

Hello BuzzFeeders,

The internet is at a crossroads. In one direction, there is a flaming dumpster fire, pushing people apart. In the other, the internet is a source of joy and truth, connecting people together. We have the chance right now to work together to build a better future. BuzzFeed has a big role to play.

A little over a year ago, I sent you a note saying “the media is in crisis.” Unfortunately, this turned out to be true. The intervening year has been a challenging one for publishers, with thousands of talented people losing their jobs across traditional and digital media. To navigate this crisis, our team has done inspired, tireless work to diversify our business. We made painful decisions to reduce staff, too. The coming year won’t be a cake walk, but I see a clear path to a bright future for BuzzFeed. I’m hopeful the same is true for many of our peers.

Over the same period, something unexpected happened. The tech platforms – who until recently seemed all-powerful – entered their own time of crisis. The public, the press, and lawmakers now realize how little control the platforms have over the content they distribute to billions. Opportunistic bad actors – anti-vaxxers, flat-earthers, conspiracy theorists, misogynists, racists, xenophobes, trolls, partisan extremists, scammers, and pedophiles – have taken advantage. Facebook and YouTube continually tweak their algorithms, use machine learning to detect spam and abuse, and spend billions of dollars hiring tens of thousands of human moderators. Despite these efforts, they are still struggling to police their platforms. Removing bad content will never be enough; the platforms also need to build sustainable models for good content to thrive.

Digital media companies can help. We can fill the void on the platforms with quality content, but we need ways to do it sustainably. Current marketplaces on the platforms continue to reward low-quality or primarily user-generated content. As a result, some digital media companies have had to reduce staff, pivot away from digital to TV production, or shift to subscription models and use the platforms solely for marketing. Digital media companies scaling down or turning away from the platforms is the exact opposite of what the platforms need. It is much harder to moderate bad content than it is to create good content. No matter how much money the platforms spend, or how many content moderators they hire, this problem won’t be solved by removing bad content, we need an ecosystem where creating good content is sustainable. If tech and media work together, everyone will benefit.

So let’s fix this! As the #1 digital media company, BuzzFeed is well-positioned to lead the industry forward and make the internet a better place. How do we do this in practice?

## **Fix the Platforms and Get Paid To Do It**

The first step is to make working with the big platforms financially sustainable. We are making real progress here, and so are other digital publishers. A year ago, in Q1 of 2018 we made about \$500K in video platform revenue from Facebook; in Q4 of 2018 we made \$3M. In January of 2017, we monetized less than 30% of views on YouTube; by November, we monetized more than 70%. Overall, revenue we generate from the biggest platforms – Facebook, Google, Amazon, and Netflix – has grown by 12 times since 2014.

*BuzzFeed*

FANG Revenue Growth (in millions)

We are committed to reaching our massive audience wherever they are – whether they're on our O&O or across Facebook, Twitter, Instagram, Snapchat, Netflix, and YouTube. This is why we recently reorganized our Content team under Dao Nguyen to enable a unified, platform-first, data-driven model for content distribution. Our internal tracking shows that we can be profitable while distributed across platforms, and continue to optimize and improve over time. We are focused on creating high-quality content at massive scale and low cost to succeed given the tough but improving economics of the the platforms.

## **Hustle and Innovate to Build New Businesses**

But even with these improvements, we still aren't making enough from the platforms to sustain our investment in content.

We've also had to build our own ad products and generate revenue in ways that don't depend on the platforms. Tasty is perhaps the best example. With nearly 100 million fans, it is the biggest media brand on Facebook, but almost all of its revenue comes from businesses we've needed to create on our own. We've produced product placements, launched Tasty ice cream and cookware, built a creators program and produced shows. We're creating new opportunities in other areas, as well.

We just rolled out our own brand safe video network, so marketers can buy across our trusted content. We're proud to grow our partnership with leading brands who are making the internet better by demanding quality content and holding the platforms accountable. Our creators program allows us to combine the power of influencers with the reach of the BuzzFeed network. This business is growing quickly by pairing the unique personalities of our talented creators with the unparalleled scale of our audience.

We are launching Shopping Showcase commerce units to connect our strong Advertising business and fast-growing Affiliate business. Digital media is moving toward real world transactions and experiences, and this shoppable posts format will drive awareness and direct transaction for our partners.

We're also finding new ways to integrate advertisers into our growing slate of original series and news programming and distribute that creative across the BuzzFeed network. In 2018 and 2019, we will generate over \$200m in revenue from business lines that didn't even exist in 2017. We are great at building new products and businesses and the products I mentioned above will likely provide our next \$200m in new revenue. And we've built some of the biggest websites and apps in digital media, allowing us to reach millions of people everyday and generating 9 figures of yearly revenue on platforms we own and operate. The big tech platforms are important but having websites and apps is a big source of our strength and making them the best place to experience BuzzFeed is a strategic imperative for us.

## **Don't Make Shitty TV, Make Good Internet**

Broadcast media is about pushing the same content to everyone and the audience can't talk back. We always strive to maximize what the internet does best, we look at what the audience shares, what they say in the comments, we poll them about what matters to them. Like any good friend, we listen as much as we speak.

That is why we don't make shitty TV, we make good internet. We lean into the unique, digital power of that two-way connection, we create new ways for our audience to experience BuzzFeed. It's how AM2DM has seamlessly blended a daily morning show with the

24/7 cultural conversation on Twitter. It enables Multiplayer to interact with millions of fans through the 100 baby challenge on the Sims...it powers Cuppy to grow to 2 million Instagram fans in less than a year...it lifts the IMHO debate to a national conversation...and it lets celebrities get a bit of extra mileage out of their socials. This doesn't mean we can't still build a strong, complementary Studio business that builds on our brands, content, and creativity to fuel platforms like Facebook Watch or Netflix. Or create great long-form series for our O&O and social channels. But some digital media companies have pivoted to cheap TV or think of television as a more important medium. That isn't true when you look at what drives culture today and in the future. The relationship with the audience is what matters, not the cost per minute or slickness of production. The internet is raw and connected to the audience, that is how we like it!

## **Hold Powerful People Accountable and Expose the Truth**

We are committed to informing the public and holding the powerful accountable. We published the dossier because we believe the public deserved to know about it. We reported that Donald Trump told Michael Cohen to lie to Congress about those negotiations. We exposed the WWF's funding of paramilitary forces that have been abusing and killing people. We helped exonerate 10 men framed by a crooked cop in Chicago.

## **Help People Take Action and Have Real World Experiences**

Digital media has evolved from views to clicks to shares to real world experiences. The future of media is about real world experiences and transactions. This is where we thrive. Tasty inspires more than two-thirds of its audience to actually make a recipe. Bring Me routinely creates lines around the block at the places it profiles. Pero Like sent business booming for L.A.'s only Puerto Rican taco truck. Our affiliate and licensing businesses alone resulted in over \$250 million of measurable real world transactions in 2018, and our content certainly inspired hundreds of millions of new experiences.

## **Spread Joy and Truth**

We are 100% committed to digital media and believe in its future. The economics of the platforms are improving and we are finding new ways to make money beyond them as well. This is the foundation for a strong model for digital media – getting paid better by the platforms and hustling to build businesses on our own. At a moment when many are skeptical about digital media, when some companies are pivoting away from the internet, we are focused on embracing the internet even MORE. This is what the platforms need right now, what the world needs, and what is best for BuzzFeed.

Our audience knows us for spreading joy and truth, and joy and truth is what we should strive to bring them, the platforms, and the world. This is the internet worth fighting for and building together. This is the internet where we can build the future for our industry, the future of our business, and a better future for society.

As the platforms begin to put out the dumpster fire, we are filling the dumpster with fertile soil, planting seedlings and saplings, and in a couple years people will say: "wait, was that a dumpster before? It looks like a giant pot filled with beautiful trees, blooming flowers, a few dank memes, and aromatic herbs of all varieties." To get

to this future we'll need to hustle for our business, make good internet, spread joy and truth. The way we do this will be different for each division, and we should debate and plan and move on these things with urgency!

It is a pleasure to work alongside all of you to build the future of our industry and a better internet for everyone. We are making progress and the world needs what we do more than ever.

Jonah