

Polis public lecture

Global News Media: the next horizon

Andrew Miller
CEO of the Guardian Media Group

London School of Economics and Political Science

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I'd like to thank Professor Charlie Beckett, Polis and the LSE for this opportunity to speak to you and answer your questions. I'm delighted to be here.

I've been to several Polis conferences and I really admire the work that you do here. It's no coincidence that many of your students have become the brightest and best of the media world. I'm sure that tradition will continue.

I want to talk today about the world's fast-changing media industry. How it is embracing that change. And how it is endeavouring to survive in the digital age.

As Chief Executive of Guardian Media Group – and, before that, in my time at Trader Media Group – I'm lucky enough to have witnessed at close hand the threats but also the wonderful opportunities created by digital disruption.

So tonight I would like to share my thoughts on what I believe media content-owners and distributors must do to succeed in a transforming market-place. And I'll try to offer some fresh thinking on the competitive landscape, and what we should do about market distortion.

Before that, let me start with some context.

The phrase 'new media' or 'digital' is so last century! Fifteen years ago, digital was pretty new. It's not any more. Now you can find just about any content you might be looking for on one digital platform or another. From the Bible to Bieber, it's all available just a few clicks away.

At the Guardian, like so many media groups, being first was usually about getting a scoop: being first to get the piece of news. But in the last decade, being first in media has often meant being first to publish a piece of news. That shift – from getting the story to sharing it – has prompted an arms race in digital innovation.

I am proud to say that the Guardian was one of the first UK news organisations to recognise the need for radical change in the face of digital technology. The very newspaper groups who initially criticised our digital first strategy only four years ago are now unveiling their own digital first strategies. It's an irony not lost on me.

That said, even the term 'digital first' feels anachronistic. It's time for us to reinvent ourselves again.

But even before we started grappling with digital disruption, newspapers that failed to transition, failed full stop. This is not a new trend. When digital was merely a twinkle in our eyes if a newspaper purely in paper format didn't have the right content, the right advertising appeal or the right consumer proposition, it disappeared. Just as now, it's the relevance of the journalism that matters.

Remember the Sunday Correspondent, The European, the Today newspaper? They weren't killed off by the internet age. They died because they couldn't produce content that consumers wanted to read. And therefore they couldn't sell advertising that generated revenues.

So, some newspapers have come and gone. There have been numerous obituaries written about the newspaper industry – particularly concerning local titles. Some of these predictions have been precipitous. Others will prove or have already proven prophetic.

But I'm glad to say that some titles are successfully navigating the transition. They have evolved.

What's the secret of survival? Perhaps the most important step of all has been to go way beyond the confines of a printed edition – and to embrace how readers now actually get their news – to follow readers relentlessly and to keep up with the many different ways in which they are embracing new technologies.

We learned early on that it doesn't matter what distribution platform you use – whether it's dead trees or fibre-optic cable. What's most important now is the quality of journalism people want to read and ensuring that it is available exactly when and how people want to consume it.

That's what I learnt at AutoTrader. Do you remember Exchange & Mart or Loot? They could have taken the same bold decisions and gone down the same route as AutoTrader - but they didn't.

It's like Groundhog Day, with similar patterns in the news-space being played out again. It's not just a simple case of digitising what you did and assuming that people will read you as they always did. It's much more complex than that.

At its very heart is the strategy of being open.

Being open is a core principle that everyone at the Guardian shares. It drives everything we do. It even goes back to the values CP Scott set out in 1921.

It's the idea that, a news organisation can give a better account of the world by harnessing the unleashed power of a world in which everyone can publish. Being open to the extraordinary democratising technologies of our age instead of walling ourselves off from them.

It's this commitment to being open and transparent that enables us to forge a dialogue with our readers. We can give a better account of the world if we encourage more interaction with readers or viewers. That's the way they're consuming everything anyway.

At the Guardian, we have over 110 million unique browsers a month. With almost 43 million desktop visitors a month, we are now the number one quality English-language digital newspaper in the world. Across all platforms, we regularly get more than 6 million visitors, 8 million visits and 20 million page views each and every day. Over 60,000 readers a day comment on our coverage. Today's readers can correct, clarify and challenge the things our journalists write.

"Open" takes down the walls between journalists and readers. It gives a richer picture of the world by collaborating with the new digital landscape, not fighting it. It recognises that publishing is the

beginning of the story, not the end. The apps we develop, the websites we design, the commercial initiatives we launch – everything we do happens in the open.

“Open” recognises that our journalists are not the only voices of expertise and authority. We all learn more and we all become better informed in the open.

We see the likes of Google, Twitter, Facebook and other social platforms as our partners and collaborators, not the destroyers of everything we hold dear. We welcome the mutual benefits such relationships bring. But there are health warnings – which I will come to shortly.

We are also not committing ourselves to “open” for philanthropic reasons. There is a clear commercial rationale behind it.

Imagine if we’d anchored ourselves to a paywall back when we sold 200,000 newspapers a day. We simply could never have had the scale to survive let alone thrive in the digital age.

By being open-source, digitally interactive and a home for new forms of journalism, the Guardian is able to build a larger, more valuable global readership than would ever have been possible otherwise, in turn using this open model to create a sustainable business model.

And it works. Since we put “open” at the heart of our business and editorial strategy:

- revenues are up
- engagement is up
- global readership is up
- and we’ve got a deeper and broader advertising base than ever before

And it’s an advertising and readership base who come to the Guardian because of this belief in the power of ‘open’ and in the power of our journalism.

So let me be very clear. ‘Open’ is the source and the driver of our digital, commercial and editorial transformation, and it’s here to stay.

Those that fail to adapt do so at their peril. Our market-place is crowded with lively news websites, although some are fragile. BuzzFeed, Quartz, Upworthy, The Huffington Post, Politico - they are changing the way news is being produced, distributed and consumed, and they are all open. A new ‘eco-system’ is emerging of online journalism. We must deal with it and be a part of it.

We at the Guardian are incredibly well-placed to do this. We’ve got:

- the institutional strength, heritage and know-how of a two-hundred year old news organisation
- the versatility, thinking and ambition of a digital start-up
- one shareholder, the Scott Trust, which is dedicated to the long-term integrity of the Guardian
- a growing global readership
- almost \$1 billion in reserves
- a company built on profound and sincere values
- and one of the most powerful and desirable brands in the world

Now, as we approach our 200th anniversary, we will use this unique offering to become more relevant than ever by covering stories in greater depth, with greater data and greater impact than the new challenger set, all backed up by significant investment in our journalism.

Our ambition is to make our journalism as widely available and engaging as possible to users of any technology - of any platform - in any country across the world. Remember; it's about following the reader and - as we keep finding - every time we push we keep finding more readers who really value our unique, open approach to digital storytelling.

My task is twofold. One, to ensure that the Guardian's journalism can flourish in perpetuity in this crowded digital marketplace. Two, to ensure that, over time, that journalism develops a self-sustaining business around it.

As our results show, we are achieving that. We are successfully increasing advertising revenues and will continue to do so. But we also recognise that the digital advertising model alone is not yet developed enough to fully fund our journalism. As a result, we also have to monetise our readers directly by giving them extra value - not by charging for access through a paywall.

That is what Guardian Membership means. It's a radical rethinking of the future role that news organisations can play in communities, societies and networks. That's far more exciting than shoring up subscription models and paywalls.

Hundreds of events, communities, discussions, debates, networks and platforms all around the world - where the conversations we have with our readers and the conversations our readers have with other readers can take on thousands of new lives of their own.

It fosters engagement, encourages loyalty and thrives on the concept of openness.

To repeat : there's a business imperative, too. And it's founded on core Guardian principles. You can pay to be a member. Or you can become a member simply in return for giving us some basic information about yourself. Either way, the same values apply – our membership scheme exists to promote open journalism.

Our journalism remains open and free. And the free membership tier means that our events are open to everyone too. No barrier, no subscription, no paywall

It's not the only area where the Guardian is consciously disrupting the business of journalism. I am very proud to announce today that we have just signed a new three year agreement with the Gates Foundation to support our journalism on global development.

This builds on the relationship we've had with the Gates Foundation over several years. The new agreement will support the work of the core team as they cover the field of development and continue to build a global community. It recognises that the Guardian has become one of the most influential sources of information on this topic in the world. In addition, funding will be set aside for special projects that can shine a light on development issues for a mainstream readership.

This grant complements the relationships we already have in place with other foundations such as Rockefeller, Open Society, Humanity United and Ford, among others. These, in turn, allow us to do stories like FGM, Qatar and Thai slavery. They show the high respect in which our journalism is held by leading institutions around the world. And they show the successful integration of independent, transparent foundation funding as part of our commercial mix.

That's the part of the strategy and the business model we can directly influence.

It would be wonderful if we were the sole masters of our destiny. The truth is, there are many forces which, no matter how well we work our own business models, have the ability to knock us off course. Let me focus on a few key ones.

As the world wide web celebrates its 25th birthday this year, one of the greatest concerns I have as the CEO of a growing global digital content business is safeguarding the openness of the web and access to Guardian journalism.

Under the brilliant editorship of Alan Rusbridger, the open web has helped transform the Guardian from the ninth biggest newspaper in the UK to the number one quality English-language newspaper website in the world. This has been made possible thanks to the open, interconnected nature of the web, which has made the Guardian's journalism available on the global news-stand that is the world wide web.

I'll say three things on the future of the open web and continued access to it.

First, at a time when we're seeing our journalism mature from text and pictures to much richer audio-visual content and live blogs, we're also seeing increasing efforts on both sides of the Atlantic to manage the web and the way consumers access content on it.

There is no better example of this than the controversy in the US around the FCC's on-going deliberations as to whether it should legislate for net neutrality or allow content and connectivity providers to strike commercial deals over "paid prioritisation".

With the rise of huge players such as Netflix, and this week's announcement that HBO and CBS are to launch streaming services, it is essential that we have strong regulation in place in the US and the EU that prevents the carve-up of the web. Otherwise, it will simply become the digital equivalent of a pay-TV platform.

This isn't simply an issue for content creators. Restricting access to markets and territories would push smaller companies and start-ups to a "best efforts internet". The resulting poor quality of service would fundamentally undermine the opportunity for UK businesses to provide a whole range of products and services to find new markets.

Second, one of the issues I'm deeply passionate about is ensuring that our young people have access to the jobs that are helping to create the open web and this new digital economy.

I see the lack of digital skills in the UK as a structural threat to the continued growth of the digital economy. I could talk in a separate lecture around the lack of digital skills but, as a business that relies on technology for our present and our future, let me say that the war for digital talent is absolutely real. At the Guardian, we recently had 400 applicants for one graduate finance place. But we had 10 applicants for 14 engineering roles.

We're competing with the likes of Google, Facebook, Twitter and LinkedIn, not to mention the Mail, Telegraph, the BBC and others, to recruit and retain talent that can take our business to the next level. Through our digital trainee scheme we're bringing the brightest graduates into the business and training them up.

They don't necessarily come from digital backgrounds. But we do need more of them, and quickly.

Over the past few months we've shared our experiences of this issue with the UK Digital Skills Taskforce and the on-going House of Lord's Inquiry. I hope that at the next general election, all parties will have a coherent strategy to educate our young people, to ensure we have a pool of top digital talent to help British businesses succeed on the world stage.

The third issue is closer to home. The rise and rise of the technology juggernauts.

As the volume of our traffic increasingly comes from social sharing, we enjoy working with the likes of Google, Facebook and Twitter. But I absolutely have concerns about their size and the influence they wield.

Many of the Guardian's counterparts across Europe are currently focused on prosecuting the case against Google's alleged abuse of its dominant position in search.

But Google, Twitter and Facebook are global companies – and it's not surprising, therefore, that they act in ways which favour their own interests. They also all sit within an EU framework, which means competition authorities can seek remedies if necessary - and will rightly impose them.

But my caution to the EU and policy makers is to reflect on these frameworks and to consider if they can really be effective when the internet has no regard for international boundaries. These companies are beyond the reach of most national regulators. Supranational companies need supranational regulators, a responsibility which ultimately falls to the EU.

So the EU needs to think carefully and for the long-term about what appropriate regulation looks like. It needs to prepare the EU's digital economy for the future, not to protect the EU economy of the past. Knee-jerk reactions that simply placate local publishing interests risk Europe being by-passed or closed off from the many benefits these companies offer. Any action must be taken in conjunction with other governments. Otherwise Europe risks becoming a digital backwater.

But on the flipside, these digital distributors cannot escape their editorial responsibilities. Editing on these platforms will become more and more essential in order to avoid dangerous, damaging, inflammatory material from being treated as legitimate information.

It's happening now. Twitter trolling and the rise of the bullies. Facebook making changes to its gender selection option. BuzzFeed having to apologise for plagiarism. Whether you're a legacy franchise, a philanthropic digital or, to put it bluntly, a start-up that's for sale, every media company is having to wake up to the harsh realities that face them. Newspapers have spent the last 100 years honing these essential skills and experience - and they cost money.

More than that, are these companies being somewhat disingenuous? On the one hand, they want to be open and agnostic platforms for the distribution of content, with the cost infrastructure of being digital. On the other hand, they make the majority of their revenues from media-related advertising.

I think they need to be more candid about what they want to be. Platforms without responsibility? Or media companies with the organisational framework in place to make big editorial decisions?

If they are media companies then by necessity they can accept the revenues that brings. But they also need to accept the responsibility created by the necessary regulation that entails.

Irrespective of these points, there are things we must do at a UK level.

In British media, we have a global player that is truly dominant. The BBC. In our fast-changing industry, the time has come to address and remedy the implications of BBC dominance.

I want to preface this whole passage by saying that the Guardian is hugely supportive of the vital and unique role that the BBC plays in British life. It is an enormous national asset - one of our most important and one of our most treasured. It is the embodiment of many of the social and cultural values that make Britain Great. I want to be very clear - the Guardian sees the BBC as a friend.

Be that as it may, commercial news brands of all shapes and sizes have expressed concerns about the role of the BBC in the digital world. Whether it's the inexplicable acquisition of Lonely

Planet or the rise of glossy magazine publishing, we have seen all sorts of worrying BBC commercial sorties.

And here's a new example, only two weeks old. The BBC's recent decision to expand its Australian operation. The BBC claims this expansion is because it believes giving Australians "what they value" is a core part of its mission. I would respectfully disagree.

The Guardian is one of a relatively small number of commercial British news organisations that is building on its existing base of Australian readers. We are investing significant resources in high-quality journalism that connects the views of Australians to global debates on a wide range of important issues from climate change to immigration. Contrary to the BBC's assertions, this is a space that, both editorially and commercially, the Guardian very much shares with the BBC's commercial activities.

Australia is already a diverse and highly-competitive market. As such, the BBC's expansion into Australia goes beyond its public service remit. More than that, it does not benefit UK licence fee payers or meet the requirement of the BBC to provide news in parts of the world where there are limited alternatives. It threatens a distortion that is not in the interests of audiences or other UK news providers.

In the evolving digital world, the certainty of revenue streams has been replaced by the need for experimentation. As a commercial company I therefore look with envy at the relatively certain funding that the Licence Fee provides.

From my perspective, then, the question has never been about how we straitjacket the BBC or give it a kicking. Instead, it's been about how we harness and benefit from the BBC's excellence at home and abroad. Ofcom's latest data on news consumption shows that the BBC retains a central position in the lives of UK citizens of all ages - whether via radio, television, online or app. That's something to build on, not destroy.

But I would set this provocative exam question : How does a body that doesn't have to worry about its funding constructively support those British news brands that do?

The way the BBC links out from the news is a much-discussed and well-trodden path. In 2011 the BBC was challenged by the BBC Trust to increase the number of external referrals it generates to other sites. However, figures produced by the Trust in its latest annual report show that it is nearly 25% off target.

There are many things the BBC could do to increase the prominence of these external links, and to increase the size, frequency and prominence of links to commercial sites – especially where those commercial sites are the source of the stories. But there are also creative ways in which links to the best of commercial news content could be used to enrich core BBC services too.

For example, imagine if you could see Charlie Brooker's review of the latest Nordic Noir or niche US import on your iPlayer – giving Licence Fee payers suggestions on what to watch next.

However, as I said, BBC links and click-throughs feel like yesterday's news.

Today's news is video. The need for video content to become an integral part of the news flow is more important than ever. All commercial news sites are working hard to harness the many possibilities it offers.

This is a trend we recognise at the Guardian. That's why we're investing more in video this year than ever before. But even though we have a strong network of journalists working in some of the world's most perilous locations, we will never have the funding to create an audio visual network on the scale and quality of the BBC.

The BBC's world-class network of international journalists and 'digital natives' is a national resource that has at its core the vital values of impartial and authoritative analysis.

One of the BBC's own non-executive directors, Sir Howard Stringer, said the BBC must do more to offer up its video content. I agree.

So let me float this idea.

What if UK commercial content providers, such as the Guardian, Mail Online, the Telegraph or the Times, were able to access the raw news feeds coming in from court cases, Royal weddings, key Select Committee hearings and other global breaking news events?

The BBC should also think about how content providers can tap into its unrivalled back catalogue, to create new content that the BBC doesn't have the time, inclination or expertise to create.

It's this new "digital public space" for publicly-owned content that has often been a fiction. A new "digital public space" that I hope the Director General will now turn into a fact.

And it wouldn't sit on a third party website. It would be available to all UK commercial providers to use on their own websites, to enrich their content and to benefit their readers.

Where there's a clear commercial value – especially in territories in which we compete with the BBC for advertising revenues – that content would come at a cost, along the same lines as the agreement the BBC currently has with its own commercial news service.

Where there's no commercial value, it should be made freely available for national, local and hyper-local organisations to explore.

It would mean more detailed storytelling. It would reinforce the BBC's place as an authoritative global news source. It would also provide commercial news brands with the opportunity to innovate around content that we've all funded through the licence fee.

I strongly believe that a genuinely reinvigorated partnership between the BBC and the UK commercial news brands would benefit all of us.

Not least because commercial British news brands are often the driving force in shaping the news agenda in a way the BBC can't or won't.

MP's expenses, Snowden, the murder of Stephen Lawrence, phone hacking, corruption at the Qatar World Cup.

It's the long-term investment in great journalists by the commercial sector which provides the BBC, and all of us, with critically important stories. It is in everyone's interests that investment in such stories can continue.

My suggestion strengthens and develops the relationship between the BBC and the UK's commercial publishers. It promotes the BBC's content abroad. It gives the BBC additional exposure and dollars. It creates a level playing field between us and the BBC's commercial news arm. And it allows other publishers – all of whom would clearly have to sign commercial terms – additional content and collateral.

BT's dominance obliged it to wholesale its network to competitors. So too the BBC's dominance should oblige it to wholesale the assets it has built using public funds to commercial competitors.

Whether it's through more external links, the BBC must continue to take its audience out into other worlds of opinion rather than the impartial world it sits in today. And by taking a much more radical approach to news content syndication, it must allow the world of opinion to be based on the BBC's authoritative fact.

Let me stress: this is about how we build on and grow the strength and value of the BBC. How we further protect and enshrine it. In essence, it's also an argument for keeping media plurality at the heart of the democratic life of this country.

Some newspapers are on life-support. Others are in intensive care. But for many of the reasons I have already outlined, I am glad to say we are not one of them. Last year, two-thirds of our £210m of revenues came from print – from the Guardian and Observer newspaper. We've recently revamped and refreshed our print offering and committed substantial marketing spend to support it. The newspaper remains a vital asset.

People may claim that our print readership is dwindling. It's actually holding up very well. The Guardian was the best performing daily title in January to March this year. And don't forget the Guardian is now the most-read quality English-language digital newspaper in the world.

They may claim that we're "trust-funded". We are. But we are also as commercially-driven as any of our competitors - some of whom, though purely commercial, have lost larger sums of money than us as they, too, make the transition from print to digital.

But our unique ownership model means I don't have to worry about returning funds to shareholders or pay dividends. We can afford to take the long view and play the long game. We can do so safe in the knowledge that the Guardian has the time, the freedom and the opportunities that so few of our competitors enjoy.

And getting from A to B - what has been described as rebuilding the plane while it's in mid-flight - is an expensive business. I'm proud that we're investing in the journalism and the technology and the talent to get us there. The Scott Trust is not a rich company with bottomless pockets - but it does enable us at least to get on the same playing field as the other media giants.

That is not to say we are immune to the threats facing our industry. The threats are real and they are significant. But I believe that the shift to digital has created more opportunities than risks.

Our sense of opportunity is based on the landscape that has evolved from the first phase of digitisation.

An eco-system is now emerging for the creation, distribution and consumption of news media.

It is a painful learning curve. It's meant multiple closures, cut-throat competition, scandals, financial losses, regulatory turmoil and fast-changing commercial models.

Remember, only five years ago tablets and apps were a mere pip inside Apple. Today, we might even argue that we have already hit peak tablet consumption.

Three years ago, a fraction of our traffic came from mobile users. Now, 40% of our traffic comes through a smartphone device. 50% of our traffic comes through search and social.

Even this week the CEO of Cisco predicted that in 10 years about 40% of US listed companies will become disrupted by the new internet of things.

Given this speed of change, it's impossible to pretend to know the answers and predict which technology or device will emerge as the dominant one. It's a fool's errand to try and define what's

going to work by device or technology. Rupert Murdoch learned that the hard way, both with the over-priced acquisition of MySpace and the closed tablet-only newspaper, the Daily.

The principle learning from the Daily is that it is not enough to have smart distribution and a powerful backer. You need smart and powerful journalism that isn't just good, but also has a stance, a value system, a spine. And that journalism needs to be agnostic about its distribution platform and needs to follow the reader wherever he or she may be.

More than that, content companies need to repeat again and again: "It's The Content, Stupid". We are not technology companies - nor should we pretend to be.

The irony of course is that in today's media world there is more content than ever before. But there is a shortage of real quality content. There are also more "journalists" filing stories than ever before – some 5,000 on 500 digital start-up platforms. But there is a shortage of quality, independent journalism.

That is what sets the Guardian apart. We are platform-neutral. But we are passionate about quality and independence. And we know better than anyone what our readers want.

And so we look to define ourselves by our readership and by the unique aspects of our storytelling, regardless of device.

I want to tell you how we follow our readers, and how they will define our future.

Historically, an audience focus was not the determining factor in our market-place. As traditional businesses got to grips with digital, bets were based on the fact that either content or distribution was king.

Then at the turn of the decade, a new realisation dawned. It was neither content nor distribution. Devices and platforms were the new kingmakers. And they put the reader in control.

At the Guardian, we take a different view. Neither distribution nor devices will decide our future – although both are important. Our future depends on producing quality journalism that is relevant to quality readers. And by quality, I mean something that is distinctive, authentic and, of course, commercially valuable.

And you can't do that by algorithms or a couple of journalists and a website. Take the Snowden story as an example. Pulitzer-prize winning journalism at its best. Experienced editors, journalists and reporters, yes. But also brilliant lawyers, IT experts, communications professionals, robust corporate infrastructure, and very deep pockets. None of that is to be underestimated in this new digital landscape.

That is why producing quality news is expensive – no matter what many of the new innovators choose to believe.

Throughout, one thing has remained constant. We have continued to invest in quality journalism. The Guardian has maintained its commitment to deliver accurate, incisive and relevant news to our readers.

They are no longer just readers. They are viewers. They are listeners. They are multi-active – some say hyper-active – users of digital devices. They are members. They are often journalistic contributors, for instance through our award-winning Guardian Witness initiative. They are loyal. They attract advertising. They are discerning in their news appetites. And they are extremely valuable. They also happen to be people just like you.

That is why the Guardian has always believed that the reader is king. Everything we do; everything we distribute; everything we sell must be uniquely “Guardian” if it is to be valued by global, 21st century readers.

Let me set out how Guardian Media Group is adapting to a world of changing engagement and why our readership is key to our survival.

When I became GMG chief executive four years ago we were beginning to respond aggressively to the needs of our readership that was increasingly sourcing news online. Back then, the BBC was also in the vanguard of digital content, pulling readers away from printed newspapers. Media commentators were openly discussing the demise of The Guardian, and on that basis they were understandably looking at us through the lens of being the ninth biggest paper on Fleet Street.

Four years ago, as paper platform sales declined and we were hit by the sudden loss of classifieds revenues, I warned about the oversupply of newspapers and the dominance of the BBC. I said that, unless we took decisive tough action to invest in digital, we might struggle to survive.

We have, I'm pleased to say, overcome elements of that threat through our own self-help measures. We have improved the fortunes of the Guardian through our five year transformation programme.

Those same media commentators and, even more importantly, our clients now judge us through the lens of being the most-read quality English-language digital newspaper in the world.

That has meant focusing hard on what we're best at, and taking tough action. We've sold assets outside our core. We've driven down operational costs, reinvested those savings, and maximised revenue streams.

These didn't feel like hard choices but opportunities given to us because of the sudden liberalisation of access to news. Moving away from news-stands and broadcasting to a vast array of online platforms meant that we had to fight harder for every reader, and fight harder to secure the advertising that helps fund the revenue model.

But the opportunities are far greater now. We can access the world in a way we simply couldn't have done as a newspaper product, and that is why it is exciting.

Let's be clear. We are far from alone in facing this challenge. Any news publication that wanted to survive has had to respond in its own way to the new digital reality. For others it's been a very painful process.

Many newsrooms have been restructured. And it isn't over -

- in June, the Telegraph let yet another group of long-serving journalists go. They said they were hiring 40 people in new digital roles - although there's little evidence of their impact. Two days ago they announced a further 55 editorial posts would go.
- just the other day, The New York Times let one hundred people go.
- and BBC News has cut over 400 posts, with a view to digitally transforming their news operation.
- job cuts and cultural change are now an everyday part of an industry getting to grips with a new, harsher eco-system.

Why do I say this eco-system is harsh?

It's harsh because an industry that used to have a linear distribution model no longer has a stable route to market or access to readers. Without unique content, news organisations face the huge

challenge of trying to find an audience amid the perpetual avalanche of 6,000 tweets a second and millions of videos or comments being posted every hour of every day.

The eco-system is made even harder to navigate because in digital media, unlike traditional media platforms such as TV, papers or radio, there is not yet an industry standard, no agreed model, for how clients can buy the value this reach is worth. No standard ABCs, no RAJAR, no BARB.

Nevertheless, the new system is developing and will rightly include different revenue models.

Simply put at the moment these models are either 'paywall' or 'open'.

In the paywall category there is a spectrum ranging from 'hard' to 'soft'.

A 'hard' paywall adopted by The Times and The Sun means that content is only accessible to paying subscribers. It seems to work for them, especially if these are brands playing to local market places, and I applaud them for giving it a go. But, going back to my earlier comments about "open", I don't believe it's sustainable in the long term for media organisations to ignore the writing on the wall (excuse the pun) – particularly if you want to be in the global conversation.

If the likes of Twitter and Facebook teach us anything, it's that you have to put your content in the stream of social media, not outside it. You have to make it accessible to all. You have to use it as a means of sharing, enriching, improving your content. And crucially, you have to accept that this is how it will be distributed.

Hiding your content – your single greatest asset – behind hard pay-walls and cutting it off from everyone but your most loyal readers misses the point. It's like a retailer putting its most popular stock on shelves that only the tallest shopper can reach. After a while, readers will go elsewhere, as will advertisers.

And it's also wrong to somehow imply that companies who put their content behind hard paywalls respect their journalism more than those who choose another model.

It's precisely because I value our journalism so highly that I want to make sure as many people as possible can reach it. Sadly, news is not scarce enough in the world of BuzzFeed, Twitter or Facebook to charge a premium to get to it.

I've also lost count of the number of times I have spoken to journalists whose content sits behind paywalls, who complain that their journalism simply withers and dies as a consequence. Good journalism, just like a plant, needs light and oxygen to survive. And paywalls, in my view, block that.

Others like the Financial Times, the Telegraph, the New York Times and the Economist take a more porous approach. It's the so-called 'freemium' model, which allows a certain number of articles for free to get you hooked before requiring subscription. I think it's a messy and unsatisfactory approach. It plays to their current, traditional readers rather than to new ones.

Then there are the open models, adopted by The Guardian, Mail Online, and the exciting wave of digital start-ups. We believe in a model that's free to access, funded by advertising and driven by circulation.

Some industry players and commentators like to portray this new eco-system as a zero-sum game. One model will win and another will lose. But that simply can't be true. As long as we live in communities that want to publicly share experiences and communicate, there will always be a place for an alternative to the closed world of private news groups.

I have faith in the market to find a model that is open and free. To find a model that enables everyone to benefit from good journalism. I recognise that some of my fellow media CEOs are programmed to attack, but I think an Anchorman-style image of 'Team Paywall' locked in a fight to the death with 'Team Open' is overblown and unhelpful. The digital world is a big place. There is room for both.

But both will survive only if they have premium content and a premium readership that is willing to put a monetary value on it, whatever form that takes.

Let me repeat: this industry has no room for complacency.

It's sobering, for example, to think that most of the world's biggest news organisations have not even fully entered the digital competition yet. What the world's largest and best-funded news organisations have in common is that they are still investing most of their staff, budgets and energy into their extremely expensive 24/7 live television operations.

It's clear that digital executives at France Television, Russia Today, Al Jazeera, CNN and China's CCTV - whose budget is \$9 billion a year - are making the case to abandon their live television units and focus instead on mobile and apps. While we know about the enormous bureaucracies inside these institutions, are we possibly underestimating their potential to dominate the ecosystem of digital journalism?

So, after a period of experimentation, the sector now has an eco-system of different media distributors, each vying for survival. There are plenty of naysayers out there who are certain we cannot adapt fast enough to keep pace with the relentless change.

But I am glad to say, with certainty, that the Guardian will be among the survivors.

Why are we confident?

We are now four years into our five-year transformation plan and earlier this year we reported the strongest set of financial results in GMG's history.

It's also been a strong year for the Guardian News & Media. Our revenues, a third of which came from digital growth, are up 7% this year. That's a remarkable achievement. We out-performed the New York Times, which saw a modest increase in total revenues but a significant decline in advertising revenues.

The most recent comScore figures show that, with almost 43 million unique visitors, we have also overtaken the New York Times in terms of desktop traffic.

The rise in digital revenues and the rise in readership is key to our future. And, for reasons I have outlined, I firmly believe our open approach will underpin both of those.

The Guardian has won and retained readers. Readers who seek trusted media brands and excellent content.

The latest Ofcom data shows that our website and app are the most trusted news sources in the UK, more so than the BBC.

These represent encouraging signs of audience growth that advertisers will pay for, whether here in the UK or in our growing reader base in the US and Australia. So much so, in fact, that I am confident the Guardian will expand its reach in the near future with new editions and new bureaus. Especially in markets where our style of journalism is more valued than ever.

Take Australia, where we launched a local online edition back in May 2013. The media landscape there was a binary choice: Australian readers could choose between titles either from News Corp or from Fairfax Media.

In comes the Guardian, making Australia a far more diverse and vibrant marketplace. Breaking up the duopoly. Typically irreverent. Securing countless fantastic scoops.

Since launching a local digital edition of the Guardian last year, we now have nearly 2 million visitors a month, up almost 60% on the previous year. For context, that represents almost 20% of the total news market and makes Guardian Australia one of the country's top 5 newspaper websites.

And we reinvented the business model, too. We accepted investment from Graeme Wood, one of Australia's most respected philanthropists and entrepreneurs. He neither holds shares nor has a vote. Quite the opposite, in fact.

Graeme's investment was based on the fact that he wants to add quality and diversity to an Australian media landscape that lacked plurality. Simple as that. No meddling and no influence. It's a model I can envisage rolling out again. We just need to find the next Graeme Wood first.

On the other side of the world, our American operation is thriving : a first-rate team and award-winning digital journalism. And we're building a very significant online readership in the US.

No other British title has come close to making such a dramatic mark on the culture of American news.

Within two years of arriving, we've won nearly every major award in American journalism, culminating in the Pulitzer Prize. That's helped us deliver record traffic growth in the US, with 27 million unique monthly users. For context, that represents a 30% year-on-year growth, far exceeding our competitors. US revenues have more than doubled on the previous year.

And we announced a few weeks ago that we're opening a West Coast office. It's the next stage in our journey and a further commitment to the US.

Let's be realistic : a global media organisation without a long-term commitment to the US marketplace simply isn't a global media organisation at all.

We have to be present in the US to compete and - in some cases - co-operate with American outlets that champion quality journalism. One of them, of course, is the Washington Post. I want to join others who have this week saluted Ben Bradlee, the Post's former Editor-in-Chief, as one of the great champions of American journalism.

Despite our successes, a global strategy needs to be much more than simply a growing patchwork of regional editions. Besides, at the Guardian we need to be more ambitious than that - especially with our English-language provenance which is synonymous with world-class journalism.

I see no reason why the Guardian's ambition shouldn't be to create a global media entity that can hold world governments and global corporations to account in the digital space - and can do so without being funded by the soft-power budget of any political or commercial institution. A user-funded digital media organisation that gives its readers a share of the power, influence and inclusion that the BBC and media organisations like it simply can't offer.

So, as we approach our 200th anniversary, this is how we are securing our future and positioning ourselves to ensure that, over the next 200 years, we are even more impactful and relevant.

To wrap up.

I've outlined the ways in which the Guardian has pursued a distinct model and has the financial strength to see it through. But, as I have said throughout, there is no room for complacency.

We've secured a readership that values our premium content, through a mixture of:

- a pioneering website;
- a reinvigorated newspaper;
- a bold membership proposition;
- global expansion;
- innovative business solutions;
- a focus on mobile
- and, above all, continued investment in quality journalism.

Our readers are demanding more of The Guardian. And we are challenging ourselves to deliver the very best news and analysis in print, online, in video and on all forms of mobile.

But those strides forward will come at a cost. We continue to invest in great journalism and use funds at our disposal to grow our reach and influence. We are spending on new technologies and on extending our international reach. And, at the same time, we remain focused on tight financial discipline.

As well as the measures we are taking, we need a level playing field in the UK to ensure that the return-on-investment that we have worked so hard to build is not jeopardised by preferential treatment to other content providers, chief among them the BBC.

Our industry is at a turning-point.

The British press is in a uniquely strong position. London is the city with more global news brands than any other place in the world. And the world, in turn, is looking to us as the guardians of democracy. But this situation is fragile – it needs thoughtful regulation, new forms of co-operation, and a plurality of content and distribution models.

We are gearing ourselves up for the audience-led industry model. It is no longer just a matter of newspaper survival. It's a matter of successfully serving each of our readers.

We're changing. Others must do the same.

Thank you for your time today.

END