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with Mike Blinder

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Dave Morgan on the future of local news: Embracing AI, social video, and a startup mindset

Dave Morgan, a digital media pioneer who helped shape the evolution of online advertising, offers a candid look at the challenges and opportunities facing local news in this episode of *E&P Reports*. From the rise of AI and social video to the limitations of subscription models, Morgan shares why traditional revenue strategies are faltering and what publishers should be focusing on instead. He also explores how local news organizations can rethink their business models, embrace new advertising approaches, and stay relevant in a rapidly shifting media landscape.

ANNOUNCER:
This is *E&P Reports*, a Vodcast from *Editor and Publisher Magazine*, the authoritative voice of news media since 1884, serving newspapers, broadcast, digital, and all forms of news publishing.

MIKE BLINDER:
And warm—and I emphasize the word *warm*—greetings once again. I'm Mike Blinder, publisher of *E&P Magazine*.

As always, we kick off the program by urging those listening on a podcast platform to please follow, and for those watching the video version on our YouTube channel, please note the subscribe mechanism below. Ring and smash that bell to the right, and you'll get an update each and every time we upload this weekly Vodcast series we call *E&P Reports*.

Dave Morgan, an old friend—welcome, sir.

DAVE MORGAN:
Thank you, Mike. I'm really excited to be here.

MIKE BLINDER:
We have a tradition on this program. Since every other story we write at *E&P* touches on AI in some way, shape, or form, we no longer troll you on your LinkedIn profile.

We go right to the horse's mouth, sir. We go to ChatGPT, ask it if it knows who you are, and then we read you what ChatGPT says. You tell us how it did. Are you ready?

DAVE MORGAN:
I'm ready.

MIKE BLINDER:
Okay. I asked it: *Are you familiar with the work of digital pioneer Dave Morgan?*

Here's what she said—see, I gave ChatGPT a gender when I interviewed it on my program:

"I am familiar with Dave Morgan's work as a digital pioneer. He is the founding and executive chairman of Simulmedia, a company specializing in data-driven TV advertising. Before establishing that, Morgan founded Tacoda, which was acquired by AOL for $275 million. I remember Real Media—you founded that, pioneering ad serving across our wonderful world of publishers. It later became 24/7 Media, which was eventually sold to WPP for $649 million. Morgan's extensive experience also includes serving as an executive vice president of global advertising strategy at AOL. He began his career as general counsel and director of New Media Ventures at the Pennsylvania Newspaper Association in the early 1990s."

Do I have that right, sir? Did they get it right?

DAVE MORGAN:
Got it right.

MIKE BLINDER:
The reason we hooked up again is funny. I follow you on Facebook, and you always put up, magically, this picture of you sitting in a Delta seat before a flight. Last week, you were flying to Vegas out of New York. You were sitting in *Comfort*, not *First*.

DAVE MORGAN:
I got my upgrade on my way back. I was literally in the *back* of the whole plane.

MIKE BLINDER:
And your answer to me when I made fun of it was something like, *"Well, I'm in startup mode, man."*

You sold two companies for close to a billion dollars. Can't you afford to sit up front on a flight going west for four and a half hours, fighting the jet stream, sir?

DAVE MORGAN:
Yeah, I can economically, but then I won't be hungry.

And I'm gonna give you two quick anecdotes, which I think are really relevant to how you win in this era.

One—you may remember this—I think this would've been the NNA Publisher Convention in probably '98, '99, or 2000. It was in Chicago, and the keynote was Bill Gates.

MIKE BLINDER:
Yeah.

DAVE MORGAN:
Famously, there was a bit of a back-and-forth with Gates. He talked about the concept of what Martin Sorrell later called *frenemy*, which is *coopetition*.

It was the head of Real Cities, based down in San Jose—Knight Ridder's operation—who said, *"Why should my team use PowerPoint, Word, and Excel and give you money when you're basically coming after advertising in our markets with your businesses?"*

And Bill was like, *"Look, we're used to the idea in tech that we both compete and cooperate with companies regularly. You should use MyTech only if it's the best. If it's the best presentation tool, the best word processor, and the best spreadsheet, then use it. But any puritanical approach isn't going to affect my business. You should use the best tools always. And you should win on advertising. You should see that competition as important."*

After that conference, I happened to get into an elevator in the big old Hilton in Chicago. The publisher suite—the specialty suite, where all the really fancy people go—was on a mid-level floor.

I get in the elevator and realize Bill Gates is in the elevator behind me. Let's say it's 25 floors, but the 20th floor is the *fancy* floor.

I'm on with a bunch of CEOs and publishers, because that's who's attending the NNA, right? When we get to the 20th floor, the whole place empties out—except Bill Gates and me.

Because he wasn't staying on the fancy floor. He was staying in a regular room.

MIKE BLINDER:
No way.

DAVE MORGAN:
All the publisher CEOs—the corporate types who inherited their businesses or were executives being paid by a multi-generational owner whose grandfather may have started the business—

MIKE BLINDER:
Yeah, trust fund people.

DAVE MORGAN:
They were taking the points. They were buying the suites. And Bill Gates was staying in a regular room on a regular floor.

And he flew *coach* there.

MIKE BLINDER:
Bill Gates *flew coach*?

DAVE MORGAN:
He flew *coach* there. Now, obviously, that changed over time, but that was still when he was not yet the world's wealthiest man—but he was certainly approaching it.

MIKE BLINDER:
He was on his way.

DAVE MORGAN:
When I started Simulmedia, two venture capitalists that I'm very close to—who I helped incubate their funding in some funny ways—Fred Wilson and Brad Burnham, who started Union Square Ventures (now probably the most financially successful tech venture firm of all time)—said to me:

"You're a third-time recidivist founder. That's bad."

And I'm like, *"What do you mean?"*

They said, *"Well, you're not likely to fly in the back of the bus. You're not likely to get up early in the morning. You're not likely to fight through what you need to do to win. And that makes you not very backable."*

I took that to heart. That was 16 years ago.

So yeah, I *could* pay to go upfront. But then you start thinking that's what the world is—and the world's *not* that.

MIKE BLINDER:
Dave Morgan, words of wisdom. You called it a *startup mentality* when you responded to me—and that's where your head's at right now, right?

I mean, you're just—you're in that mode. But you don't *have* to start another business. I'm assuming you could kick back and—

DAVE MORGAN:
I'm just finishing a mission. It's what I do.

And look, you and I both know that what happened to the news industry—and the local news industry—the state we're in today is *not* a surprise.

MIKE BLINDER:
No.

DAVE MORGAN:
Anybody that was at an *Editor & Publisher* or *Media Info* conference in the 1990s was *told* this would happen.

MIKE BLINDER:
We saw it.

DAVE MORGAN:
And it *did*.

And the biggest reason the industry didn't handle it was hubris. An arrogance. A belief that they *owned* the markets, *owned* the margin.

A bigger commitment to multi-generational wealth creation and passing it down than to local news and journalism. *Simple.*

MIKE BLINDER:
Man, I think we're done with you.

No, we're not done! We've just started to scratch the surface. Because I want to dive into Dave Morgan's brain and really find out what he thinks about the state of the industry today and where the heck it's going in the future.

But hang in there. We'll get to that on the backside of this message.

(Commercial)

MIKE BLINDER:
Dave, you and I go way back. You've been at the forefront of digital advertising for decades, shaping where digital advertising was moving.

What significant change do you see now, right now—the biggest one shaping the news industry for the future? What do you see as the number one disruption?

DAVE MORGAN:
I would say it's already in our face and in the face of most of the people we interact with every day: *social video* and *artificial intelligence-generated content.*

We're not putting those things back in the box. And we're going to have to understand that text and still photos have important roles in delivering news and information, but they will be *increasingly less important* than video—*sight, sound, and motion*.

Since the advent of television, we've known that. And for audio—when you don't have the ability to lean back and take in video, like when you're driving—that will change with autonomous vehicles in a few years.

But social video—the idea that you can produce really high-quality, very impactful video at a *very* low cost if you're smart and clever—

MIKE BLINDER:
Like we're doing right now.

DAVE MORGAN:
Like we're doing right now. Yeah.

And by using social amplification tools, you can ensure that it is well-distributed and optimized.

You've got a feedback loop that never really existed in the news industry when we published daily, weekly, or monthly with printing presses.

So embracing those things—social video and AI—recognizing they are *very, very, very* powerful tools, not just threats, and using them to *amplify* the distribution of news and journalistically driven products is really important.

MIKE BLINDER:

You've been living in the *legacy* TV world for a while with some of your ventures. But I'm assuming, sir, you keep an eye on the *legacy* news publishing industry—the industry where you made your bones back in the '90s.

You've probably watched some billionaires jump into the industry, hire up a lot of reporters, and pour money into content—only to be told that subscription models would *just come*.

And when they *didn't* come—when *The LA Times* didn't hit the half a million subscribers they were looking for—suddenly, they were slashing and burning again.

Do you see subscription models as part of the future? Do you think people will pay for good journalism? Or should we all put our advertising hats back on and try to rent those eyeballs to local businesses?

DAVE MORGAN:
I don't think most people are going to pay for news subscriptions *outside* of business news—because businesses can expense those costs.

And my viewpoint on this hasn't changed since my *E&P* conference attendance 30 years ago. I remember going to those events, listening to people talk about microtransactions, subscriptions being the answer, and all of these things.

MIKE BLINDER:
I remember those. Yeah.

DAVE MORGAN:
But I come from a little coal town in northwestern Pennsylvania—northern Allegheny Mountains. Some people call it Northern Appalachia. Others call it *Pennsyltucky*.

People there *don't* have much money—certainly not much *extra* money after paying for gas just to get back and forth to work.

So I think the idea that a model working for elite news organizations—like *The New York Times*—can work everywhere else is *hubris*.

No one should assume that what *they* do is so important that people without a lot of extra money *must* spend on it.

One of the reasons the newspaper industry was so successful for *so many decades* was that the model was, in most cases, 80% funded by advertising.

DAVE MORGAN:
And the cost people paid for a subscription was really just to subsidize *a little bit* of getting the paper from *trees to trucks*.

The production and distribution model—to get it to your doorstep—was covered mostly by ads. The subscription cost was *never* meant to fully fund journalism. It just signaled value to *The Audit Bureau of Circulation*.

When newspapers *lost the package*—the product *filled* with ads—that's when things broke.

We fragmented our product.

So what we have to recognize is that getting an indication of *value*—people *engaging* with content, *opening* it every day—is *very different* from expecting people to *pay* for journalists to write.

People simply *don't* have that discretionary money.

MIKE BLINDER:
Okay, I'm going to shift gears a bit.

You're living in the *broadcast* legacy space right now. I've been to a few conferences. I haven't spoken at NAB in about 15 years, but I did a speech last year at the *MFM—Media Financial Managers* conference.

It was mostly a broadcast audience, a lot of them with legacy spectrum.

I remember sitting through the advocacy panel before my session, and they were bragging about how they *saved AM radio in cars for another year*.

That was *their* big win!

I'm listening to this, and it reminded me of *the dark ages*—when I was out there as a consultant in 2002, trying to convince publishers that *the internet wasn't a fad*.

A lot of reporting now suggests that *broadcast* is in the *same* condition *legacy news publishing* was in 10 to 15 years ago.

They don't *see* the death and demise coming.

But then people like Gordon Borrell come on this show and say, *"They're doing great."*

If you really *look* at the financials, though, Dave—correct me if I'm wrong—a lot of what's propping up *linear television* is *retransmission fees*, *political advertising*, and *automotive ads*.

DAVE MORGAN:
But that's part of the *business*.

I would say I agree with Gordon. Television doesn't have *all* of the same structural issues newspapers had.

And the reason?

Television was *always* an *electronic* product. The *incremental cost* of distribution is *zero*.

Newspapers were *always* a print-and-paper-based product. The *fundamental cost* of distribution was *significant*—and growing.

And when newspaper companies went digital, they didn't bring *anything special* or *unique* that *other* digital-first companies couldn't do *better*.

But TV companies *do* have an advantage.

MIKE BLINDER:
What's that?

DAVE MORGAN:
Free-to-air television.

MIKE BLINDER:
For my audience that might not understand—define *free-to-air* television.

DAVE MORGAN:
That means broadcast TV. It can come in over an antenna, or increasingly, it's the little digital tuner in your TV set that gives you all those subchannels now.

It's *free*. *Free TV*.

You can get *hundreds* of channels now—something that never existed back in the day.

And TV has *another* advantage:

Think about *TV* versus *newspapers* in the last 15 years.

- The cost of the TV *device* to receive content has *dropped* by *90%*.
- The quality of those devices has *increased* by *500%*.
- The *definition*—literally, the pixel quality—has *gone up* by *10x*.

The product has actually gotten *better*.

Meanwhile, newspapers saw their delivery platforms *decline* in quality while *costs increased*.

MIKE BLINDER:
Final section—we're running out of time.

I could chat with you for hours. I should've had you on the program earlier—my apologies.

DAVE MORGAN:

That's okay.

MIKE BLINDER:
Most of our audience is *hyperlocal news publishers*.

When people say *legacy news publishing*, they think *The Wall Street Journal*, *The New York Times*, *The Washington Post*.

DAVE MORGAN:
I don't. That's not *local*. They don't *do* local.

MIKE BLINDER:
Exactly. We're talking about *the guy* trying to eke out a living in Altoona.

DAVE MORGAN:
I grew up an hour and 15 minutes north.

MIKE BLINDER:
Altoona was *the big city*!

DAVE MORGAN:
That was *the big city*!

MIKE BLINDER:
So if you were running *The Altoona Mirror* today—what would you do?

Where is the future? What are we missing in Dave Morgan's mind?

Give me the *Axios-style bullet list* of what you would do.

DAVE MORGAN:
Well first, as the founder of Intuit told us: *Don't fall in love with your products. Fall in love with your customers' problems.*

As *The Altoona Mirror* lost circulation and distribution, it needed to go **heavier into online** and **recapture its audiences there**. It needed to package all of those things together into a **subscription** model.

Yes, we lost to Facebook. Well, okay. But the capacity to **sell and deliver self-service ads** is practically free.

The capacity to deliver locally relevant video is practically free.

We have to embrace those things.

I would be doing self-service ads. In fact, at my company, Simulmedia, we just launched a product two months ago—a soft launch—called **SkyBeam** (*SkyBeam.io*). It's **self-serve, automated advertising on connected TV**, specifically on the streaming side.

The **minimum buy is $25 a week**—more like Facebook—and we measure it against uplift in search and social. I position it like: *We want to lift search and social.*

So, if I'm the local publisher, I talk to *all* the advertisers—because I **used to have 90% of the local advertisers**.

Yeah, I had to fight with J-A-C-TV over in Johnstown and WTAJ in Altoona, and even KDKA in Pittsburgh for a piece of the spend. But they didn't have full coverage.

MIKE BLINDER:
You also fought with the Yellow Pages. You fought with local radio. You fought with—

DAVE MORGAN:
Yeah. And we *lost* connection to the advertisers.

They're not using the product anymore. I'd find out **where they are**, what kind of **products they want**, and I'd be making *those* things.

I'd be **using AI in video**. I'd be **embracing video heavily**.

And, oh no—I'd even talk to **the enemy** (*laughs*)—the TV and cable companies—to do the kind of collaborations we *tried* to do in the 1990s.

The point is, there's **a lot of stuff** in Altoona.

- You've got **Horseshoe Curve**.
- There's a **major tomato sauce company** there.
- A **big park**.
- A bunch of businesses the late **Franco Harris** owned.
- **Coal mining museums**.

So much **history**. So much **material**. So many **advertisers**. So many **people**.

But you **can't** fall in love with yesterday's products.

You have to **fall in love with their problems**.

You have to **spend time on the sidewalks**.

I don't know if *The Bon-Ton* is still there—does *Bon-Ton* still exist?

MIKE BLINDER:
Ha! You got me. I picked Altoona out of the blue. Had no idea you were *such* an authority.

Alright—

DAVE MORGAN:
That was *my job*, man!

I was a **newspaper lawyer**. I did **pre-publication libel review** and **acceptability standards** for *The Mirror* and every other newspaper in Pennsylvania.

MIKE BLINDER:
Dave Morgan—digital pioneer, founder and **executive chairman of Simulmedia**.

Of course, a **multimillionaire** (*laughs*) thanks to selling some **really fine** companies that *you* built.

But if you're looking for Dave when he's traveling—you'll find him **in the back of the plane** and **in a small hotel room**.

Dave, this was a real honor and pleasure. I hope we can stay in touch here at *E&P* and continue—

DAVE MORGAN:
I look forward to that, Mike.

I really **care** about this industry.

There's no question that the collapse of the industry from what it *was* has had **real effects**—everything from **political polarization** to the **loss of local businesses** and **local employment**.

A lot of **structural things** that the **newspaper industry was the custodian of**—and in many cases, they didn't even *realize it*.

And news **still** matters. It matters **a lot**.

It just **needs new business models**.

It needs **new creativity**.

And it's going to have to be **fought for**.

It *won't* be easy.

MIKE BLINDER:
Words to live by. Thanks for your time.

DAVE MORGAN:
Thank you, Mike.