

White Paper

Digital Publishing Framework: 7 Building Blocks to Success

Delivering excellence in digital publishing for newspapers

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Introduction

The launch of the iPad back in 2010 created new hopes in newspaper boardrooms to grow their digital publishing revenues. Five years and many experiments later, the business results are mixed and the challenges to succeed have increased.

A few incumbents like The Financial Times, VG and Bild report significant success in growing and monetizing their digital audiences. Many others are still struggling with the new digital paradigm. Moreover, new deep-pocket international entrants like BuzzFeed, Vox, Flipboard and Huffington Post have rapidly grown and potentially threaten the core business of existing players.

Which strategies and tactics have been applied by successful companies applied? Which levers are available for key managers to achieve results? What can traditional news publishers learn from successful digital-native companies like Airbnb, Facebook, etc?



This white-paper presents a new, comprehensive framework with 7 key building blocks for newspaper companies to achieve success in digital publishing.

Why Achieving Excellence in Digital Publishing matters

According to the 2015 World Press Trends Report of WAN IFRA, 93% of all newspaper revenues still come from print, and print will continue to be a major source of revenue for many years to come.

At the same time, newspapers around the world are investing time and money in digital business development. They are increasingly innovative in turning the business model from print to digital.

Newspapers are marking their first successes in getting their audiences to pay for digital content. Freemium models, metered paywalls and new test subscriptions have been implemented across the globe. According to PwC, paid digital content increased 56% in 2014, and rose more than 1.420% of the last five years.

While digital advertising represents a small part of overall newspaper revenue, it continues to grow significantly (+8% in 2014 and 59% over 5 years), according to PwC. The main benefactors of digital ad spending continue to be social media and technology companies. Google takes the biggest share, with 38% (US\$19.3 billion) of digital ad revenue. Facebook took nearly 10% in 2014, and is the biggest recipient of total digital display and mobile display advertising revenue.

Within this rapidly changing environment, newspaper companies face at least 2 big challenges to be successful in the digital space:

- Can they transform their existing print business towards a successful digital proposition?
- Should they launch and grow new propositions, in order to attract new audiences and tap into new revenue sources?

Many newspaper companies have long standing traditions. Some were founded more than 100 years ago. The skills, processes and systems that have been the recipe for success in the print age are not adapted to compete in the digital space. New levels of excellence need to be achieved.

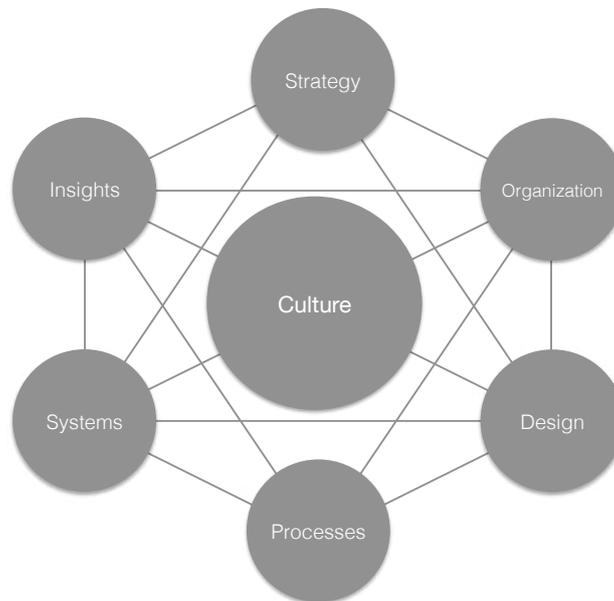


“The only way to win is to learn faster than anyone else.”

Eric Ries

*“The Lean Startup:
How Today's Entrepreneurs Use
Continuous Innovation to Create
Radically Successful Businesses”*

7 Building Blocks for Success in Digital Publishing



Successful digital publishers achieve levels of excellence on each of the above building blocks.

Strategy

Excellent publishers have defined a clear strategy to compete or grow in the digital arena. As the digital world is very rapidly evolving, your strategy needs to be agile.

Successful companies first define a long-term strategic intent, and translate this into a set of short-term goals, which are being reviewed on a 6-month rolling horizon.

Key Choice #1:

What is your **strategic intent**? Do you want to **establish market leadership through innovation**, or do you want to be a **fast follower**?

Define Your Strategic Intent

Two strategic options need to be investigated thoroughly:

- *Leadership through innovation:*
You aim to establish market leadership by constantly focusing on product innovation. This drives product use by early adopters and opinion makers and in itself will provide a sustainable basis for marketing and promoting your product towards other user categories. You aim to capture the so-called 'first mover advantages'.
- *Fast follower:*
As a fast follower, you screen similar markets for proven solutions. You select offerings with first proven results and introduce them quickly and firmly in your markets. By doing so, you avoid some of the early mistakes made by innovation leaders, and you focus on the scaling up of proven concepts.



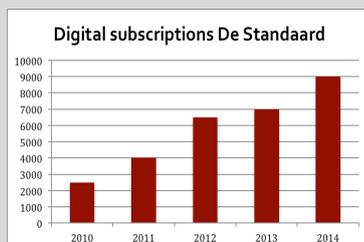
Case: De Standaard, Leadership Through Innovation



De Standaard, the leading quality newspaper in Flanders, was the first newspaper to have a mobile site (2008), an iPhone app (2009), an iPad app (2010) and a tablet optimized reading format (2011) for its print morning edition with Twipe.

In 2013 dS Avond, a separate digital-only evening edition, with a lighter and adapted format was launched.

Its digital subscriptions have grown almost 400% over the past 5 years, now reaching 10% of the total subscriber base.



Set Your Journey for Digital Growth

Once your intent is clarified, you have to draft the various paths to achieve your strategic goals. The digital environment offers a multitude of opportunities of growth and transformation. You will need to develop a well thought out framework to assess these priorities.

The following issues need to be addressed:

- How aggressively do you want to move your existing print business towards digital platforms? Which added value can you offer to your existing print readers? Which reading formats do you want to offer your print subscribers? How do you avoid rapid cannibalization or price erosion?
- How much of your content do you want to offer for free on your website? How much of your content is exclusive and you want to keep only for paying subscribers?
- Should you launch and grow new propositions, in order to attract new audiences and tap into new revenue sources?
(eg Yahoo News Digest, Economist Espresso)
- Should you do this internally, or should you aggressively pursue an acquisition strategy?
- Do you have to invest into businesses that move beyond the pure digital publishing business such as e-commerce platforms or new lead generation platforms?

Review and Adapt Your Strategic Plan Frequently

The digital world is changing at a very high pace. New disrupting businesses arise every few weeks. Paradigms shift frequently and new insights arise on a continuous basis. In such environment it is hard, if not impossible, to set very long-term strategic goals and prepare a plan accordingly.

What is more effective is to prepare an implementation plan with a time horizon of 1 year, establishing tangible targets. Minimally every 6 months this plan needs to be reviewed and adapted based on the results.

The key goal of this process should be to learn and build expertise as fast as possible. In an environment of continuous change and uncertainty, the most successful organizations are the ones that learn the fastest way possible.

Organization

In order to effectively compete in the digital market, you need to put an adequate organizational structure in place.

Key Choice #2:

Do you want to create the new role of **Chief Digital Officer (CDO)** in your executive team?

Executive Level

The successful transformation of your business towards a digital player starts at the executive level. Every member of your executive team should be trained and informed about the latest digital evolutions. This is not an easy task, nor is it sufficient to lead and manage the scale of transformation required. Hence, many companies choose to appoint a Chief Digital Officer (CDO) as a member of the executive team. The CDO oversees the full range of digital strategies and drives change across the organization.

The CDO needs to be someone who not only has digital acumen, but also is a seasoned general manager who can operate within a large-scale business and influence effectively across the organization. This is a relatively new type of leader and one who is hard to find, attract and retain.

Key Choice #3:

Do you set up a separate unit, or do you grow digital competence within your existing organization?

Business Level

At the operational and business level, new organizational structures and roles are required. Largely speaking, 2 distinct organizational models arise:

- A separate unit which is in charge of digital activities
- Integrated approach, whereby new roles and competences are added within the existing organization

In the short term it can be adequate to setup a central competence center, in order to build up critical mass in digital activities. Such unit should include digital product managers, marketers, project managers, designers and developers.

In the longer term, a more integrated approach will result in more effectiveness. The transfer of competence from the central competence center into the operational business units needs careful execution and preparation.



2sec

Nearly 50% of web users expect a site to load in 2 seconds or less. They tend to abandon a site that isn't loaded within 3 seconds.

Forrester Research

Design

The past 5 years, Apple has grown into the most valuable company in the world. They are the best case to illustrate how important design is for successful broad scale adoption of digital products. Even Google, initially a strong believer in functional design, has recently significantly invested in its "Material Design" initiative.

Recent work from Forrester Research indicates that companies offering higher levels of customer experience, also reach significantly higher revenues. Travel company Expedia managed to earn an additional \$12m in profit thanks to a small UX change in one of its registration forms.

Designing digital products is not limited to graphical design or user interface development. Design is an overall process primarily aimed at delivering an end-to-end smooth, aesthetic and engaging user experience. Design is as much related to the technical speed at which the user can access your content, as it concerns the structure of your publications and articles.

Reaching levels of excellence in digital publishing results from excellence in various design disciplines.

Design elements which drive excellence

User Experience Design	<ul style="list-style-type: none"> • Simplicity • Ease-of-use • Intuitive user interface • Aesthetics
Content Design	<ul style="list-style-type: none"> • Clear hierarchy • High quality images and video • Data visualization • Multiple reading entries (headlines, intro, quotes)
Technical Design	<ul style="list-style-type: none"> • Speed of content delivery • Multi-platform availability • Scalability • Reliability & security
Process Design	<ul style="list-style-type: none"> • Smooth content management & automated workflow • Frequent and robust software release and distribution • Flexible advertising integration • Adequate customer support

“

“That's not what we think design is. It's not just what it looks like and feels like. Design is how it works.”

Steve Jobs

You will have to make sure that your developers, graphic designers, project managers and editors all share the same understanding of the importance of design. Without strong leadership from product owners and system architects and without continuous focus on high quality output within these teams, you will never reach an overall level of superior design quality.

70%

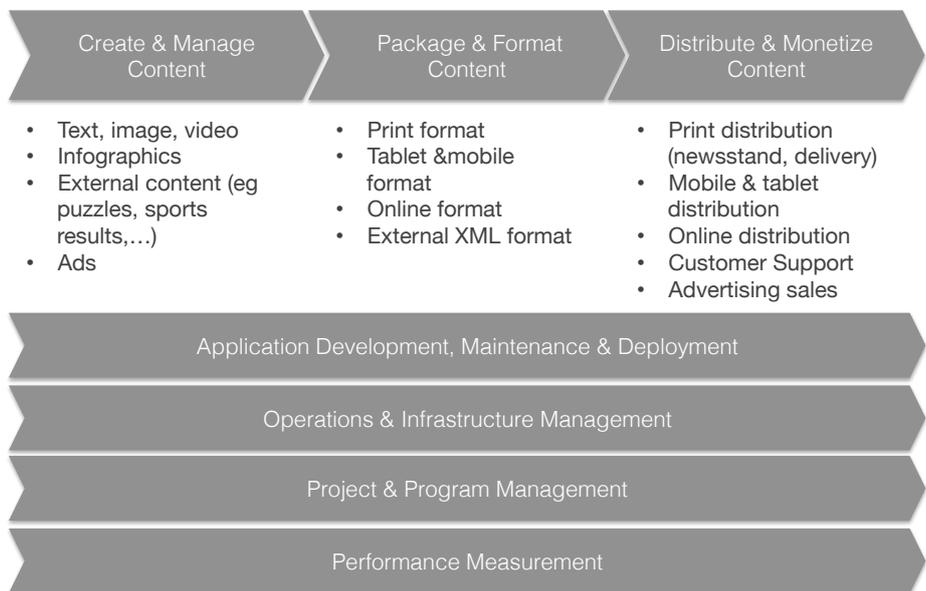
By 2017, 70 percent of successful digital business models will rely on deliberately unstable processes designed to shift with customers' needs.

Gartner Group

“Predicts 2015: Digital Business Will Drive a Big Change Revolution. Business Will Drive a Big Change Revolution.”

Processes

Reaching outstanding levels of user engagement on digital products on a continuous basis requires disciplined execution of a complex set of operational processes, which in themselves need to be flexible and open to change. Many traditional print publishers were used to work on 1 single product through 1 streamlined workflow. In the digital age, they are suddenly working on a multitude of products, which are quickly evolving. The introduction of effective processes is a real struggle for these companies. It takes time and dedication to install and improve these processes. Companies that excel at their processes show the following characteristics:



Key Choice #4:

Do you implement Lean Project Management techniques like Scrum or Kanban in your organization?

- They adapt quickly by using Lean Project Management and Application Development Methodologies such as Scrum and Kanban.
- They have dedicated process owners, who relentlessly monitor and improve the processes in incremental steps.
- They have a flexible and scalable operational infrastructure supporting an agile approach.
- They manage to have many disciplines work collaboratively, sometimes by tearing down physical walls between them.

Systems

For digital publishing, the end-user product consists out of a combination of software technology and engaging content. Coding and copy creation need to be well aligned in order to assure a great user experience.

Not only the content management systems or the front-end apps are important. A whole set of systems and solutions need to work together seamlessly:



“Companies need to move quickly to go digital, but building in-house capabilities can take years.”

*McKinsey & Company
Acquiring the capabilities you
need to go global (Business
Technology, Summer 2015)*

- Content Management System
 - Planning System
 - Print Publishing System
- Content Distribution System
 - Online Publishing System
 - Mobile & Tablet Publishing System
- Subscriptions & CRM System
 - Authentication & Authorization System
- Payment System
 - Online payments
 - App Store payments
- Analytics, Reporting & Business Intelligence
- Advertisement Management System
- Customer Service System
- Project Tracking System
- Operations Management System

Developing all these systems internally is impossible for many news organizations. Many solutions require totally different technical skill sets (e.g. iOS, Android, HTML5, Java, Javascript, C#,...) which are hard to find and retain. Additionally, the software development and deployment processes are very different for centralized software (such as CMS) and distributed software (such as apps). Finally, given the rapid evolution of the digital world, new functionalities have to be added on a continuous basis. For example, Facebook updates its iOS apps every 30 days on average.

Key Choice #5:

Which systems do you develop & manage yourself? For which applications do you rely on external specialist providers?

With the emergence of Cloud solutions, many of these applications are now available as a ‘Software-as-a-Service’ (SaaS). Such applications often offer best-in-class functionality, require no investment in local infrastructure and rapidly evolve over time. However, they create the needs for integration. They also increase the dependency on external cloud providers.

Smartly choosing which systems to develop yourself, and for which solutions you want to rely on external (cloud) providers is a key factor of success. This choice should take the following elements into account:

- Total development cost (internal & external)
- Ongoing maintenance cost
- Time-to-delivery
- Access to talent
- Impact on roadmap of provider

Insights

Digital provides unprecedented opportunities to collect data on your successes and mishaps. Having quick and insightful access to your data is key. The publishing industry is set out to benefit from Big Data.

But does Big Data lead to Big Insights? Data is typically stored in a variety of systems. Combining them into a central repository, decluttering and extracting valuable information is tedious. In reality, most data scientists spend 80% of their time in preparing and cleaning data. There is very limited time left for actual analysis and insights.

Excellent companies first define a limited set of Key Performance Indicators (KPI) on the following business dimensions:

- Revenues (subscription, advertising)
- Distribution performance (on-time daily delivery)
- Product usage, frequency and engagement
- Customer Service performance

The metrics are reported on a daily basis and provide cross-channel insights into the business performance. The initial focus is to have pragmatic and actionable insights.

Excellent companies use easy Data Visualization techniques to provide additional insights into the vast amount of data.

44

trillion
GigaBytes

The amount of data collected by 2020.

*EMC and
IDC
Digital Universe Study*

Culture

Speed and innovation are key to digital business success. Your biggest challenge in achieving a successful digital transformation will be to change the fundamental behaviors and ways of doing things in your company.



The stronger the culture,
the less corporate process
a company needs.

Brian Chesky
Co-founder and CEO,
Airbnb

Why is culture so important to a digital business in general? Digital business need strong entrepreneurial skills to take action and move things forward at every level of the organization. When the culture is strong, you can trust everyone to do the right thing and you need fewer processes. People can be independent and autonomous.

Excellent companies have strong leaders who live and promote the company culture. Reed Hastings, the CEO of Netflix, was one of the first CEOs to not only explicitly define his company's high performance culture, but to share those values and behaviors with the public.

*If you want to build a ship,
don't drum up the people
to gather wood, divide the
work, and give orders.
Instead, teach them to yearn
for the vast and endless sea.*

-Antoine De Saint-Exupery,
Author of The Little Prince

Illustration: Exhibit 79 of the Netflix Culture – Freedom & Responsibility (© Netflix)



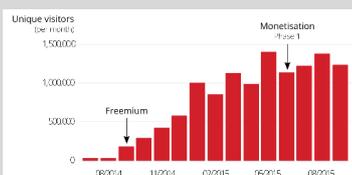
Case: L'Édition du Soir: From 0 to 1 Million Readers



Ouest-France is the largest printed newspaper in France, with a daily circulation of 750,000 copies.

In 2013 a new Chief Digital Officer was appointed. He set up a separate team to create a daily digital evening edition. It was launched in November 2013 with Twipe, 6 weeks after signing the order form.

After multiple, iterative releases, this new digital product has grown towards an audience of more than 1.5 million unique monthly readers.



How to Get There?

5 Steps to Get There

1. **Define your strategic intent and monitor progress:** do you want to lead through innovation, or do you prefer to be a fast follower? Define 3 clear and ambitious long-term goals. Fix short-term objectives on a quarterly basis and review them regularly. Setup a limited set of KPI to measure progress and gain insights.
2. **Establish a strong digital leadership team.** Consider appointing a Chief Digital Officer. Focus on building a strong corporate culture of speed, innovation and high performance.
3. **Decide how you want to organize:** setting up a separate unit, or integrating digital competences in your existing organization.
4. **Implement Lean Project Management techniques,** or team up with partners who master these techniques.
5. **Decide in which areas you want to work with external partners** and solution providers in order to reach your goals in a timely manner.

How Twipe Can Help to Achieve Success Faster

The Twipe SaaS solution and experts can help you achieve faster results:

- The Twipe solution has been developed in close partnership with leading publishers in some of the most competitive newspaper markets. It has proven results, is scalable and reliable.
- Twipe has a strong and agile corporate culture, focusing on high performance and delivering results with excellence.
- Twipe offers you peace-of-mind: we are both a Software and a Service Provider. We proactively monitor and improve all different aspects of digital publishing relentlessly.
- Innovation is the body and soul of Twipe. We are still only at the beginning of a much bigger innovation journey, on which you still have a huge collaborative impact.

About Twipe

Twipe takes digital publishing of newspapers beyond the e-paper publishing model. The SaaS platform makes it easy to package, publish and monetize engaging digital editions on mobile, tablet and web platforms.

Mission

Our mission is to offer and develop the best digital publishing solution available in the world.

We are committed to offering a solution that is the best on the following dimensions:

- Our solution offers the best reader engagement
- Our solution offers the highest levels of production efficiency to our customers
- Our solution enables the highest levels of digital growth and monetization

Solutions

Twipe offers 3 end-to-end automated solutions:

- **NextGen.Publishing.** Delight your readers with award-winning user experience. No more pinching and zooming required. Available on smartphone, tablet and web.
- **Replica.Publishing.** We bring you total peace of mind. Overnight, your content is 100% automatically processed. Every morning at 4AM, we check your publication, review the quality and ensure on-time delivery.
- **Digital-Only.Publishing.** Experiment with pre-formatted news-digests or evening editions. Launch your new digital publication in a couple of weeks. Proven results: from 0 to 1 million readers in 3 months time.



NextGen.Phone.

History

Twipe was founded in 2011. Reference cases include leading newspapers like NRC, Het Nieuwsblad, Ouest-France, Het Belang van Limburg, Le Télégramme and La Libre Belgique. More than 4 million newspapers are being distributed on mobile and tablets every month from the Twipe platform. More than 2,5 million unique readers access the web apps of Twipe.



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Excellence. Delivered.

