

Vice Media valued at \$2.5bn

WASHINGTON, USA: Vice Media, the Brooklyn-based online news operation which has a strong following among 18- to 34-year-olds, has secured \$500m in funding giving it a valuation of \$2.5bn, according to reports in the New York Times and TechCrunch.



Suroosh Alvi, the Founder of Vice Media has grown his online media business to a value of \$2.5bn with a recent investment of \$500m from two investors. Image: [Paper](#)

The latest investment will allow Vice to invest in new technology and to beef up its coverage in news, including in video, around the world.

At \$2.5 billion, Vice's value is greater than that of the "gray lady" of the industry, the New York Times, and many other established media organisations.

The reports said the funds include \$250m each from Technology Crossover Ventures, a Silicon Valley investment firm, and the television network A&E, with each getting a 10% stake.

While many in mainstream media know little about Vice, its unusual rise has not surprised analysts who follow digital sector.

"Vice has done one of the hardest things to do in media today which is to reach the young demographic, the non-newspaper readers," says Rebecca Lieb, an analyst following digital media for Altimeter Group.

Strong following from young men

Importantly, Lieb said, Vice has been able to gain a following among young men, who are noticeably absent on mainstream media.

"Vice has made its mark by being subversive. They use sex, drugs rock 'n' roll and violence," Lieb told AFP. "They are providing the content these consumers want."

Vice describes itself as "a global media brand producing and distributing premium digital media across platforms for 18- to 34-year olds."

It was founded in Canada as a print magazine by Suroosh Alvi, described in some reports as a recovering heroin addict, and Shane Smith, whose numerous tattoos give him the look of a biker gang member.

It claims 220m unique visitors and 500m video views per month, and has 4,000 employees in 35 offices worldwide. It also has partnerships with YouTube, Facebook and Twitter.

Vice gained notoriety for sending former NBA star Dennis Rodman to North Korea last year. It also won praise for a five-part documentary on the inner workings of IS, the militant Islamist group in the Middle East.

YouTube channels

Vice operates a popular YouTube channel and also produces news programming for Time Warner's HBO.

Ken Doctor, Analyst with the media research firm Outsell, said Vice has take a page from sports media group ESPN,



Analyst Rebecca Lieb of Altimeter says Vice Media uses sex, drugs and rock 'n' roll to attract young male readers. Image: [Amazon](#)

focusing heavily on a particular demographic group.



Outsell Analyst Ken Doctor says Vice uses a diversified business model that is focused on driving up revenue. Image: Outsell Inc.

"Its attractiveness and increasing valuation are driven by its highly diversified business model, which is being proven on building revenue," Doctor said.

He added that Vice has been innovative in creating its own in-house digital advertising agency and by developing a modern studio for content sold to HBO and European television.

"Vice is believed to be moving to annual revenues of \$500m and based on that, its valuation seems justifiable," Doctor said.

Vice prominent in digital news

Vice is perhaps the most prominent of the digital-only news outlets which have been emerging in recent years, along with groups like the Huffington Post, and BuzzFeed, which last month raised \$50m at a valuation of \$850m.

According to a Pew Research Centre study released in March, online news ventures have added nearly 5,000 US media jobs in the past few years, while most traditional news organisations have struggled.

Amy Mitchell, Director of Journalism Research for Pew, said operations like Vice and BuzzFeed have grown by marrying technology and journalistic expertise in a way that hasn't happened before."

And she noted that the digital outlets are thinking about news and information in an international way which broadens their readership.

But Mitchell said digital-only news outlets are still a relatively small slice of the US media landscape, with the newspaper sector still employing about 38,000 people even after years of financial hardship.

"There's no clear evidence at this point that there is a new kind of revenue model to support these news operations purely from the news they are producing," Mitchell said.

Source: AFP via I-Net Bridge

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