

## POLICY BRIEF #75

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# Innovation through collaboration in the Flemish news sector: ambitious start, mixed results

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News organizations worldwide are in a perpetual effort of adaptation and transformation, reflecting an ever-evolving landscape. On the one hand, audience habits and preferences continuously evolve, while on the other hand, traditional production and distribution patterns face significant challenges due to major technological shifts originating from outside the industry. While governments in Europe have been traditionally hesitant to provide public support for journalism innovation and digital transformation, in the last decade Europe has been the stage for growing experimentation. The global COVID-19 pandemic, with the subsequent economic crisis it has triggered, has served as a catalyst for an interventionist surge in public support towards the news sector. The regional Government of Flanders has seized the opportunity of the Flemish Resilience Plan (Vlaamse Veerkracht) to introduce, among other measures, the Digital Transformation and Innovation Relaunch Plan (Relanceplan in Dutch, or Relaunch Plan in short), which includes an approximately 12-million-euro initiative supporting bottom-up collaborative innovation projects. In this brief we present results from a qualitative study based on a round of seventeen interviews with media managers, innovation managers at news organizations and directors of tech companies, involved as company leads in the 7 collaborative projects – out of the 18 that were granted – with a clear journalistic focus.

### Highlights

The 12-mln-euro support for bottom-up collaborative innovation projects has been a **unique funding opportunity for innovating the Flemish news sector**, which currently does not benefit from any structural ad-hoc innovation instrument.

The support has served, in many cases, as a **quality/scale accelerator of innovation projects for news organizations**. The beneficiaries have been able to pursue higher-impact initiatives integrating a **research and innovation dimension** that would not have been possible otherwise.

Direct **support for innovation can sometimes be diverted into a mere funding opportunity**, with companies accessing more funded projects than they can effectively manage, and long-term innovation goals being overshadowed by short-term commercial objectives.

Collaboration, despite being positively praised by project partners during the acquisition phase, easily transforms into an arena for tactical negotiations once the project is granted, where **frictions and individual interests tend to prevail**.

## 1. Grants for collaborative innovation projects. A return to form?

Belgium has a longstanding tradition of robust support to domestic journalism. A recent [report on public financing of news media in the EU](#), by the European Commission, indicates that Belgium stood out as one of the leading EU member states in terms of investment in its private news sector, in 2022. Both in terms of total value of direct/indirect support and in terms of *per capita* value, Belgium ranks among the top three investors. While significant resources are allocated at federal level (such as support for the distribution of printed newspapers and magazines), attention should be directed at the regional level, since media policy is a regional competence in Belgium.

Forms of direct financing such as subsidies and grants are traditionally less common in Flanders, compared to Wallonia. Flanders, especially from the late 90s, has mostly shifted towards indirect forms of media financing (such as state advertising), coupled by a market-based philosophy, with a rather hands-off approach to cross-ownership constraints and innovation support (Evans, 2017). Despite direct innovation support for the media being considerably lower than for other sectors, some experiments with innovation grants have been tried in the past. These have been typically driven by an open innovation approach, which focuses on collaborative synergies between industry, academia and governments (Picone & Pauwels, 2014). The establishment of MiX, under the umbrella of iMinds (now part of imec), is an example of this.

However, after this instrument was launched in 2012 to specifically stimulate media innovation through pre-competitive collaborative projects, it got progressively de-funded in the following years before being completely abandoned. Public support for innovation projects still exists, through VLAIO or the imec ICON programme, but none of these bodies specifically specialize in the media sector. After the Vlaams Fonds voor Journalistiek was discontinued in 2020 after only two years of operations, currently, no structural instrument for supporting ad hoc news innovation projects is present in Flanders, whereas the neighbouring Wallonia, Netherlands and France have their own journalism innovation programmes ([SVDJ](#) and [FSDP](#)).

In this context, it is quite remarkable to see the Flemish government allocating nearly 12 million euros for a two-year Digital Transformation and Innovation programme supporting collaborative projects. While this financial injection is a response to the extraordinary circumstances following the Covid crisis, it unquestionably represents a bold step towards directly supporting innovation in the news sector.

## 2. Collaborative innovation projects: benefits and challenges

The *Relaunch Plan* constitutes a valuable case of support for the news sector that deserve scientific scrutiny. First, the practice of cross-disciplinary collaborative innovation is indicated by recent academic research and industry experts as being beneficial for news organizations navigating common challenges related to digital transformation, such as AI. Second, 12 million euro in two years is a solid budget for innovation funding, especially in a relatively small region like Flanders. Hence it is important to collect evidence of the advantages and drawbacks that have characterized this experiment.

Scientific literature has already identified a series of benefits/challenges that funded collaborative innovation projects can entail, hence it is useful to recap them as a baseline of comparison for this study.

Benefits:

- The extra budget creates space for explorative innovation (typically overshadowed by the hectic rhythm of daily media production) and the programme framework generates positive peer-pressure (Zambelli & Morganti, 2023).
- The complementarity of different sets of knowledge that collaborative co-creative projects bring around the table generates friction, or dissonance, which is the doorstep for creativity (Stark, 2009; Wagemans & Witschge, 2019).
- Collaborations allow overcoming narrow expertise by facilitating knowledge transfer, which is necessary for solving complex problems (Koivula et al, 2020).

Challenges:

- Grants can lack efficacy, as they are typically structured to trigger short-term action for tangible results, which is not always accommodating the time and logic of innovation processes (Willemssen et al, 2021; Virta&Malmelin, 2021)
- The burden of paperwork connected to the acquisition and administration of the grant may favour large and established companies over smaller players and startups (Murschetz, 2020), hence leading to further sector consolidation.
- Individual interests can prevail during project implementation, despite the ideal of collaboration that partners share in the project acquisition phase (Slot, 2021; Virti&Malmelin, 2021).
- Innovation support may be used strategically by the actors benefitting from the grants, to achieve performance outcomes that a market logic might facilitate anyway or to simply secure additional funding, without delivering necessarily an improvement in the quality of the journalistic output (Picone&Pauwels, 2014; Murschetz, 2020)

### 3. Key findings from the study

The main findings of this study align with existing literature in several points, and also expand the current understanding of how public funding influences innovation dynamics.

In terms of benefits, it is evident that the companies that took part in this study managed to translate their needs into projects that are more ambitious than what these companies would aim for if no support was provided. Most projects implemented in the *Relaunch Plan* were already conceived before the call, but in most cases with lower expected impact. The support acts as quality/scale accelerator, and in some cases, it triggers new ideas as well and it allows news organizations to add a research and innovation dimension to the overall output that goes beyond merely commercial expectations.

In projects that entail co-creation, a clear definition of respective roles and responsibilities leads to the acknowledgment that mixing expertise and work in a cross-disciplinary manner is advantageous. Similarly, in projects of tech development where media partners work on separate use cases with the technological partner, there is significant exchange and knowledge transfer, despite the project being structured across separate implementation tracks.

Lastly, the support of the government allowed the beneficiaries to focus on AI-enabled process innovation, an area of key strategic interest for the competitive ambitions of Flemish media companies. Project topics included the creation of applications and prototypes in modular journalism, semi-automatization of content production, text-to-speech technologies, automatic subtitling, VR/AR, and personalized digital editions.

In terms of challenges, the interview round provided evidence that expands extant literature and offers novel insights.

While many companies described the extra budget as an accelerator for planned innovation efforts, others admitted that they were triggered by the possibility of extra funding first, and the interest in digital transformation only came second. Many interviewees have also discussed how even during the implementation of the projects, the collaboration easily transforms into an arena for tactical negotiations, where frictions arise between the partners since a commercial logic and a competitive prioritization of self-interest tends to prevail, sometimes jeopardizing the collaborative work. Such dynamics raise doubts about the true purpose of innovation funding, suggesting that it often ends up subsidizing commercial relationships that the market would naturally support. This occurs without necessarily encouraging the companies involved to create additional value that the market alone might not generate.

Next to this, the smaller companies in consortia usually complain of how bigger companies manage to leverage their size and power to pull the project's trajectory towards their interest. Many companies also report a certain lack of diversity in the participants, with most seats occupied by legacy media and large companies, and they connect this to the fact that such companies are usually better informed about and better positioned to access funding opportunities.

This in turns causes a significant problem that, to our knowledge, is not yet identified in the literature: companies that were over-successful in projects acquisition may end up with insufficient workforce to adequately execute the granted projects, which is an undesired effect of innovation funding. This can cause, as described by several interviewees, cases where project partners 'silently quit' before reaching all expected deliverables and leave most responsibilities and workload in the hands of other partners.

To mitigate the issues identified in our study, the following changes to innovation funding programmes directed towards news media organisations could be considered.

### 1 – Provide an external mediator for consortium management

Allocating funding for a collaborative project is not a sufficient measure if the consortium does not have enough expertise in project and partnership management. Especially for projects involving both smaller and bigger players a **neutral expert acting as mediator** can be invaluable in helping resolving conflicts, tensions and critical decisions.

### 2 – Put a limit on the number of projects per company

To prevent companies from taking on more projects than they can realistically manage given available resources and workforce, support programs for innovation projects should impose **limits on the over-representation of the same companies across multiple projects**.

### 3 – Provide smaller companies with training in project management & acquisition

To promote diversity among project participants and prevent companies with established proposal-writing capacity from gaining an overwhelming competitive advantage in the selection process, support programs could offer assistance and **training in project writing and management to smaller companies.**

#### 4 – Structure innovation programme on a long-term basis

To avoid innovation grants becoming primarily a one-off funding opportunity for media companies, innovation programmes should be structured on a **longer-term implementation track**. This approach can facilitate the iteration of prototypes and use cases, freeing companies from the pressure to deliver short-term results with immediate commercial outcomes.

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