



Future Of News

Owning The News

James Erik Abels, 09.22.08, 6:13 PM ET

Philip Balboni thinks he can build the next great global news organization with the help of an unlikely ally: Capitalism.

The chief of Boston-based Global News Enterprises, Balboni is preparing to launch a test version of his international news site later this fall, with a full-scale debut in January. He's signed roughly 40 correspondents and five regional editors with pedigrees ranging from *Time Magazine* to the Associated Press. Reporters in Asia and Eastern Europe are up next. Earlier this month, GNE stole *Politico*'s Barbara Martinez as one of its managing editors.

"We are journalist entrepreneurs, and we have to find new models for journalism in the digital age," says Balboni.

He isn't alone. From *Politico* to *Breaking Views* to the *Huffington Post* to thousands upon thousands of blogs, droves of journalists have fled traditional newsrooms in the past decade looking for a way to make a living from the exploding world of digital media. So far, precious few have replicated the quality or impact—or profits—of the name-brand companies they left behind.

But Balboni thinks he can, using the lure of ownership. His site is hiring the five regional editors—for the Americas, Asia, Africa, Europe and the Middle East—and some 72 correspondents located around the world. None of them will be full-time employees. Instead, each is being lured by sizable equity stakes (not stock options) and a five-year guarantee of monthly fees of about \$1,000. Correspondents will report to regional editors, who will report to the 15-person GNE.

"Foreign correspondents used to be the stars of journalism," he says. Now cutbacks have left them starved for an outlet to fund—and market—their reporting. He thinks he can turn it around and doesn't shy away from the challenge. It isn't his first long shot. Previously, Balboni founded and ran New England Cable News, a joint venture between Hearst Corporation and Comcast that provides some 3.6 million homes with 24/7 regional news programming.

But finding a large enough audience interested in international news to support these journalists could be even more difficult. comScore reports that U.S.-based traffic accounted for 1.8 million unique visitors to the U.K. newspaper the *Guardian* in July. The numbers are far smaller in more far-flung locales. For instance, Gurgaon, India-based the *Times of India* had 321,000 unique U.S. visitors to its site in July. Moscow-based *RussiaToday.com* had 183,000 and the site for Tel Aviv, Israel-based *Haaretz* newspaper had 167,000.

Balboni knows that growing the audience—and advertising base—to the size needed to pay for all this is risky, especially because he's focused on coverage outside of popular locations like England. So, similar to the model *Politico* is increasingly moving toward, GNE's multimedia content will be sold to newspaper sites and other English-based sites around the world. Balboni will only say syndicated content will be priced based on circulation size and affordable to even his "distressed colleagues." One large customer has already signed up, but Balboni won't identify it yet.

Beyond that, Balboni expects to experiment with "custom reporting"—an on-demand service where clients can hire GNE correspondents to generate custom news reports.

It may be awhile before any of these businesses return any money though, and he knows it. Balboni is coasting on \$8 million raised from private investors such as Amos Hostetter Jr., chairman of Pilot House Associates and the 147th richest American by our estimates, and Paul Sagan, president of Akamai Technologies. Balboni says he's hoping to hit the originally projected \$10 million mark in funding, but he's been too busy hiring to raise money lately, he says.

The media entrepreneur thinks he has time. Balboni claims he isn't angling to quickly build and sell the company—another

Silicon Valley mantra--to Time Warner or The New York Times Company or News Corp. or anyone else. But with all the stock he's been printing to acquire journalistic talent, he says he knows his reporters and editors will be keenly focused on the bottom line. Actually, he's counting on it.