

Business Day paywall move is the real deal

By Gill Moodie: @grubstreetSA

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The [news from Business Day](#) last week that BDFM, its publishers, and Avusa are joining forces to create a single digital business-news operation, Business Day Live, that will marry [Business Day](#) and specialist investment-news service [I-Net Bridge](#) passed pretty much under the radar screen but it is hugely significant for the local media industry.



First serious paywall move

This is the first serious paywall move for South African newspapers. And, yes, I've [written](#) before in a similar excited tone when Avusa announced last year it was going the paywall route for its Eastern Cape newspapers, *The Herald* and the *Daily Dispatch*.



In practice, however, that move smacked of a convenient excuse for cost-cutting - and, indeed, it saw the [dismantling](#) of the award-winning Dispatch Online team.

It always seemed bleeding obvious to me that you can't reduce the offering and then ask people to pay. (Before the online team was broken up, Dispatch Online was a lively destination with penetrative, unique content in the form of its award-winning online investigative packages.)



It has also seemed bleeding obvious for a long time that *Business Day's* specialist business offering should be behind a paywall. The paper's editor, [Peter Bruce](#), has argued for this for some time, while BDFM's MD, [Mzi Malunga](#), told me earlier this year when I interviewed him for [AdVantage magazine](#) that charging for online content was not a matter of 'if' but 'when' for BDFM.

So why has it taken so long?

Well, Bruce was diplomatic when I asked him this earlier this week, saying that the proposal first came up about 18 months ago and BDFM's shareholders (which are [Avusa](#) and international firm [Pearson](#), the owners of the *Financial Times*, in a joint venture) came close to agreement and then there was a change of heart.



In the meantime, Avusa launched [Business Live](#) ([@BusinessLiveSA](#)), which uses I-Net Bridge content. The profitable I-Net Bridge - which sells work stations, web applications and data feeds to investment companies - is owned by both Avusa (83.3%) and BDFM (16.6%).

To many such as myself, Business Live seemed sketchily conceived and failed to gain any serious traction in the local market. Bet this is the first time you've heard of it, *né?*



"We're grateful that Avusa has now agreed to merge it into our online product," Bruce told Bizcommunity. "It's a very good decision and it's taken a long time to happen. It's been very frustrating for us [at *Business Day*] because we've been trying to produce digital products on an extremely old and tatty platform - so much so that we still have to come in very early in the mornings and manually load the newspaper on to the website. I think we're probably one of the last newspapers on earth doing this."

Back story

The back story - and anyone who has ever worked at *Business Day*, which I did in the late '90s, will tell you the same - is

that Avusa and BDFM just don't get along.

Sunday Times



Never mind that Avusa is a 50% shareholder in BDFM and they all work in the same building in Rosebank, Johannesburg. The corporate cultures are so different. Avusa is cocky and arrogant - just like its flagship, the *Sunday Times*. BDFM - which, besides *Business Day*, also owns the [Financial Mail \(FM\)](#) and [Summit TV](#) - is a whole lot more well-adjusted: serious and decent.

Avusa seems to resent that it can't shout the odds at the likes of Bruce and Malunga - himself a former *Business Day* journalist - because, firstly, it needs to reach agreement with the much bigger Pearson to effect any change and, secondly, Bruce and Malunga don't much care for Avusa's egotism.

I'd say the Business Day Live move is something of a corporate coup on BDFM's part, as you can bet your bottom dollar that Avusa wouldn't have agreed to it readily. It's hard to say if it means that the Avusa powers-that-be are waning but I'm sure there's already nervousness over the [Capitau take-over bid](#).

Very positive move for BDFM

This is a very positive move for BDFM, which will now cement its position as the leading business-news provider in the country. And it is in a strong, stable position to do so while their nearest rivals, Media24's business-news division that oversees [Finweek](#), FM's direct rival, is dogged by [the tumult](#) of restructuring and retrenchments.

One plus for BDFM is that any culling of *Business Day* and FM's print circulation will stop with the advent of paywall - Bruce expects to be able to implement a paywall by next year March.

It is such a long-overdue move as it's widely accepted throughout the world that business news is, frankly, too valuable to give away for free.

FINANCIAL TIMES

Business Day's big sister, the *Financial Times*, is the pathfinder here and has had success with its website, [FT.com](#), and its metered paywall. Initially, the paper did not have many online subscribers with its limit of 30 free articles a month (before you hit the paywall), says a recent [Editors' Weblog article](#), but since it dropped the number of free monthly articles FT.com has managed to attract 224 000 users who pay for extra content.

40% of FT Group's revenues

Strikingly, digital services accounted for 40% of the FT Group's revenues in its most [recent financial results](#) - up from a third in 2006, while advertising fell from a 67% to a 45% share over the same period.

Another big plus is that you can't underestimate the value of merging the I-Net Bridge newsroom with that of *Business Day's* under the extremely experienced editorial direction of Bruce, someone who understands content very well but who has also taken to digital like a duck to water. (His [Twitter stream](#), for instance, has close to 3000 followers; he joined Twitter on 18 March 2009. Not half bad for a 50-plus editor with a penchant for pin stripes.)

"What we want to do is run a very competitive website," says Bruce, who has also said the move is not a cost-cutting exercise and that no-one is to lose their jobs. "I want to be able to cover everything very fast and very expertly. I think we will be able to do that and it will change the newspaper for the better.

"There are too many short and pointless stories in the newspaper at the moment that drift between being stories and being briefs. So the journalism that goes into the paper will hopefully become more analytical... not that I'm not a news man but more 'news analytical'.

"Work differently, smarter"

"We think we want to be live for 18 hours a day. That will affect the way people work. We don't expect people to work longer hours but they might have to work differently, smarter really... There will be 20 people coming into the newsroom [from I-Net Bridge]. They're not all reporters but it will make a huge difference to what we can cover and how we can cover it.

"There's lots of gains," says Bruce. "The people at I-Net Bridge will continue to service the clients they already have... There's a lot to work out regarding what we put a wall around and what we don't. Much of it is common sense, I think. There's no point in putting a paywall around an announcement on interest rates."

It seems that the revenue of Business Day Live will be split 50-50 between Avusa and BDFM (Malunga could not be reached for clarity on this before deadline) but the payment model is yet to be decided.

"I'd be surprised if we ventured too far away from the *Financial Times* model," Bruce says. "We might rely a little more on syndication than they do for revenue."

Sending a mixed team to UK newsroom

Talking about the *Financial Times*, Bruce is planning on sending a mixed team - subs, reporters, editors - to their newsroom in the UK to see how they organise their day. As for the *FM* and Summit, Bruce says Business Day Live will also be responsible for *FM*'s website and eventually Summit's but it's up to them - *FM* editor Barney Mthombathi and Summit CEO Vernon Matzopoulos - on how integrated they want to be.

"What we're sure of," Bruce says, "and now that we're in this combined [Avusa-BDFM] situation we're even more sure - is that we can produce content that is really worth paying for online. And it will change our business entirely. It means that like the *Financial Times* - although they have something of a head start - we will survive. We will survive the great newspaper crisis of the early 21st century."

Amen to that.

For more:

- Bizcommunity: ['Fast and dirty' with Zappon; more measured with tablet](#), May 2011
- Bizcommunity: [so long and thanks for all the awards](#), November 2010
- Bizcommunity: [Converged newsrooms can be done - even in our lifetimes](#), October 2010

I-Net Bridge ownership percentages added at 2.52pm on 20 July 2011.

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