

# DAE-WHAN CHANG

Chairman and Publisher of Maekyung Media Group, Republic of Korea

## Masood Ahmed

However, before we go there, let us go to the next panellist, and I am going to ask Dae-whan Chang to talk a little bit about his perspective on this issue. He will also look at how all this is going to affect the whole industry of communication and media. I look forward to your broad perspective on this issue.

## Dae-Whan Chang

I am a newspaper publisher and I print about 1 million copies daily. It is a business paper in Korea. I operate three TV channels and Internet services and things like that. I have an audience of about 15 million in Korea. I am giving you this information so you can understand better. I was listening to medical people before I started this session, and people talked about the fourth industrial revolution, which was a big topic in Davos this year. As you know, the fourth industrial revolution covers IoT, and I just learned IoL, which means life. There are robotic sensors, driverless cars or drones, and the genetic engineering, and fintech. People are borrowing money from other people and that is P2P financing. You will see a lot of these new industrial revolutions happening here and there.

As Toby Simon said, we are going to have a new type of social contract, so I would like to focus on social contracts in the newspaper industry. Regarding these industrial revolutions and MK, which is my newspaper media group, I am going through lots of innovation strategies such as 24/7 mobile platforms, and that is one thing. We hear a lot about Ubering taxis, but I suggested Ubering professors, expert people and even students and specialists. I named it Knowledge Ubering 300. I tried to gather about 300 people and they could help me out.

I have about 700 journalists working for me and adding 300 more would be a good idea, so I tried to build a knowledge community network. That is what I call knowledge Ubering 300. Then I tried to introduce the 'Raythe' series. Laser rays go deeper into many places, so I introduced the 'Raythe' series. It is a new news platform that specialises in politics, law, finance, consumer behaviour and health. I even set up small venture companies in Silicon Valley and I hope that will make me a little more money than the newspaper business.

The next point is a very complicated one, but my media platform is called service journalism. I try to map media that is going through this new fourth industrial revolution. Newspapers will introduce global journalism and they will go through all these new ventures. This is because traditional newspapers do not make much money lately and subscription is declining. They have to find new ways to support their journalists and their employees. Mapping means planning a course of action in detail, and I will come back to this later.

Now we are facing a new media era, with Google and Facebook. Whenever you use Google, Facebook or an iPhone, you are entering a new individual social contract. That is very complicated and nobody reads them. You maybe start reading the first pages, but after going through several pages, you are tired and you just say yes, but you do not know what you are getting into. Google and Facebook make up about 70% of the digital marketing industry and they are taking all the revenue from traditional newspapers. Netflix has become the biggest global multimedia company, offering services in over 140 countries.

What is happening in the media industry is that the media is going through big deals, M&A. AT&T just purchased Time Warner for USD 85 billion, and Verizon has announced that they plan to buy Yahoo for almost USD 5 billion.



Disney is also expected to merge with CBS to multiply its size. Nihon Keizai Shimbun of Japan acquired the *Financial Times* in the UK for USD 1.3 billion. Many mergers and acquisitions are happening in the area of traditional media. I learned that content is king. Everybody in this media area is saying that the quality of content has been decreasing lately, so I set the flood paradox, meaning there is no drinking water available during extreme floods. There are many platforms which need content, but quality content is not so frequent.

Newspapers are going through many strategic reforms and the first one is convergence. We try to integrate online, offline and mobile platforms, and we try to network platforms, with tight-knit horizontal and vertical networks. In the end, we hope to converge your quality contents with the platforms and marketing services. I checked the most recent technological advancements and as you know, MIT Media Lab is already at the forefront. There is a new idea for software and Affective Computing. Affective Computing develops emotion recognition software, and it is an analysis start-up created by MIT Media Lab. Regarding what they are doing, software is interpreting human emotions, facial expressions, age group and even gender.

We have just talked about customised, personalised medicine. In the news business, we are trying to deliver the same thing, which is customised, individualised, precise news to fit the needs of all the readers in this area. What about location-based services? We are in Doha, Qatar. You give your location to Google and you might find your favourite restaurants and shopping places. Many newspapers around the world go through VR journalism, virtual reality. The sizes are getting smaller and smaller, and eventually, they will come down to contact lens size.

Last year, at the World Association of Newspapers Congress, we talked about this VR journalism. This is going to be a big thing by the year 2018. What about mobility and IoT? Everything is mobile these days and we have screens everywhere. Display technology is advancing rapidly, with mirrors, windows, desks and automobile windows are all becoming news platforms. The Cisco company predicted in 2016 that videos would make up about 78% of all content by 2020. You will have a ubiquitous newspaper here and there.

Publishers of newspapers are going through lots of headaches, whether we are well prepared for new technological reforms and revolutions. Some people say the solutions lie outside of media. Media is well known for mass media. We can deliver news in huge quantities, but now we are going through a micro-culture era, so we have changed from a period of mass media to a micro-media era. Microculture is becoming an important area in this new business.

I was just saying that the social contract shift is happening, so I would like to draw some conclusions here. The purpose of the social contract was to negotiate how political power and resources would be distributed in societies. The basic role of the new social contract in the 21<sup>st</sup> century is to illustrate the distribution of information in our society. Media has become the fundamental platform of the social contract of the 21<sup>st</sup> century.

Media will be the key player in helping individuals and societies communicate and exchange information for positive social development. Political power and resources were money in the past, but now, knowledge, information and new actions will be money in the future. Many years back, Bill Gates worried about the future of a newspaper. He said that the newspaper would disappear in 10-15 years. However, as you all know, paper newspapers are still around and will take different formats to go everywhere.

Jibo is another product from MIT Media Lab. The robot Jibo is a casual, conversational type of robot. They feature families' visual features, voices and behaviours. They analyse and collect data so they can become a member of your family. I think we will have infinite interactions with robots, users, big data and things like that. Google and other such media companies will collect this data and they are going to provide customised contents to help create knowledge societies and advance people's everyday lives. I think media will continue to innovate through its unending quest for knowledge.



There is a media platform which is my new social contract with my readers. Lastly, I would like to talk a little bit about global governance in media. At this meeting, I heard so many speakers saying the future is uncertain and unpredictable, because of Donald Trump. He will become president next January and many people are afraid of him. Why are you afraid of him? I think we are afraid of him because trust has shifted from established institutions to individuals. Well-educated people are not trusted anymore in the United States, in France and maybe in South Korea too. We have a big shift from elite leaders to outside leaders, so-called unfiltered leaders.

President elect Donald Trump's conversation was unfiltered, but if you see him on CNN these days, he is much more elegant. He really looks like the next president of the United States. In the fourth industrial revolution, which I call the digital age, your money and power derive from data and information. Newspapers will provide you with data and information. If anybody tries to suppress the freedom of the press, I think he will regret it for sure.

Again, last year in Colombia, we had this World Newspaper Congress, and we give awards every year to promote freedom of the press. This time, a Russian journalist received a Golden Pen award, and he made a very interesting comment. He said, '85% of Russians do not know that the freedom of the press is a very important factor in elevating people from poverty'. I try to connect press freedom with global governance and we need to think about this idea.

#### **Masood Ahmed**

The industry is indeed changing and you raised one point which I hope we will come back to when we have a conversation. Knowledge and data are more and more the source of power and influence, but knowledge and data are being collected from all of us every day. Everything we do is being mapped, transmitted and aggregated, and it forms part of big data. As you said, we may be entering into many social contracts without fully understanding what we have entered into. There is a consequence of those individual decisions to be part of this big data and knowledge establishment. This is in essence that we confer a lot of power to the people who can collect and manage that data. What is the role of the state, as we have seen it in the past, in governing that process? How does that process affect the relative roles of corporations, states, individuals, other pressure groups and other lobbies, in the way in which society is organised? I hope we will come back to that in the discussion.