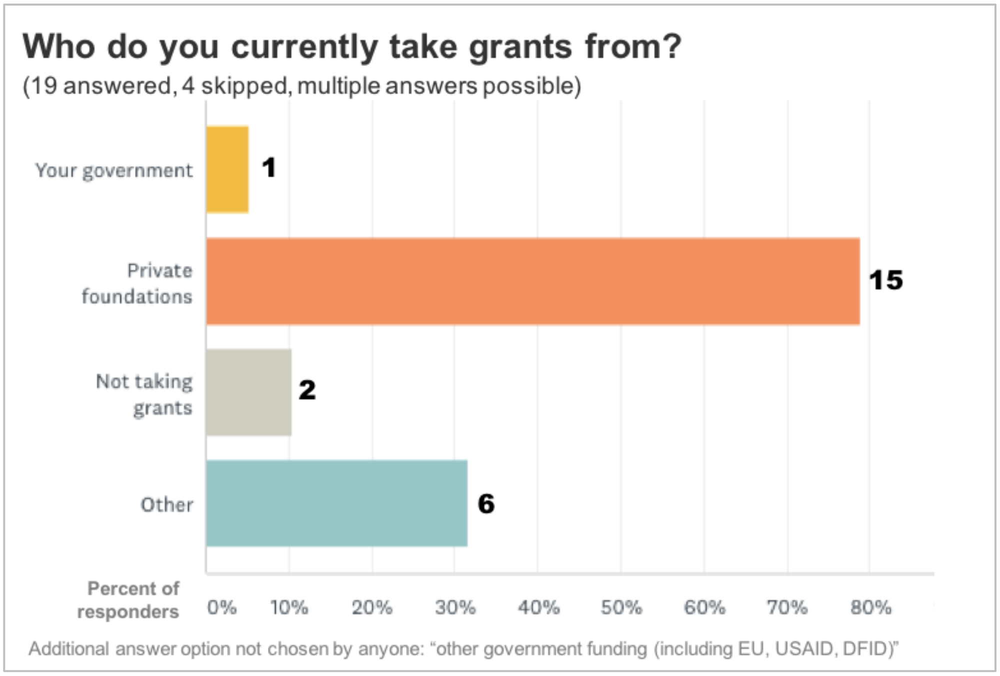

If the founders earn a salary, is it enough to live on?
(20 answered, 3 skipped)
Yes
9
No
3
Not relevant
8
Percent of responders
0%
10%
20%
30%
40%
50%

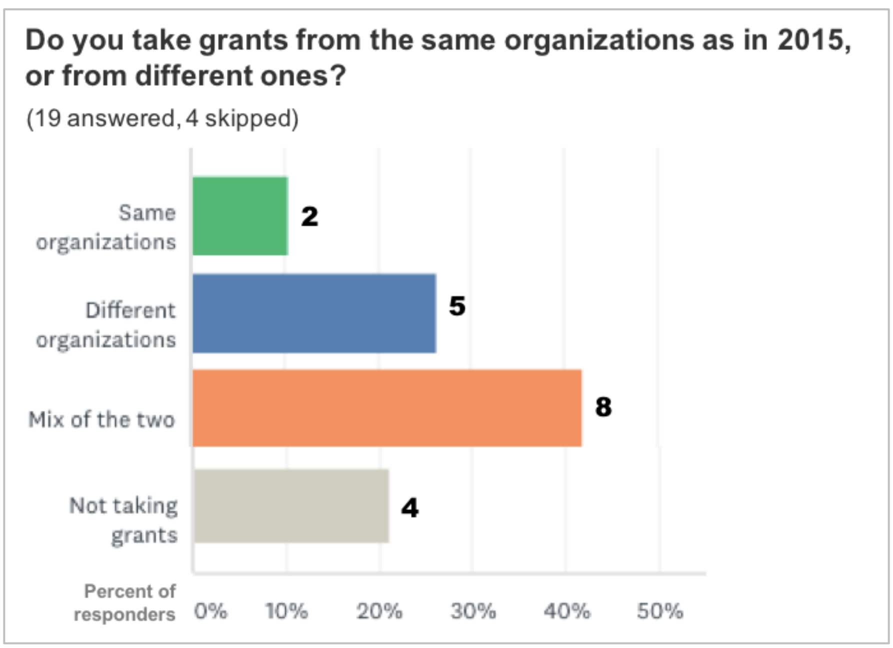

If the founders do not earn a salary, do they have other means of earning income? (19 answered, 4 skipped)
Yes
7
No
3
Not relevant
9
Percent of responders
0%
10%
20%
30%
40%
50%

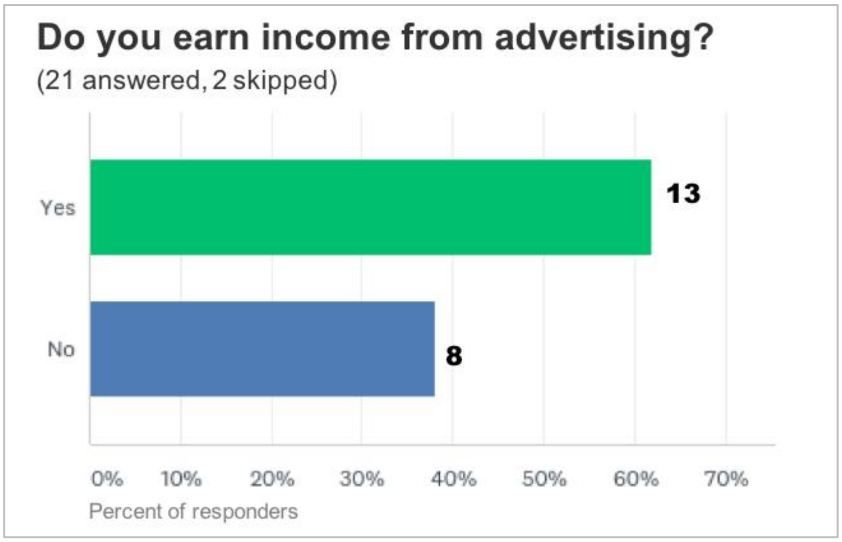

Have you earned back the initial investment?
(19 answered, 4 skipped)
Yes
3
No
16
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
Percent of responders

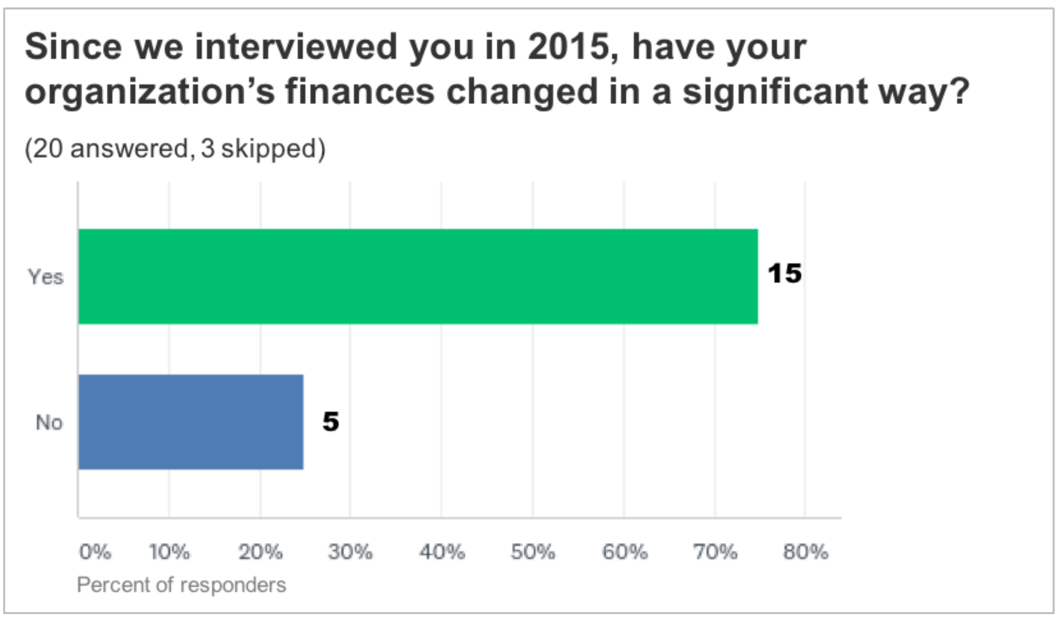

Are you currently looking for new funding?
(20 answered, 3 skipped)
Yes
19
No
1
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Percent of responders

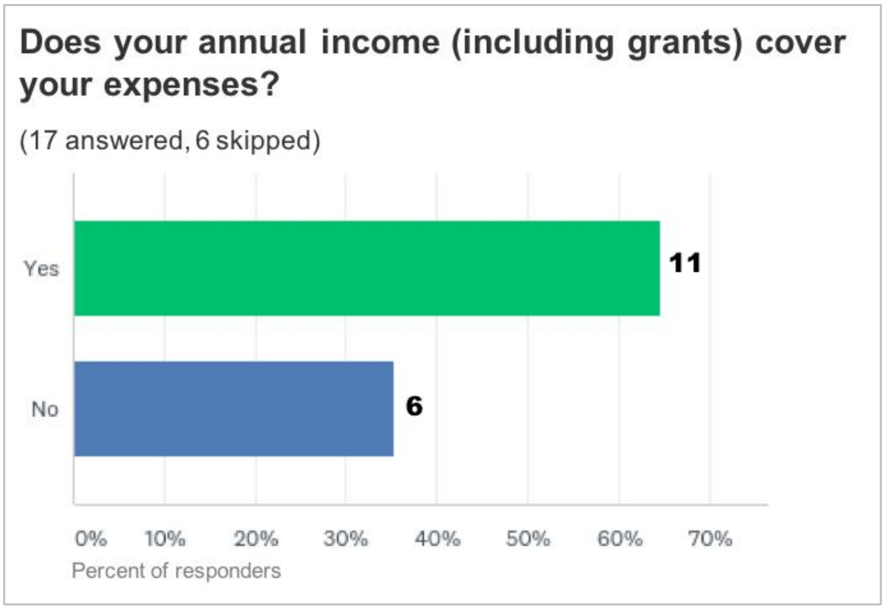

If you are looking for new funding, then from whom?
(19 answered, 4 skipped, multiple answers possible)
Bank
2
Your government
2
Private foundations
14
Private donors
9
Other
11
Percent of responders
0%
10%
20%
30%
40%
50%
60%
70%
80%
Other answer options not chosen by anyone: friends/family, the EU


Who do you currently take grants from?
(19 answered, 4 skipped, multiple answers possible)
Your government
1
Private foundations
15
Not taking grants
2
Other
6
Percent of responders
0%
10%
20%
30%
40%
50%
60%
70%
80%
Additional answer option not chosen by anyone: "other government funding (including EU, USAID, DFID)"

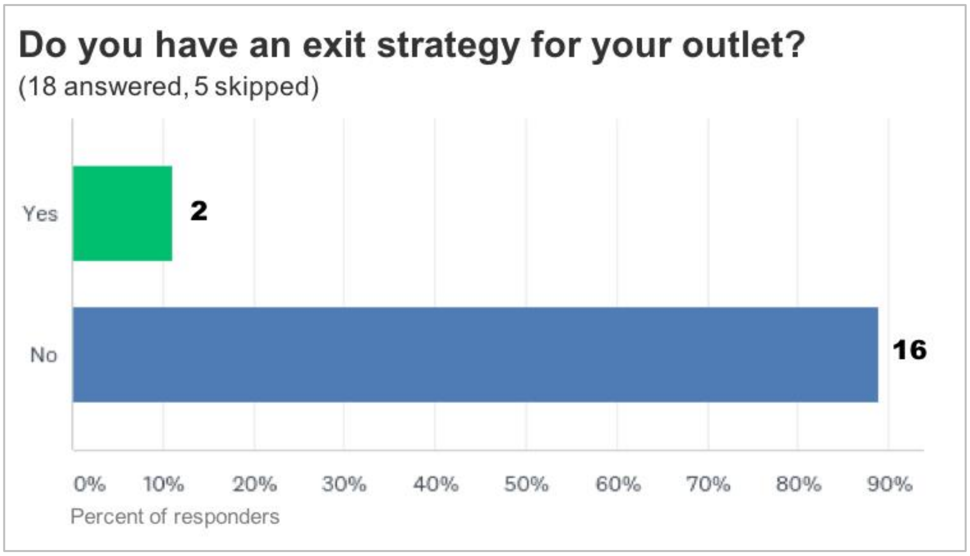

Do you take grants from the same organizations as in 2015, or from different ones?
(19 answered, 4 skipped)
Same organizations
2
Different organizations
5
Mix of the two
8
Not taking grants
4
Percent of responders
0%
10%
20%
30%
40%
50%

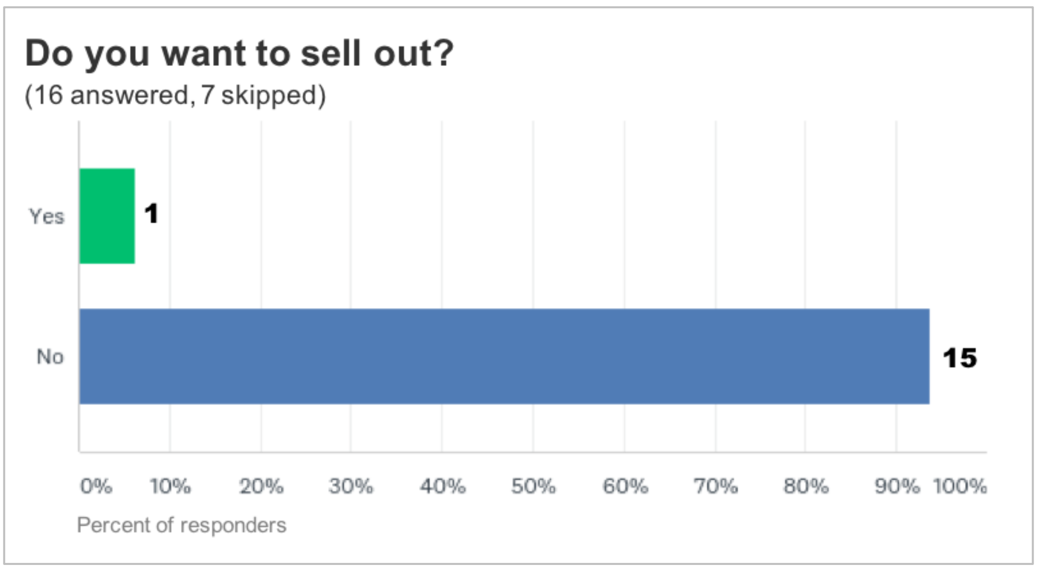

Do you earn income from advertising?
(21 answered, 2 skipped)
Yes
13
No
8
0%
10%
20%
30%
40%
50%
60%
70%
Percent of responders

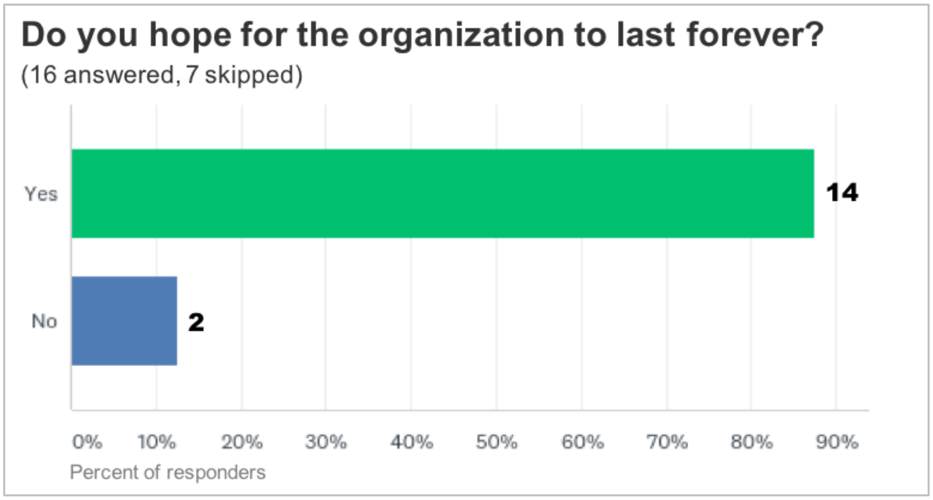

Since we interviewed you in 2015, have your organization's finances changed in a significant way?
(20 answered, 3 skipped)
Yes
15
No
5
0%
10%
20%
30%
40%
50%
60%
70%
80%
Percent of responders

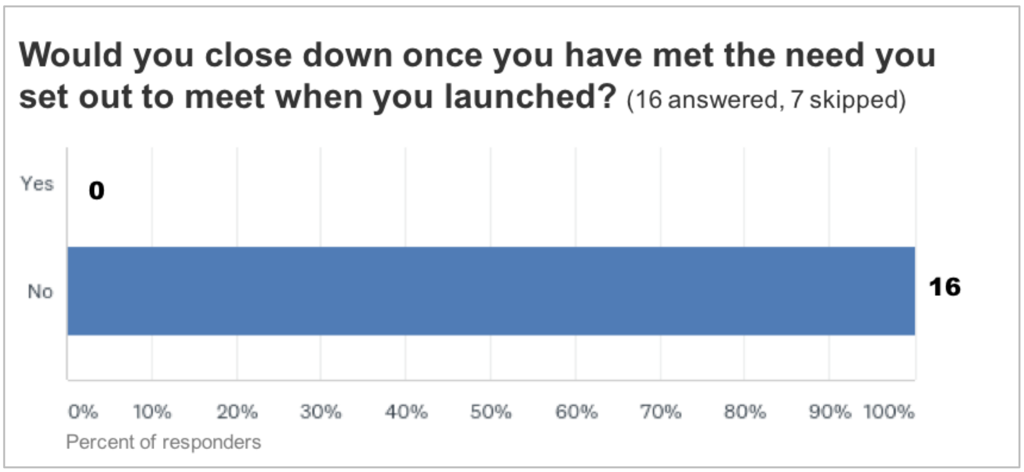

Does your annual income (including grants) cover your expenses?
(17 answered, 6 skipped)
Yes
11
No
6
0%
10%
20%
30%
40%
50%
60%
70%
Percent of responders

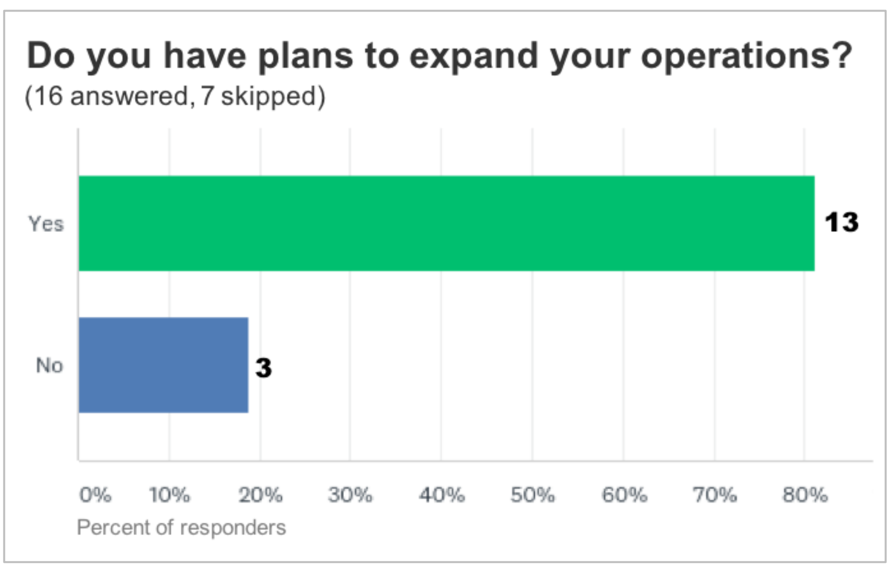

Do you see yourself as a not-for-profit organization or a for-profit business?
(21 answered, 2 skipped)
Non-profit
8
For-profit
8
Other
5
Percent of responders
0%
10%
20%
30%
40%
50%


Do you have an exit strategy for your outlet?
(18 answered, 5 skipped)
Yes
2
No
16
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
Percent of responders


Do you want to sell out?
(16 answered, 7 skipped)
Yes
1
No
15
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Percent of responders


Do you hope for the organization to last forever?
(16 answered, 7 skipped)
Yes
14
No
2
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
Percent of responders


Would you close down once you have met the need you set out to meet when you launched? (16 answered, 7 skipped)
Yes
0
No
16
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Percent of responders


Do you have plans to expand your operations?
(16 answered, 7 skipped)
Yes
13
No
3
0%
10%
20%
30%
40%
50%
60%
70%
80%
Percent of responders

ANNEX: LITERATURE REVIEW FROM "PUBLISHING FOR PEANUTS" (2015)

We reviewed reports on journalism, financial sustainability, and innovation that were published by universities, media development organizations and journalism organizations between 2011 and 2015. We looked for reports that included case studies and practical examples of innovation. Most of this literature tended to focus on the US and Europe and on financial sustainability. However we summarize the key points below and include a précis of the top ten reports we read.

Summary of lit review:

1) Most reports looked at the US and Europe and some discussed Africa.

2) Most divided the world of media into for-profit and not-for-profit publications and discussed what kinds of business models could make media houses profitable. As is well known, **advertising rates, at least in developed markets, are expected to continue to fall, so media outlets will continue to try making money in a range of ways**—including hosting events, applying for donor funding, selling subscriptions and developing groups of loyal supporters who pay for specialized information.

3) Perhaps because of the success of the Philippines Center for Investigative Journalism and *ProPublica*, **there is currently a great deal of interest in funding investigative reporting in developing countries**. Donors emphasize funding and developing content, rather than on helping independent media outlets achieve long-term sustainability through business development assistance. MDIF has demonstrated rare success in this area (i.e. *Malaysiakini*), but the scale is still small and targeted at its clients.

4) We found comparatively little literature discussing the sustainability of independent media in developing countries, even though many donors emphasize this priority to their grantees. Instead, **literature on media in the developing world seems to broadly focus on improving content**, particularly investigative journalism. (A substantial subset, however, looks at journalist safety and security, beyond the scope of this report. Both trends are likely driven by the number of media NGOs focused on these topics.) Conversely, **literature on independent media sustainability overwhelmingly focuses on**

the developed world, and the US market in particular, perhaps due to the availability of comparative data and activity of many foundations and philanthropic organizations based there.

5) Many of the sustainability lessons and innovations described in the US and European reports are being applied by independent media in the developing world. *7iber* (Jordan) and *iHub* (Kenya) have experimented with community spaces, *Himal* (Nepal) has introduced a membership model based on the *Texas Tribune*, and the legal publication *Jota* (Brazil) held a successful event on judicial infrastructure. Yet literature on outlets in non-Western markets nonetheless tends to focus exclusively on content and journalism output.

6) Donors' frank reviews of the grants they have awarded to support the development of tools and technologies suggest that the vast majority of these tools fail to achieve any kind of sustained adoption, regardless of the market. The tools that do succeed seem to be on the business side, such as one adopted by a 2010 Knight Foundation grantee: open-source real-time advertising software NowSpots, funded by a grant of $257,000 in 2010 and sold for $25 million in 2014. More often, an otherwise self-congratulatory case study will typically contain the phrase "struggled to gain adoption."

7) The literature identifies the desirability of media in the global south developing along Western ideals—that is, with a view of journalism as the fourth pillar of democracy that informs the public and holds authorities to account. However in its near-exclusive focus on content production in these markets, the literature almost entirely neglects the business side that allows media to flourish in the developing world.

8) Measuring an outlet's impact or relative success remains challenging. Donors often defer to site views, Twitter follows and Facebook likes, but these may not adequately capture audience engagement.

‘Gaining Ground: How Non-Profit News Ventures Seek Sustainability’

Knight Foundation, April 2015
Kate Marshall, Community Wealth Partners
http://features.knightfoundation.org/nonprofitnews-2015/pdfs/KF_NonprofitNews2015.pdf

The Knight Foundation has produced three major studies of nonprofit news outlet sustainability since 2011. The most recent, *Gaining Ground: How Non-Profit News Ventures Seek Sustainability*, was published in April 2015 and analyzes 18 US organizations in detail—most of them recipients of Knight funding—in a bid to identify “emerging best practice.” The foundation’s affiliation with the report’s case studies allow for greater-than-usual insight, particularly with regard to finances and traffic, but it focuses exclusively on US examples. The conclusions therefore need to be considered in the context of a developed and saturated media market with ubiquitous net penetration. Still, the report pinpoints trends that could be applied in less developed markets. For instance, the percentage of traffic to all case studies from mobile devices doubled to 22 percent in 2013, a trend that would be perilous for any news website to ignore.

One innovation identified here was the shift from a “donor” to a “membership” model mentality. There is evidence that this shift is already underway: in Malaysia, the independent political news website *Malaysiakini* successfully monetized a membership paywall format in two of its four languages. The report’s examples suggest that this model shows greater success once a publication has matured and proven its ability to consistently put out high-quality content relevant to its audience.

The report recommends diversifying income from donor funding, noting the success of native advertising, sponsorships and events among its sample. It urges the setting of business goals and investment “in capacity, not just content”—a finding that would seem to endorse the theory that many independent media outlets need help as much with business and distribution as they do with content production.

The news outlets in Knight’s sample collectively grew their web traffic by 75 percent in 2011-2013, yet advertising revenues remained flat during the same period. Earned income accounted for a meager 23 percent of revenue of these outlets in 2012, implying a substantial and continued dependency on donor funding—58 percent of total revenue in 2013.

The majority of earned income was derived from sponsorship rather than advertising (other successful lines included events, training and subscriptions). Knight observed a moderate increase of five percent in overall earned revenue and “a trend towards greater sustainability.” However, it should be noted that Knight’s results are skewed somewhat by its inclusion of current not-for-profit news poster child, *The Texas Tribune*, by far the largest organization considered in the study (42 employees, compared to the second largest, *MinnPost*, with 17).

‘The Story So Far: What We Know About the Business of Digital Journalism’

Tow Digital Center for Digital Journalism, March 2011
Bill Grueskin, Ava Seave, Lucas Graves
http://cjrarchive.org/img/posts/report/The_Story_So_Far.pdf

A 2011 report by the Tow Center for Digital Journalism, *The Story So Far: What We Know About the Business of Digital Journalism*, considers the economic challenges facing news organizations following the decline of their legacy business models. The book-length report is authored by the *Wall Street Journal* veteran Bill Grueskin and media business consultant Ava Seave, adjunct professors at Columbia University’s journalism and business schools respectively. The report is written from a business perspective, with the understanding that while philanthropic and government support can help, “it is ultimately up to the commercial market to provide the economic basis” for sustainable journalism.

The report is US-focused—though by no means irrelevant to other markets—and, at four years old, is perhaps a little dated. Yet it has a decidedly business-focused approach to journalism, and identifies many of the opportunities inherent in digital: capacity for rapid innovation, greater understanding and tracking of audience behavior, short time to market, increased lifespan of content, audience engagement, lower cost of production and lower capital investment. These characteristics are as relevant to developing online media in new markets as they are in the US.

Seave and Grueskin address a number of misconceptions about online media, useful to anyone engaged in assessing the impact and reach of news sites. Size of audience is an unreliable indication of a site's performance, reach, influence or profitability. Instead, breaking the audience down into "fans" (two visits a week), "regulars" (one or two), and "fly-bys" (once a month or less) can offer greater insight into a readership and how one might plan a subscription/membership model or market an audience to advertisers. The report argues that engagement, not circulation, is the new unit of monetization.

One might divide an online audience into subscribers, potential subscribers, and freeriders, focusing on winning over the second as a revenue source. Like advertisers, media development agencies might reconsider the use of site hits or Facebook 'likes' as a sign of user engagement, and instead help their clients by demanding deeper user analytics.

Even in 2011, the report warned of the commodification of online advertising, with online juggernauts such as Facebook and Google squeezing the margins for publishers and emphasizing volume (CPM, or cost per thousand impressions) rather than quality. The report notes that a quarter of all digital advertising views belonged to Facebook, while Google received half the total spent globally on online advertising. Advertisers will pay for an engaged audience—and so the authors predict the rise of native advertising—but still value volume. Small sites stand to gain by joining forces and creating their own ad networks, thereby pushing out the middlemen currently absorbing much of the ad revenues and reducing the value to the publisher. This innovation might be readily transported to a developing market; larger advertisers keen to reach an informed audience while supporting the social agenda of independent media may be open to working with a network of such sites rather than one site with low volume.

The report is valuable to this study because it calls for publishers to innovate their approach to advertising. Diversification of revenue with events and sponsorships is all very well, but advertising remains powerful when it comes to sustainability and should not be neglected. The authors warn that attracting large numbers of lightly engaged readers—a tactic encouraged by media impact assessments—may be something a trap. 'Volume advertising' is commoditized, and small publishers will never compete credibly with giant global ad networks; moreover, any revenue share received by small publishers will be a tiny percentage. Publications should therefore rethink the relationship between audience and advertising—not a strength of an average reporter—and seek to create a deeply engaged audience that can be monetized through alternatives to the CPM (cost per thousand) impression-based pricing system. "Small publishers have been successful selling ads by the week or month rather than by volume," the authors note.

A general weakness of the report for the purposes of this study is its focus on the viability of large legacy media outlets in the US. Realistically, many of the innovative outlets considered later in the study are small online endeavors lacking century-old brands and operating in new and challenging markets.

'Seeking the Single Subject News Model'

Tow Center for Digital Journalism, December 2014
Kristin Nolan, Lara Setrakian
http://towcenter.org/wp-content/uploads/2013/11/Seeking-The-Single-Subject-News-Model.pdf

Hyperlocal sites share many characteristics with single-subject news outlets. A second report written by journalists Kristin Nolan and Lara Setrakian and jointly produced by the Tow Center and Knight Foundation, *Seeking the Single Subject News Model*, suggests that the narrow targeting of a subject can "dramatically raise the supply of high-quality journalism, covering complex and chronic issues that are widely neglected in mainstream media."

The model described in this report is particularly relevant to countries where the mainstream media is state-controlled, dominated by business oligarchies, or otherwise suffering from a legacy of propaganda and poor journalism. Indeed, many independent media outlets in such countries may default to single-subject news in their focus on corruption, crooked politics or human rights abuses.

The authors note the impact of technology in eliminating the barriers to entry, lowering cost of production while opening access to new audiences and allowing niche sites to challenge large, heavily invested legacy media groups. This fact alone is not enough, however. The real "agent of change" in such endeavors is the entrepreneurial journalist, who becomes “de facto founder of a small media enterprise.”

The authors consider an eclectic assortment of US and international single-subject sites, from *Tehran Bureau* and *North Korea News* to *HealthMap* and the *Gotham Gazette*. The entrepreneurial nature of these start-up news outlets prompts a trove of innovation, particularly around revenue and distribution. The New York-based *Tehran Bureau*, for instance, reported on Iran with sufficient consistency and credibility as to become affiliated first with PBS Frontline and then *The Guardian*, receiving fundraising support, goods in kind, and the protective umbrella of association with major international news outlets. This kind of innovative affiliation could be worth exploring in countries where external media interest is high, but where access limited, difficult, and restricted by language.

The report identifies funding as the biggest problem facing single-subject outlets but notes that this holds true for any news start-up. Even self-funded sites relying on volunteer labor required “a mix of technology, digital marketing and business strategy, all within the context of lean operations.” Journalists, even those of the entrepreneurial variety, may have a tendency to overlook such matters or consider them mundane administrative issues, given their focus on reporting. Many founders reported having difficulty with technology providers and had to learn how to handle much of the technology themselves. This suggests that some kind of model or standardized and updated resource targeting news start-ups, clearly outlining the latest available technology options, could be of use.

Few sites were found to be aggressively marketing themselves but some approaches showed innovation. *HealthMap* ran a campaign alongside the release of the film Contagion. *FactCheck.org* sent launch postcards to DC journalists, and *OpenCanada* marketed at academic and industry events. *Deep-Sea News* used its social media presence to aggregate stories in its ocean news niche, attracting subscribers without diluting the content on its own site. The stated long-term business goals tended to simply be “survive tomorrow.” One site, covering football doping, had a “planned obsolescence,” intending to fold after breaking a major story and sufficiently highlighting the subject in the mainstream media.

The news outlets showed a preference for earned advertising revenue but worried about seeking direct sponsorship due to perceived conflicts of interest.

Many preferred events that linked sponsors with the target audience to ongoing relationships. Ethical concerns at some outlets precluded all earned income other than direct revenue (content, merchandise). *North Korea News* successfully monetized a tiered paywall, including a 'professional-grade' package that provided detailed reporting on state media and military officials—no doubt required reading for a particular niche market. 'Leveraging local' and providing greater depth to 'super-users' at a premium cost is an innovative option for smaller independent publishers, particularly those covering a market of interest to business and industry. Details that would usually be disregarded as extraneous for a general audience can be monetized on a subscription basis, while broader focus makes it difficult for more mainstream media to compete.

The report draws few conclusions from its data (other than citing the average cost of a single-subject site: $358,917 for one year of operation).

'Global Investigative Journalism: Strategies for Support'

Center for International Media Assistance, January 2013
David Kaplan
www.cima.ned.org/resource/global-investigative-journalism-strategies-for-support/

The Center for International Media Assistance (CIMA) has produced a series of reports focusing on different aspects of media development. Here, we will consider several relevant to this study. *Global Investigative Journalism: Strategies for Support*, written by David Kaplan, the executive director of the Global Investigative Journalism Network, examines ways to "support and professionalize" investigative journalism in countries transitioning to democracy. Kaplan claims that only two percent of global media development funding—$12 million of an estimated $487 million per year—goes to investigative journalism, despite its impact. (For instance, the Philippine Center for Investigative Journalism's eight-month corruption investigation in 2000 led to the downfall of President Joseph Estrada, and Chinese magazine *Caixin* exposed the kidnapping and black-market sale of babies in 2011.) Yet most media development funding targets citizen reporting, open government initiatives and security.

The Open Society Foundations, Kaplan notes, plays “the largest and most critical role,” primarily through its support of non-profit investigative journalism outlets. He focuses on developing the investigative skills of individual reporters rather than sustainable outlets, but his understanding of media in transitional democracies is particularly relevant. Even small-scale independent outlets can provide a much-demanded alternative to existing local media, which may be tied to politicians, government and organized crime.

Risks to investigative journalism—and, by extension, independent media—include: the legal environment, the vibrancy and competitiveness of the mainstream media, public support for quality journalism, capacity to reach high standards (journalism schools, associations, etc.), availability of strong leadership, and funding. Kaplan warns against developing models inappropriate for individual countries; running an investigative journalism non-profit in a place with criminal libel statutes is impossible, he notes. But being based overseas can help protect journalists from prosecution and reprisals.

‘Business Journalism Thrives - Even Under Repressive Regimes’

Center for International Media Assistance, August 2014
Don Podesta
www.cima.ned.org/resource/business-journalism-thrives-even-under-repressive-regimes/

Business journalism can thrive even under repressive environments—at least those where there is some kind of government. The second CIMA report, *Business Journalism Thrives—Even Under Repressive Regimes,* describes business publications thriving under regimes as authoritarian as China and Zimbabwe. They are hardly underground; publications like Zimbabwe’s *The Source* (the country’s first business news service) are registered, have offices and operate openly with little of the harassment targeting more politically-orientated media. “Our strength is that economic news is kind of viewed as less threatening,” notes the founder, explaining how his publication serves the need of big players for accurate and credible information—big players that even repressive regimes are keen to attract. The report cites similar examples in Russia, Malaysia and Cambodia.

Follow the money, and suddenly every corruption story is a business story. Corruption naturally merges politics and business; the trick, it seems, is to cover it under a 'businessy' masthead, preferably with high production values to match. The report's author, Dan Podesta, identifies away for media development groups to develop journalism in difficult environments under the guise of business coverage. Zimbabwe's *The Source* offers an example of the kind of thinking required: unable to recruit from devastated journalism schools churning out government presspeople, the publication instead recruits business school graduates and trains them to write. Funded by the Thomson Reuters Foundation and Dutch Foreign Ministry via the European Journalism Center (EJC), *The Source* maintains an army of stringers across the country generating stories that are picked up by the local press, and intends to eventually transition to a for-profit model.

'Investigative Journalism in Emerging Democracies: Models, Challenges and Lessons Learned'

Center for International Media Assistance (CIMA), January 2013.
Drew Sullivan
http://issuu.com/cima-publications/docs/investigative-reporting-emerging-democracies

A third CIMA report, *Investigative Journalism in Emerging Democracies: Models, Challenges and Lessons Learned*, written by the founder of the Center for Investigative Reporting in Bosnia Drew Sullivan, retreads much of the ground in the Kaplan report but introduces criteria for assessing media environments.

Sullivan urges engagement and questioning of local journalists in an effort to define local standards of fairness, accuracy, clarity and ethical behavior, asking them to define investigative reporting to try and develop grassroots buy-in rather than imposing a top-down model (the kind of practice that leads to sporadic funding of individual stories deemed of import by donors, rather than developing a local and sustainable culture of journalism). The report soundly assesses the merits and shortfalls of media development approaches—training, funding of individual stories and mentoring of teams and editors—highlighting where money is likely to be wasted. For instance, training reporters in countries with poor standards of journalism, particularly one-off trainings, may be ineffective if the reporters are simply unable to put their new skills into practice. Funding of individual stories may benefit countries with higher standards of reporting but limited resources, but in countries with poor standards it is unlikely to improve the journalism climate beyond providing a little experience. The table on pages 32 and 33 is an excellent summary of the pitfalls and opportunities of the various approaches.

Sullivan highlights mentoring programs—pairing experienced journalists and editors with those in countries with low standards of journalism—as one of the most helpful forms of media development.

'Chasing Sustainability on the Net'

University of Tampere, USC Annenberg, Waseda University, October 2012.
Esa Sirkkunen, Clare Cook and Pekka Pekkala
www.submojour.net/archives/989/table-of-contents/

A joint project with Finland's University of Tampere, *Chasing Sustainability on the Net*, analyzes the business models and sustainability of 69 news media start-ups across nine countries (including Italy, US, Slovakia and Japan). Although the case studies are largely confined to developed media markets, their relatively large number and emphasis on data collection allow for a broad comparison of approaches to sustainability.

The study identifies five primary mechanisms of generating revenue: advertising, paying for content (i.e. subscription), selling data or technology, events, and freelance and consulting services. Advertising is the most common revenue stream (cost per click/action/view, fixed term and ad networks), particularly for start-ups with larger turnovers, but the majority of outlets analyzed had diversified to include others. The better performing sites were able to match advertising against their content, opening possibilities for direct sponsorship but also ethical quandaries.

Crowdfunding and bottom-up financing was used rarely and only by sites with especially unique content, while the revenue potential for affiliate marketing (such as a percentage of referred sales) was "insignificant." Merchandising was occasionally used as a small complementary revenue stream. The subscription model, the authors noted, had "gained the most traction in countries where leverage can be wagered on the price of good journalism," with readers willing to pay for unique content that "challenges the status quo." This would seem to support the assumption of previous studies considered here—namely, that independent, high-quality journalism is valued in countries where it is limited or does not exist.

Sustainability metrics varied by country but were insightful and could be used for setting business goals. For instance, a news start-up in the US with 1-3 people could be expected to reach financial sustainability with annual revenues of $100,000 to $200,000. National characteristics present different opportunities. The UK, for instance, has few niche news sites relative to the US, but many hyperlocal sites covering towns and even individual streets. Italy has small, specialized press agencies covering subjects such as science, ecology and books.

As with the Grueskin and Seave study of the business of digital journalism, this report identifies the figure of the "journalist entrepreneur," usually working alone or in a team of no more than three, and suggests that those in this field need to broaden their business acumen and "think about money from the start."

'Survival is Success: Journalistic Online Start-ups in Western Europe'

Reuters Institute for the Study of Journalism, April 2012
Nicola Bruno and Rasmus Kleis Nielsen
https://reutersinstitute.politics.ox.ac.uk/our-research/survival-success

This 2012 report reviews the sustainability of online news start-ups in Germany, France and Italy. Besides the US, these countries are three of the largest and most saturated media markets dominated by incumbent legacy outlets—and unlike the US, they have a decidedly national focus. None of the start-ups examined were breaking even solely on advertising, and most were found to be making an operating loss, dependent on continued investment or outside support. The two key challenges start-ups face, argue authors Bruno and Nielsen, are the capacity of legacy media outlets to leverage their existing resources and brands to pull larger audiences (even in the absence of profit) and the glut of very low margin online display advertising. The report examines nine outlets in depth, two of which are profitable: France's Mediapart produces investigative journalism behind a successfully-monetized paywall, and German cultural aggregation website Perlentaucher (or "pearl diver") fills a niche left by larger media outlets, while claiming to be the most read online cultural magazine in Germany.

Perlentaucher was able to stay lean, employing 3-4 people, and tailored advertising relative to its content and audience, thereby avoiding the middlemen of low value volume display advertising. Tailored advertising generated 35% of the site's income and revenue sharing with an online bookstore another 15-20%, with the remainder made up of reader donations, bulk advertising, a newsletter and some content syndication. Mediapart launched behind a paywall in 2008 after a six-month campaign to obtain 10,000 subscribers, and successfully occupied an anti-establishment niche in the French journalism arena along similar lines as liberal US media. By 2012 its aggressive investigative reporting style had broken several major scandals and attracted 58,000 paying subscribers as well as a series of high-profile court cases ensuring further publicity. Since October 2010, the site has broken even, almost solely on the basis of its subscribers, although this approach has compromised its reach.

Bruno and Nielsen warn about drawing comparisons between countries, and in particular identify a dearth of research on journalism start-ups outside developed media market. They note that the outlets usually studied tend to operate in countries with ubiquitous internet access and data collection (Pew's State of the US Media reports, for instance). Less developed markets with poorer potential audiences and lower rates of internet access are unlikely to support a paywall, for example. Nonetheless, the authors do identify factors that contribute to the success of journalism start-ups, regardless of geography.

"The journalistic start-ups most likely to thrive are those that deliver a distinct, quality product, operate with lean organizations, have diverse revenue streams, and are oriented towards niche audiences poorly served by existing legacy media," the authors argue. "Beyond quality content, a lean cost structure, diversified revenue streams, and careful positioning within a given media market seem to be the necessary preconditions for success for journalistic online start-ups at this stage."

‘Africa’s Media Boom: The Role of International Aid’

Center for International Media Assistance (CIMA), National Endowment for Democracy, October 2014
Mary Myers
www.cima.ned.org/wp-content/uploads/2015/02/CIMA-Africas-Media-Boom.pdf

This report, produced by CIMA and the National Endowment for Democracy, reviews the impact of donor media assistance on the liberalization of media in sub-Saharan Africa, a process which started in the early 1990s. Mary Myers, the report’s author and African media expert, argues that this investment was driven by a desire to develop the continent’s media along “Western lines” following the end of the Cold War. The growth of African media has been extraordinary: from just 10 commercial broadcasters in 1985 to more than 2,000 private and community radio stations and 300 independent TV stations by 2014. This came with, and perhaps contributed to, a wave of democratization forcing concessions from many African autocrats. Myers notes that where the government could once control private media by threatening to withdraw state advertising, media now profited from the political pluralism of many new candidates. Technology has lowered the cost of producing media, while greatly increasing access, reach and audience size. In the African context of tyrannical distances, poor transportation, and low incomes and literacy rates, radio was the ideal medium. It was up to the audience to ‘vote’ for it by obtaining receivers—which they did, in vast numbers.

“Considering the poverty of the majority of Africa’s population, household media equipment ownership was relatively high,” observes Myers. This is consistent with our hypothesis that independent media is most in demand in markets where it is has historically been absent or repressed.

Donor strategy generally revolved around creating the environment for independent media to flourish: pushing for peace, unionization, public service broadcasting, minority coverage, liberal media legislation, and protection of journalists. Direct support tended to target community radio; with a few exceptions, private radio did not receive donor funding. Some stations were fully funded by foreign donors to fulfill specific political purposes, such as countering hate speech or providing access to information for neglected rural minorities.

Sustainability for donor-supported outlets tends to revolve around obtaining the next grant (although in some cases, donors may restrict support to start-up expenses, or sponsor public service announcements by purchasing advertising). Myers acknowledges that this may promote dependency and discourage movement towards sustainability.

The report contends that ‘commercial’ media in Africa tends to focus on urban centers, owned by wealthy elites and airing mostly music and entertainment content out of either a financial agenda or fear of jeopardizing their investments with content critical of the reigning politicians. Myers cites media scholar Fackson Banda as suggesting that under these circumstances media liberalization may “offer more access and a stronger voice to the rich and powerful.” Both observations could be equally applied to developed media markets.

There are important conclusions to be drawn from this. The analysis highlights the candy/vegetable dichotomy in perception between ‘advertising-funded, high audience low-brow content’ and ‘wholesome donor-funded and donor-driven content consumed largely by donors.’ Good journalism, the logic follows, can’t make a profit.

There is a happy middle ground: not every piece of content produced by an outlet needs to be investigative reporting or educational information. Entertainment, sport and lifestyle sections can reflect the lives and desires of an audience, and they also appeal to advertisers wary of having their ads appear next to politics-focused content. Importantly, Myer observes that if commercial media thrives at a level that makes it attractive investment for the wealthy elite (not just politically but also economically), then there is actually a successful business model sustaining it—something perhaps worth investigating rather than dismissing as mass-market fluff. In some cases, it may be easier to encourage and help develop better journalism at a media outlet already operating sustainably, rather than funding a start-up and trying to create an audience from scratch.

Broadening access to capital beyond the political elite and lowering the cost of entry through technological innovation may encourage diversification of media ownership beyond wealthy elites. Key challenges are mitigating the risk of this investment and ensuring that independent media can confidently criticize the establishment without existential repercussions. A large public (rather than donor) audience, convinced of an outlet's credibility and its consistent commitment to the standards of fair reporting, can be one such protection. Others are increasing the distance between an outlet and domestic authorities, operating online using overseas servers and rebroadcasting 'the last mile' locally.

Mobile media services at Sub-Saharan African newspapers

African Media Initiative, July 2011
Kristina Bürén
http://africanmediainitiative.org/content/2013/07/17/Mobile-Media-Services-at-Sub-Saharan-African-Newspapers-A-Guide.pdf

If radio transformed the media landscape in Africa, mobile has done the same for telecommunications. Sub-Saharan Africa is the world's fastest growing market for mobile technology, and the second largest after Asia, according to the research firm Gallup. The technology has leapfrogged decrepit landline infrastructure, and is proving dynamic and highly innovative. In Kenya, sending mobile phone minutes to other subscribers on a network became a way of transferring money domestically while avoiding the inconveniences of high inflation and inefficient banking; phone minutes became, in effect, a de facto gold standard. Rather than policing this practice, the Safaricom network made it official, calling the new service M-Pesa (mobile money)and the concept spread quickly around the region.

Published in 2011, this report by the Africa Media Institute (AMI) is a few years behind in its statistics, including on smartphone penetration rates and annual charges. But it does document these promising trends for developing media businesses. Moreover, it is aimed at publications themselves rather than donors.

Author Kristina Bürén is research director at the World Association of Newspapers and News Publishers (WAN-IFRA). She notes that the spread of the mobile money has led to an increasing amount of money 'stored' on phones, driving the use of paid SMS services which can be monetized by media outlets. Only a quarter of this revenue reaches the publisher and the remainder goes to mobile service providers, who generally seem unwilling to negotiate the subject. Nonetheless, publications in South Africa, Uganda and Kenya have managed to create an income this way (necessary, because print circulation revenues in Africa tend to be lower due to the practice of sharing each newspaper among eight or more people).

In the short to medium term, most publishers interviewed for Bürén's report saw the potential for mobile internet—a prescient view, given that smartphones in 2015 accounted for 15 percent of mobiles in Africa, compared to just 3 percent at the time of the report's release in 2011.

The combination of smartphones, mobile money and a young, social media–savvy demographic represents an opportunity for publishers and advertisers—and not necessarily just locally. Bürén's report notes that the most popular news website for Kenyan youth (those 18 to 25 years old) was the BBC's mobile-optimized site, "because it carried less local politics but more international news, more international sport, and more entertainment." This is insightful, and arguably a sign that Kenyan publishers are failing to meet the demands of this audience. Monetizing mobile news content is difficult, especially when users are unwilling to pay for bandwidth needed for video. However, the report does include examples of locally driven mobile innovations creating revenues for newspapers. To cite just two, *The Daily Monitor* in Uganda used paid SMS to successfully monetize a fantasy football game linked with the newspaper as the English Premier League unfolded, while South Africa's Avusa Group (which publishes *The Times*) launched a local Groupon-style service.

The report also includes a toolkit for publishers considering entering mobile, and includes an assortment of ideas for content services: city and entertainment guides, local news alerts, automatic classified advertising in the newspaper using paid SMS. Other monetization ideas included a "commercial SMS club," offering substantial member benefits to a premium audience—perhaps even tied into a print or online subscription. This part of Bürén's report is applicable to any media outlet exploring mobile, regardless of geographic location; her emphasis on the need to understand one's audience and the manner in which it engages with the news is universal. Indeed, sub-Saharan Africa's distinctive market characteristics aside, most of the challenges faced by the region's media are similar to those in more developed markets.

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