

# mediadeals



**NEWSLETTER - FEBRUARY/MARCH 2010**

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**Dear Media Deals Readers,**

From March 2010, the **Media Deals newsletter** will be updated on a **bi-monthly** basis meaning that you will receive our Mediatech investment and deal flow news promptly every 8 weeks.

If you would like to **suggest a potential news item**, or if you are interested in learning more about our **European Mediatech Investment Forums** or any of our **other activities**, please send an e-mail to [info@media-deals.org](mailto:info@media-deals.org)

All the best,

Your Media Deals Team

**Upcoming 2010 Investment Forum**

**Media Deals** is currently in the process of organizing the next European Mediatech Investment Forum set to take place in **Nantes, France on 19 May**.

In **Nantes**, the Media Deals event will be organized as part of the **Start West**

**Investment Forum** ([www.start-west.com/english.htm](http://www.start-west.com/english.htm)) in partnership **ECCE Innovation** ([www.ecce-innovation.eu/](http://www.ecce-innovation.eu/)). Media Deals will run the first part of this major French investment forum with a focus on Mediatech and the creative industries. **7 European companies and 3 French companies** will be able to pitch to about **5 European and 15 French investors**.

**INVESTORS INTERESTED IN ATTENDING** this Forum should contact Marc Lauriac at [mlauriac@media-deals.org](mailto:mlauriac@media-deals.org) for additional information.

**APPLICATION DEADLINE FOR ENTREPRENEURS WISHING TO PARTICIPATE IN THE NANTES FORUM:** - **4 April** – 5 companies will be selected; this forum is especially interesting for companies looking for French investors.

Applications can be made on the Media Deals website: <http://www.media-deals.org/html/events.html>

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## Success In Pinewood

The most recent Media Deals European Investment Forum was held on 9-10 December 2009 at **Pinewood Film Studios** ([www.pinewoodgroup.com/](http://www.pinewoodgroup.com/)) in London. The event was organized in cooperation with **South East Media Network** ([www.semn.org.uk/](http://www.semn.org.uk/)) and brought together **9 companies from the South East of England** for two half-days of pitch training followed by a pitch event in front of **10 European investors from the Media Deals network**.

The **selected companies** included:

**AV Audio** - developers of the Oki Touch-screen karaoke system

**Fusion Media** (AMC Pictures) - develops/produces innovative content (multi-platform) directly with brands/advertisers whilst enabling audiences to interact with that content

**Future Games of London** - creates original IP games for the high-growth smartphone market

**Goal Accelerator** (Naked Design) - uses technology from the games industry and social media to deliver interactive products that inspire people to lose weight

**Sequence Post** - post-production company in London with a reputation for quality of service and incredibly talented artists

**SmartFilm** (Golant Media Ventures) - looking at how smart people choose and experience films and other media and culture in their lives

**Stuffed Animals Media** - creates, produces, and distributes content and builds digital media worlds for clients

**Teachable** - pays teachers for quality resources that are adaptable, current, and easy to use, and has built the largest online collection of such resources

## Investment News

### Accumulate (Sweden)

Swedish company **Accumulate**—a leading developer of **mobile payment technologies**—boasts 9 million users across two mobile platforms: **Mobile Everywhere**, which provides secure transactions for identification and payments and **Flexion**, which provides payment and access and usage rights solutions for mobile retail of content and services. The company's owner has co-invested **\$2 million in venture capital** alongside **new shareholder PayEx** in order to further develop Accumulate's existing platforms, which were **launched in 2009**.

### ZillionTV (U.S.)

Offering a **library of over 15,000 movies and TV episodes** licensed from studios such as Warner Bros., Disney, Sony, NBC Universal, and Fox, **ZillionTV is a Web-based video-on-demand service** that plans to launch commercially later in 2010. To further facilitate this, they have secured a **\$10 million investment from Qwest Communications**, a U.S. telecom company that has just under 3 million high-speed Internet customers across 14 states. ZillionTV was **founded in 2007**.

### ErGo Media Capital (International)

With **plans to invest in new media, video game, music, film, and television companies**, the venture capital and private equity fund **ErGo Media Capital** entered the market in February 2010. Managed by former Cinetic co-founder Matt Littin, the fund will invest **up to \$15 million per transaction** and will consider **mergers and acquisitions deals as well as slate financing and P&A commitments**. Single project financing for individual films and video games will also be considered, but only if the projects have secured U.S. distribution. The fund is backed by ErGo Ventures, a private investment vehicle that cites **the current recession coupled with rapid changes in technology as creating the perfect climate** for launching such a venture.

### True Ventures (International) / Urban Airship (U.S.)

Specialized in **seeding very early stage entrepreneurs**, **True Ventures** has lead a Series A round of **funding of \$1.1 million** in mobile technology developer **Urban Airship**. The company provides smartphone-based services and infrastructure to mobile publishers to better enable the delivery of messages and content to mobile devices. **Currently a team of four people**, Urban Airship **has spent the last six months developing** "a solid infrastructure to power some cool products ... for the mobile communications market." They will use this Series A funding to expand their engineering team, expecting to **quadruple the company's size by the end of 2010**.

### Motricity (UK-Netherlands-U.S.)

**Barclays Capital, Deutsche Bank Securities, and RBC Capital Markets** are joint lead managers with Baird and Pacific Crest Securities as co-managers and Goldman Sachs and JP Morgan as joint book runners on **Motricity's planned stock offering**. The company assists wireless carriers in **delivering mobile data** and counts as its

customers Verizon Wireless, AT&T, Sprint, T-Mobile USA, and TracFone Wireless. Motricity reported a \$68 million loss in 2008 and a \$10.8 million loss in 2009 and has filed its intent to go public in a bid to **raise \$250 million**.

#### **Roku Inc. (U.S.)**

**Considering selling shares** to the public next year, **Roku Inc.** is seeking to raise \$30 million in the first quarter of 2010 in order to **grow its engineering and marketing divisions** to keep up with the competition. Roku is the **set-top box maker** that was setup by Netflix to allow customers to **stream movies** from Netflix and Amazon.com on their television sets. The company has **sold more than half-a-million units** and expects its **revenue to reach \$75 million** this year.

#### **Cantor Fitzgerald (UK)**

**UK-based investment firm Cantor Fitzgerald** is expected to launch the **Hollywood Stock Exchange (HSX)** as a real-money commodity exchange on 20 April 2010. HSX has, until now, **earned the majority of its revenue from industry-related ad sales and sales of its customer data** to marketing firms. However, once the exchange begins **listing films' box-office projections for live trading**, it is expected to attract a customer base of industry professionals and investors. HSX will list current and anticipated movie releases along with their projected 4-week domestic grosses, **allowing users to take long and short positions in the films**. The idea is to stimulate **"an unprecedented public market to create liquidity,"** says Cantor chief Andrew Wing.

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## **Market News**

#### **Rocksteady Studios (UK) / Warner Bros. (International)**

**London-based Rocksteady Studios**, which is specialized in developing action-adventure video games, has **sold a majority stake in the company** to Warner Bros. Home Entertainment Group. **Founded in 2004**, Rocksteady recently produced *Batman: Arkham Asylum*, which was one of the most well-received games of 2009, winning the VGA's Studio Of The Year Award and **shipping over 3 million units worldwide**. One of the industry's fastest-growing games publishers, Warner's has been building up its video game business via key acquisitions of **companies well-placed to develop games based on Warner-owned brands** such as Batman. Their majority stake in Rocksteady was **purchased for an undisclosed sum**.

#### **AOL (U.S.) / StudioNow (U.S.)**

**Ads inserted into online videos** are estimated to have generated \$734 million in revenue in 2008, which is **expected to rise to \$5.2 billion by 2014** according to source eMarketer. Citing this high-growth potential, **AOL has purchased StudioNow**, which is an online platform that allows users to create and distribute video content much like YouTube. AOL is **seeking to increase its turnover** and believes that in addition to cutting its operating costs by \$300 million that **this purchase will bring an influx of new revenue**. The company **paid \$36.5 million in cash and stock** for the online platform.

#### **Aspiro (Norway) / Universal Music AB (Scandinavia)**

**Norwegian mobile entertainment company Aspiro** has announced a partnership between subsidiary Aspiro Music and Universal Music AB. On behalf of Universal, Aspiro Music will **provide end-users with a “white label solution for music streaming.”** Aspiro’s solution is based on a subscription model and was **beta launched in 2009** in cooperation with Norway’s largest music retail chain, Platekompaniert. The service is available on a range of platforms including PC, Mac, Linux, iPhone, and Android, **providing users with options for online streaming of music as well as downloading for offline listening.** Terms of the partnership were not disclosed.

#### **Ngmoco (U.S.) / Freeverse (U.S.)**

Heralding **the biggest merger yet in the iPhone space**, ngmoco has acquired rival Freeverse for an undisclosed sum. **Ngmoco** is an iPhone games publisher that has been prospering from its strategic shift to a **“freemium” model** in which users make in-app payments while playing rather than purchasing the games themselves. The company’s two most popular games have been **downloaded over 9 million times between them** whereas Freeverse’s games have been downloaded more than 5 million times from Apple’s App Store. By adding Freeverse to its portfolio, **ngmoco hopes to increase its App Store market share.** Originally financed by Kleiner Perkins’ iFund, ngmoco **recently closed \$25 million in Series C funding** and its purchase of Freeverse marks the start of a new round of expansion.

#### **Finam Capital (Russia) / Alawar Entertainment (Russia)**

In a \$3 million dollar deal **Russian investment firm Finam Capital exits Alawar Entertainment**, a company in which it provided an initial investment of \$1 million in 2007. Since then developer and distributor of “casual games” Alawar has **grown in value to an estimated \$12 million.** Currently, they have released eight games for the iPhone, twenty-four for the PC, two for PlayStation 3, and several for the Android and Ovi platforms, **capturing approximately 70% of the market share for casual games in Russia.** This market has been **valued at \$30 million** and Alawar’s new investors, **Almaz Capital Partners, who have taken a 23% stake in the company** by buying Finam’s and angel investor Alexander Katalov’s shares, expect substantial growth in the short term.

#### **Brightcove (International) / Turner Broadcasting (U.S.)**

**Online video platform Brightcove**, which has offices in a range of locations including the UK, China, and the U.S., has signed a deal with Turner Broadcasting to make the U.S. broadcaster’s **content available online in the UK, Germany, Spain, Italy, France, and other countries throughout Europe.** The initial offering will include content from Cartoon Network, Boomerang, and Adult Swim with Brightcove using this material to **expand its ad-supported online video service.** In addition to Turner, Brightcove has similar deals with ITV, Channel 4, Five, British Sky Broadcasting, UKTV, STV, SKY.it, and Sky Deutschland.

#### **Vudu (U.S.) / Walmart (U.S.)**

**Launched in 2006, digital distributor Vudu** has deals with all the major movie studios as well as a range of independent companies, giving them **a library of approximately 20,000 titles.** Additionally, their service will be embedded in millions of TV sets, set-top boxes, and other devices via deals with Mitsubishi, Toshiba, Sharp, Sanyo, etc. Based on this, U.S. retail chain **Walmart has acquired Vudu for a rumored \$100 million.** Initial funding for Vudu of around \$60 million came from such investors as Benchmark Capital and Greylock Partners; however, **the digital distributor has reportedly been operating at a loss since its launch.** This acquisition will not only **allow the initial investors to exit if they choose,** but will **enable the company to expand as**

Walmart seeks to compete with iTunes, Netflix, Blockbuster, Tivo, and Amazon.com for market share of consumers who rent or buy content digitally.

### **Media Molecule (UK) / SCE Worldwide Studios (International)**

Developer of the successful PlayStation 3 game "LittleBigPlanet," **UK-based Media Molecule was acquired** by Sony Computer Entertainment Worldwide Studios (SCE) in early March. **Terms of the acquisition were not disclosed**, but "LittleBigPlanet" has **sold over 3 million units worldwide** and SCE Worldwide Studios commented, "To bring them into our family proves our dedication to creating fantastic new experiences that we believe **will cement our position as industry leaders.**" SCE Worldwide Studios manages the development of game titles in North America, Japan, and Europe.

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### **The Amsterdam Declaration**

During a two-day event focused on "**a pan-European initiative in support of innovative creative industries in Europe,**" which was held in Amsterdam on **4-5 February 2010**, more than 75 experts working in the creative industries adopted a declaration "**urging regions, Member States, and the European Commission to follow a more strategic European approach in support of innovation in creative industries.**" The event was organized by the European Commission's Enterprise and Industry Directorate-General and hosted by the City of Amsterdam, the European Design Centre, the Association of Dutch Designers, and the innovation platform IIP Create. As one of the attending experts, **Media Deals took part in adopting the Amsterdam Declaration** and is actively involved in this initiative to "strengthen creative industries in Europe." For **additional information**, please contact [info@media-deals.org](mailto:info@media-deals.org)

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### **SPOTLIGHT ON: The ImMediaTe Consortium**

With the **digital media and creative industries sector currently estimated to be worth \$300 billion**, the **ImMediaTe Project Consortium** has positioned itself as a catalyst in what is expected to be a high-growth sector over the next several years. **Media Deals is a key partner in the Consortium**, which launched in September 2009, and is being coordinated by **Filas** ([www.filas.eu/](http://www.filas.eu/)). Other partners include:

**Media Business School** (Spain) - [www.mediaschool.org](http://www.mediaschool.org)  
**Living Labs** (Denmark) - [www.livinglabs-global.com/index.asp](http://www.livinglabs-global.com/index.asp)  
**Institute of Electronic Business** (Germany) - [www.ieb.net](http://www.ieb.net)  
**INNOVA** (Italy) - [www.innova-eu.net/](http://www.innova-eu.net/)  
**IIP Create** (Netherlands) – [www.iipcreate.com/](http://www.iipcreate.com/)  
**Fondazzjoni Temi Zammit** (Malta) - [www.ftz.org.mt/](http://www.ftz.org.mt/)  
**Cap Digital** (France) - [www.en.capdigital.com/](http://www.en.capdigital.com/)  
**22@barcelona** (Spain) - [www.22barcelona.com/index.php?lang=en](http://www.22barcelona.com/index.php?lang=en)

The Consortium's core aim is to "**consolidate the digital media and creative**

**industries sector and catalyse its growth and continued development.”**

To do this, the partners will **host a series of events** focusing on different aspects of digital media. Each event will **target approximately 10 small and medium-sized enterprises** and will **facilitate matchmaking between these companies and investors** as well as offer further coaching and training to companies with regard to accessing finance. The **first event** is expected to take place in **Barcelona in June 2010**.

For additional information about ImMediaTE, or **if you are interested in participating in the inaugural Barcelona event either as an entrepreneur or investor**, please send an e-mail to [info@media-deals.org](mailto:info@media-deals.org) and a representative from the Media Deals Team will contact you.

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## Talkback

As always, we welcome your **questions, comments, feedback, and inquiries**. If you have a suggestion about a potential news item for our next Media Deals newsletter please send that along as well.

We are always interested to learn about **new company developments and entrepreneurial initiatives** as well as **investor news in the Mediatech sector**.

Address all news-related e-mails to [news@media-deals.org](mailto:news@media-deals.org)

Until next time . . .

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