@javiercelaya
To prepare this session, I have conducted an international survey in the USA, UK, Spain, Germany, Italy, Argentina, Chile, Mexico, Sweden and France, among other countries.

**PARTICIPANTS**
71% of participants in this survey were publishers; whereas the remaining 29% were startups.
I have asked each side their opinion

1. How many meetings have you held with startups in the past year?
   - None
   - 1-2
   - 3-5
   - 6-10
   - >10

2. What was the main purpose of these meetings?
   (Please select three answers)
   - They were just informative meetings – exchange of opinions
   - Distribution of content, products or services
   - Looking for marketing agreements (advertising, sponsorship, etc.)
   - Main objective was to raise funds – publishers as shareholders of the startup
   - Searching for collaborative agreements (training, coaching, mentoring, etc.)
   - Other (please specify)

3. After these meetings, have you set any workplan or next steps with the startup?
   - Yes, they have demonstrated genuine interest and we have scheduled a workplan
   - Although they seem to be interested, we haven’t committed an action plan
   - The meetings were just informative so we didn’t agree to any further actions.
   - Other (please specify)

4. Do you think that publishers should take on a more active role in encouraging, creating and developing startups?
   - Yes, since it would be to everyone’s benefit
   - No, the support and creation of startups is not their responsibility. Endeavors of that nature should be taken on by public administration, private investors, etc.
   - Other (please specify)

5. How would you rate the ideal co-operation between companies and startups?
   (Please select three answers)
   - Investing financially in the startup up to becoming a strategic shareholder partner
   - Reaching a content distribution agreement with a view to testing technologies and conducting pilot schemes
   - Providing periodic feedback on functionality aspects that should be improved or adapted in the startup’s business model
   - Participating in the initial stage of the startup to help them incubate and/or accelerate the project
   - Transferring human resources as implants in the startup to become further involved in the development of the project
   - Assigning a top management person in each publishing company with the responsibility of the entire incubation with startups
   - Other (please specify)
About key aspects around their relationship

- Perceptions about each other
- Expectations from each other
- Potential working areas
- Issues / obstacles
Also had meetings with key VC’s, financial community experts and private startup investors
The provided interesting insights about the startup-publishers relationship

- Why is there less capital venture investment in the publishing sector?
- What is the future of content related companies in the digital age?
- Why aren’t publishers investing more in startups?
- Investors perception regarding the sector’s commitment to innovation
Survey available at Dosdoce.com

Dosdoce means 212 in Spanish 😊
Let’s start 😊
Publishers don’t invite startups to lunch
Very few meetings a year...

26% of publishers have never held a meeting with a startup

Only 10% of publishers claim to have held monthly meetings with technology companies
And when they meet..., each one has different expectations...
Most publishers just meet to talk

For 63.5% of publishers, the main objective is to exchange all kinds of opinions regarding digital publishing.
While startups meet to close a deal…

73.5% of startups seek to reach agreements with a view to marketing their contents on their platforms.
The failure to agree on objectives during initial meetings is clearly reflected in the results.

Less than 35% of publishers conduct a follow-up meeting, arrange a demo, etc.
But actually, both parties wish to have a closer and more active relationship. These types of preliminary agreements often open doors to a closer and strategic relationship in the mid term.

Around 45% of publishers and startups share the purpose of exploring marketing, advertising or sponsorship agreements.
This common interest should be exploited to build the first bridges for mutual collaboration
Destined to work together to transform ideas into new products and services

Publishers can NOT do it alone
NYT invites media startups to work from its HQ

**What**

*timesSpace* is a new initiative from The New York Times that brings entrepreneurs to our headquarters to refine and grow their businesses. Over four months, you and your team will work out of 620 8th Avenue, meet with relevant Times staff, demo your product and teach/learn alongside entrepreneurs and employees who make their livings in digital media, technology and journalism.

**Why**

It is simple: The New York Times, and media in general, are in the midst of unprecedented change. Our core purpose remains to enhance society by creating, collecting and distributing high-quality news and information. We want to push ourselves and push others to find the best ways to do so, and we believe that timesSpace can be a part of that process.
You need to reach strategic alliances with startups to exploit digital opportunities
Do you think startups will be interested?

94% of the startups would like publishers to take on a more dynamic role in the encouragement, creation and development of startups.
Startups are “desperate” for feedback

80% declared technology / business model feedback as main priority

This feedback can transform ideas into new products and services
But to be able to give feedback, you have to decode / recode their technology
70% of startups would like an inside mentor
Most publishers have a media Relations and/or Investors Relations department.
I strongly recommend that you also create the Startups Relations department / mentor figure.
This person will lead the startup action plan
Identify and select startups (here and abroad)
Meet regularly with startups
Give them a concierge treatment

Happening This Month!

Remember to set up an agenda before any meeting
Commit to a follow-up plan
Define “actionable “variables, beyond sales

Observe real customer behaviour: (early adopters)

- New reading behaviour (reading time on screens on different screens)
- New purchase habits (price sensibility, visibility impacts, etc.)
- Split testing: specific functionality, specific audience, etc.
- Measure sign-up and trial rates
- Measure conversion rates and customer lifetime
- Measure the cost of acquiring a new reader or the repeat purchase rate

Identify and measure: Learning milestones
In the era of transformation, learning is strategic.

TEST, MEASURE, LEARN

Each experiment should be treated as a first product.
Let's talk about investments = Future of the publishing sector
To prepare this section, questionnaire responses and comments from VC’s and financial community.

How to improve relationships with startups (Questionnaire for Publishers)
All replies will be anonymous.

1. How many meetings have you held with startups in the past year?
   - None
   - 1-3
   - 4-6
   - 7-10
   - 11-15
   - 16-20
   - 21-25
   - Over 25

2. What was the main purpose of these meetings? (Please select three answers)
   - They were just informative meetings – exchange of opinions
   - Distribution of content, products or services
   -looking for marketing agreements (advertising, sponsorship, etc.)
   - Main objective was to raise funds - publishers as shareholders of the startup
   - Searching for collaborative agreements (training, coaching, mentoring,...)
   - Other (please specify)

3. After these meetings, have you set any workshops or next steps with the startup?
   - Yes, they have demonstrated genuine interest and we have scheduled a workshop
   - Although they seem to be interested, we haven’t committed an action plan
   - The meetings were just informative so we didn’t agree to any further actions.
   - Other (please specify)

4. Do you think that publishers should take on a more active role in encouraging, creating and developing startups?
   - Yes, since it would be in everyone’s benefit
   - No, the support and creation of startups is not their responsibility, endeavors of that nature should be taken on by public administration, private investors, etc.
   - Other (please specify)

5. How would you rate the ideal co-operation between companies and startups? (Please select three answers)
   - Investing financially in the startup up to becoming a strategic shareholder partner
   - Reaping a content distribution agreement with a view to testing technologies and conducting pilot schemes
   - Providing periodic feedback on functionality aspects that should be improved or reworked to meet publishers business objectives
   - Participating in the initial stage of the startup to help them incubate and/or accelerate their development
   - Transferring human resources as a team into the startup to become further involved in the developments of the project
   - Acquiring a top management person in each publishing company with the responsibility for the growth/evolutionary with startups
   - Other (please specify)
The publishing industry has a problem
Startups would like a more active role (investments) from publishers
But few publishers actually invest in startups
83% said they are willing to invest, but 1/3 claim that there are no interesting projects...
VC don’t invest MORE in publishing related startups because the sector doesn’t invest in them
But mainly because there is a **lack of services oriented business models** in the publishing sector.
Are you confused / dizzy by now?
Let’s try to understand these issues
Publishers indicate a growing willingness to invest in startups...

80% of publishers are interested in investing in startups
and they are welcomed by startups…

78% of startups would approve incorporating publishers as shareholders
But, 1/3 of publishers claim that there are NO interesting projects to invest…

Is this true?
Recent investments in startups

- **ReadMill** backed by Wellington Partners, Index Ventures & Passion Capital with $3 million

- **SmallDemons** backed up CampVentures, The Social+Capital Partnership, Yuri Milner's Start Fund, Craig Shapiro, among others, with more than $3M

- **Goodreads** is backed by True Ventures, Michael Jones, along with others with more than $2M

- **24Symbols** backed by Sidkap, Borja Hormigos, Seedcamp and ISDI among others with close to $1M
Publishing companies investing in startups

- **Schibsted**, one of the Nordic's largest Media conglomerates, has acquired 10% of Riidr, a cross-platform publishing solution.

- **MacMillan Publishing** has allocated a sum greater than $100 million to acquire ed-tech startups like Prep-U, a quizzing engine for classrooms, i-Clicker, a mobile classroom polling company, and most recently EBI, a data and evaluation startup.

- **Pearson** has invested the following amounts in several startups:
  - *OneSchool*, $750,000
  - *MasteryConnect*, $1,1 million
  - *Verbling*, $1 million
  - *Desmos*, $800,000
  - *Showme*, $800,000
  - *LearnZillion*, $2,4 million
Other publishing sector related operations

- **Nook** backed up by Pearson with $90 million and Microsoft with $300 million
- **Kobo** was acquired by Rakuten with $315 million
- **Wattpad** had raised $17.3-million from a group of investors that includes Silicon Valley’s Khosla Ventures and Jerry Yang, the co-founder of Yahoo.

Good examples, but….
Financial community says…

Six important observations we should analyze and take action
1. They assume that our sector provides less ROI than others, but...

73% of publishers openly acknowledged that their own companies will deliver a lower return on investment than other businesses.
2. But the perception is lack of innovation

54% of survey participants acknowledged that the poor image of the sector due to lack of investment and innovation in the last few years could put off investors.
Need to foster innovation

Developing this ecosystem is the responsibility of senior management
3. Sector does not embrace their “technology”

VC’s ask themselves why publishing companies do not invest more in their startups
Other sectors invest more in their startups…

- TELCO companies invest in Telco related startups
- FINANCIAL companies invest in financial related startups
- HEALTHCARE companies invest in healthcare startups
4. Too many startups with similar approaches
Too many players in the e-commerce and discoverability arena

- **88% of startups** offer technologies which provide value added services on book sales.
- **84% of startups** offer technologies related to the visibility and discovery of books on the Internet.
While publishers demand global e-distribution and direct sales channel solutions.
as well as demand workflow solutions

17% of publishers are interested in technology that will improve the process of receiving and internally managing manuscripts

B2B processes: manuscripts management, real time compensation transparecency distribution services, etc.

http://www.fernandovicente.es/
5. Startups “need to think more global”
International growth via other languages
6. Publishers “Not just content, publishers must add services to their business model”
What do they mean by services?

- Author services (real time sales, information about the behaviour of their content, white label webs for authors, etc.)
- Creation of communities
- Self-publishing services
- Recommendations systems based on real affinities rather than purchase
- Transferability of reader’s comments and aggregated notes
- Access to knowledge communities
- Track record of purchase history
- Reading behaviour feedback
- Assessment and evaluation tools
Startups will identify and provide these services

More and more readers using products that didn´t exist 5 years ago
The goal of a startup is... to figure out the right thing to build
Digital entrepreneurs usually confront business challenges with another outlook.

Startups create new products and services under conditions of extreme CHANGE.
7. Authors are becoming entrepreneurs
Startups are entrepreneurs by nature

Startups create new products and services under conditions of extreme uncertainty
Shouldn´t publishers assume an entrepreneur mindset?

Entrepreneurship is a kind of management
Destined to work together to transform ideas into new products and services
If you would like to meet with me

Office hours
9:20am - 10:05am (45 minutes)
Room: Table 3
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