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For more information contact:
Carole Christie
573-882-8251
christiec@jrionline.org

Donald W. Reynolds Journalism Institute incubates project to finance online news; “CircLabs” based in Silicon Valley, to launch in second half of 2009

WASHINGTON, D.C., May 27, 2009 – The Donald W. Reynolds Journalism Institute will join four entrepreneurs in CircLabs Inc., a Silicon Valley-based venture that's building a new service to finance online news.

"CircLabs has planned a suite of services, this first of which is code-named Circulate," said Jeffrey Vander Clute, who will help lead the effort as a co-founder. "Software development on Circulate is underway, and we anticipate launching the service during the second half of this year."

"Circulate will address the challenges of how to increase traffic to media-affiliated websites, secure relationships with online users and enhance the value of news," said Vander Clute, who in the late 1990s helped make Tripod Inc. a top-ten Web site and early social media platform.

Vander Clute said CircLabs is engaged in conversations with a variety of potential strategic partners. The Associated Press has been among media companies providing feedback on the initiative since it emerged from the Reynolds Institute's fellowship program at the University of Missouri.

Pam Johnson, executive director of the Reynolds Institute, said the venture promises to restore a healthy business model to support quality journalism. "We think Circulate, with its user-friendly approach to delivering trusted news, will strengthen the crucial relationship between individual citizens and local news organizations," she said.

RJI, funded by \$32 million from the Donald W. Reynolds Foundation, opened its new facilities on the University of Missouri campus in September. It focuses on experiments and research that support quality journalism. Circulate is an outgrowth of research led by Bill Densmore, who was a 2008-2009 Reynolds Fellow at RJI.

"The key benefits for consumers using Circulate will be user-centric relevance, convenience, timeliness and control," said Densmore, a former reporter, publisher, editor and director of the Media Giraffe Project at the University of Massachusetts. "Circulate enables the optional, opt-in use of personal demographics and expressed preferences to enhance content choice and delivery. It will incorporate stringent protections for consumer privacy through transparency and full control, ownership and portability of their data by consumers."

Circulate will serve the needs of readers, providing convenient new ways for the Web to come to them, including social functionality that integrates, at their option, with their social network accounts.

Vander Clute said the Circulate service will "create a bridge between consumers and publishers of news and information." Consumers using Circulate will be conveniently served with the news they want, he said. The service will be at their control, with full protection of their privacy.

Other principals involved in the formation of CircLabs are veteran daily newspaper publisher Martin Langeveld and Joe Bergeron, a serial entrepreneur and Internet product-development expert. Bergeron and Vander Clute have a strong background in technology development and are based in Palo Alto, Calif.; Densmore and Langeveld contribute significant experience in journalism and publishing. Langeveld blogs on media topics for Harvard University's Nieman Journalism Lab.

All of them have been active in the conversations of the last few years surrounding the future of journalism and the search for viable online publishing solutions. Langeveld and Vander Clute have also been serving as consultants to the Reynolds Journalism Institute.

BACKGROUND

More Americans now say they get most of their national and international news from the Web rather than from printed newspapers. Yet news publishers, and particularly publishers of the kind of essential journalism that is necessary to sustain a democracy, enjoy a relatively small share of total Web traffic.

U.S. newspaper Web sites receive less than 1 percent of all Web page views and about 1.2 percent of total time spent online,* and within the news category, the majority of traffic goes to aggregators rather than to publishers of original news content.

No clear strategies have emerged for news publishers to thrive in an online-only environment. At the same time, a variety of factors call into question the sustainability of the print model for delivering journalism.

"There is no going back – the legacy system for news is breaking. A viable online ecosystem for news has not emerged," says Densmore. "There is a strong need for technology solutions which help publishers navigate toward a new service relationship with news consumers."

SOLUTION

Circulate, the first service planned by CircLabs, aims to be a significant part of the solution. Circulate addresses two critical publisher needs: (1) the need to attract, both locally and nationally, a strong and loyal online readership, and (2) the need to monetize that audience, both directly through the sale of premium content and indirectly through high-value, targeted

and interactive advertising.

"Circulate will meet these needs of publishers and allow journalists to thrive in their roles as gatherers and curators of news and information," says Langeveld, a former New England daily newspaper publisher who is a third co-founder. "At the same time, Circulate will provide consumers with a new, post-search way to discover the news and connections they need. Circulate will serve all publishers of online news, ranging from newspapers to local news blogs. Circulate requires little or no technical integration on the part of publishers."

Some news organizations have announced plans to experiment with payment systems for content, including both micropayments and subscriptions. Circulate will offer a solution for doing so, Vander Clute said.

"We believe that newspapers should explore charging for online content when that content is both scarce in nature and of high utility to a segment of the audience," said Vander Clute. "At the same time, we believe that revenue from advertising and other forms of commercial interactions will continue to be a critical means of financing news in the online ecosystem. Circulate will incorporate ways of generating high-value advertising revenue for participating news organizations."

CircLabs (www.circlabs.com) is an outgrowth of the Information Valet Project, developed at the Donald W. Reynolds Journalism Institute. (www.rjionline.org).

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About the principals:

<http://circlabs.com/about/bergeron>

<http://circlabs.com/about/densmore> | 617-448-6600 | densmorew@rjionline.org

<http://circlabs.com/about/langeveld>

<http://circlabs.com/about/vanderclute>

* Total U.S. Newspaper page views, February 2009: 3.06 billion; average time spent: 43 minutes, 9 seconds (<http://www.naa.org/TrendsandNumbers/Newspaper-Websites.aspx>). Total U.S. home Web page views, February 2009: 386 billion; average time spent: 61 hours, 11 seconds (<http://blog.nielsen.com/nielsenwire/wp-content/uploads/2009/04/nielsen-online-global-lanscapefinal1.pdf>). All data from Nielsen Online; newspaper data from Nielsen Online via Newspaper Association of America.