RaaS
Research as a Service

APP Securities
Asia Pacific
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inkl

Personalising news using machine learning

Inkl has developed a set of proprietary algorithms designed to create the most relevant possible news experience for consumers. Inkl partners with many of the leading news publishers in the world to deliver news articles to its subscribers. Inkl targets publishers with paywalls or subscription models as their content is less likely to be available on content aggregator websites, such as Google or Facebook. Inkl then revenue shares with the publishers, passing them around 50% of each paid-for article. The company achieved a breakthrough in December 2017 with the signing of the Wall Street Journal, one of the more expensive paywall sites.

Background

Inkl was co-founded by CEO Gautam Mishra, the former director for strategy for Fairfax Media. The business was initially bootstrapped before securing $250,000 in seed-round funding from North Base Media, which was founded by Marcus Brauchli, the former managing director of the *Wall Street Journal* and executive editor of *The Washington Post*.

The business model

Inkl sells access to content either on per article basis (for $0.10 an article) or through subscription packages, the most common being $15 per month and the most expensive being $25 per month for access to the *Wall Street Journal* and *Barrons*. After signing up and logging into the inkl web app, the user lands straight into an ad-free news feed, badged with publishers logos and divided into sections such as local news, politics, national news and Editor's Choice. The business now has subscribers in 199 countries and has publisher relationships with *The Guardian*, the *New Zealand Herald*, the *Sydney Morning Herald* and *The Age*, *The Conversation*, the *South China Morning Post*, *Los Angeles Times, Chicago Tribune*, Live Mint and the *Washington Post*. Inkl reports that its conversion rate – the number of people who have downloaded the app and then made purchases on their credit card – is 16%, which compares with an industry average of 1-2%.

The market

Statista is forecasting US digital publishing revenue to grow at a CAGR of 2.4% to US$8.46bn in 2020. The forecasting group also estimates that the traditional print publishers have achieved the greatest increase in visitors to their digital platforms in recent years with WashingtonPOst.com (78%), Dow Jones &Co (58%), Conde Nast Digital (46%) and DailyMail/Mail Online (40%) leading the charge on converting readers to digital.

Share details

Seed round 2013	$250,000
Series A 2015	$2m
No of shareholders	<10

Size of market

According to Statista, in 2016, 73% of the US population used the internet as a source of news, compared with 66% who source their news from television. Statista estimates that digital publishing was US$7.55bn in 2015.

Upside Case

- Attracting subscribers/users globally
- Delivering up to a 10x return to publishers for content than the traditional CPM derived from digital advertising
- Founders come from publishing sector and were central to developing premium paywall models

Downside Case

- Competing against giants such as Google and Facebook which poach and publish news for free
- Target market is by its nature more mature than millennials, potentially less attractive to advertisers
- Digital publishing revenue is just over one-sixth of digital media revenue in the US with increasing competition from Video on demand media.

Company contacts

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