

## NEWSLETTER - JANUARY/FEBRUARY 2011

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**Dear Media Deals Readers,**

Welcome to the **January-February 2011 edition** of the Media Deals newsletter, bringing you the latest in **mediatech investment news** as well as **market developments** (acquisitions, exits, strategic partnerships, etc.) and announcements of **new funds for startup and seed capital**.

We also cover **recent Media Deals activities** including attending the **DigiBic Partner Meeting** in Brussels; the annual reception of the **European Business & Innovation Centre Network**, also in Brussels; and the **KIS Partnering Forum**, which was held in Warsaw.

Additionally, our **“Spotlight On”** section provides an **overview of US-based mediatech company Theatrics**, which recently started international beta testing its first product: the **mass participation television portal** Beckinfield.com.

Also note that the **next Media Deals Investment Forum** is scheduled to take place on **13-14 April 2011** in Barcelona. Early-stage companies seeking to pitch to equity investors can **apply until 4 March 2011**. Go to [www.media-deals.org](http://www.media-deals.org) for more information, or contact Perrine Hamon at [phamon@media-deals.org](mailto:phamon@media-deals.org)

Finally, if you would like more specific **content financing news**, please check out our **peacefulfish newsletter**. Go to [www.peacefulfish.com](http://www.peacefulfish.com) to subscribe.

All the best,  
The Media Deals Team

[Recent Media Deals Activities](#)

**>>> DigiBIC Partner Meeting**

On behalf of Media Deals, **Thierry Baujard and Juliane Schulze attended the DigiBIC Partner Meeting** in Brussels on 24 January. Launched in late 2010 by the European Business & Innovation Centre Network (EBN), DigiBIC is focused on **the deployment of best practice, tools, and results from FP6 and FP7 research projects in cultural heritage, digital libraries, and preservation** to the wider Creative Industry (CI) sector and in particular to small and medium-sized enterprises (SMEs). For more information, see: [www.ebn.be](http://www.ebn.be)

#### >>> **Annual Reception Of The European Business & Innovation Centre Network**

On 25 January, also in Brussels, Thierry Baujard and Juliane Schulze **attended “Applied Innovation: The Smart Entrepreneurs’ Perspective,”** as part of the annual reception of the European Business & Innovation Centre Network (EBN). **EBN is the leading non-governmental, pan-European network bringing together 200+ Business & Innovation Centres (BICs) and similar organizations** such as incubators, innovation, and entrepreneurship centers across Europe. For more, see: [www.ebn.be](http://www.ebn.be)

#### >>> **KIS Partnering Forum**

Thierry Baujard was **in Warsaw on 27 and 28 January**, representing Media Deals at the KIS Partnering Forum, which **focused on new ways to promote service innovation in Europe**. For more information about KIS, see: [http://www.europe-innova.eu/web/guest/home/-/journal\\_content/56/10136/319975](http://www.europe-innova.eu/web/guest/home/-/journal_content/56/10136/319975)

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### [SPOTLIGHT ON: Theatrics](#)

#### **What is it?**

International beta testing has begun at Beckinfield.com, which is the first product developed by Theatrics, a US-based startup that launched in June 2010 with approximately €945,000 in investment from private sources. Founded by Bob Gebert, Tracy Evans, and Biff Van Cleve, the company sits at the crossroads between technological innovation and the entertainment industry. Having designed a unique “mass participation television” portal that runs on software built in-house by Evans and his team, with a storyworld developed by Gebert, and funded by private equity investors brought in by Van Cleve, Beckinfield offers users and viewers the opportunity to participate in an on-going narrative, positioning Theatrics at the cutting edge of mediatech.

#### **Who are its potential users?**

These break down into two categories: subscribers and viewers. The core target group of subscribers are international actors, both professional and amateur, seeking a platform to develop and showcase their abilities. By subscribing to Beckinfield.com, these users can take up a role in the storyworld, which is a sci-fi mystery set in a small American town. They are e-mailed plot points on a weekly basis to help guide their performances, which they record at home and upload onto the site. Viewers can then watch these uploaded videos, experiencing the story of Beckinfield through a variety of characters in an almost reality-

television style, allowing them to collect clues and unravel the town's mysteries from week-to-week.

### **How does it generate revenue?**

For viewers, Beckinfield is free to watch with Evans and Van Cleve pointing out that it is Theatrics' intention for the content to remain free to the viewing public. For subscribers, it will cost \$12 per month or \$100 per year. However, currently, subscribers can register and participate for free as Beckinfield is still in beta testing, with its official launch planned for early March 2011.

### **Who are its competitors?**

While Theatrics' mass participation television portal is quite unique in the market, the company's founders cite similarities to reality television shows as well as social-networking games that blend filmed content with traditional gaming elements.

### **What makes it attractive for investors?**

Prior to launch, Theatrics invested a significant amount of time researching its core target group of actors who regularly seek out platforms via which they can develop and showcase themselves. Taking into account the market data that they compiled on this core group, the subscription model was attractive enough to bring in their first round of investors; however, the underlying value that Theatrics is building goes much deeper than this. On the one hand, they have developed a unique piece of software that lies somewhere between a game engine and an interactive television portal, which can be licensed to other content creators seeking to launch mass participation television shows; and on the other hand, as Beckinfield develops its profile in the market, the opportunities to sell advertising space within or around the show could certainly explode while at the same time possibilities to license the Beckinfield content to other platforms or broadcasters seem likely to present themselves. With these multiple potential revenue streams, Theatrics proves an excellent example of why mediatech is currently such an attractive investment class for equity capital.

### **Check out what Theatrics is up to here:**

<http://www.theatrics.com/>

### **Have a look at the Beckinfield portal here:**

<http://www.beckinfield.com/>

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## **Investment News**

### **Grey Area (Finland)**

Startup smartphone games developer Grey Area has **raised approximately €1.8m** from Initial Capital, London Venture Partners, and Index Ventures. The company's flagship product is *Shadow Cities*, a **mobile alternative-reality game that uses the GPS abilities in smartphones to integrate the city streets where you live into the game world**. Launched in fall 2010, and currently only available in Finland, Grey Area **intends to expand the game into the United States** soon.

#### **AppSense (UK)**

What is "user virtualization"? . . . a way of **managing user-specific information such as personalized settings, user-introduced applications, user rights management**, etc., which is what AppSense provides to a range of corporate clients including United Airlines, JPMorgan Chase, and ESPN. In what is **expected to become a €1.5 billion business** over the next few years, AppSense has seen its yearly turnover increase by 60% in 2010 to approximately €34m, enabling it to **secure a huge "first round" investment (approximately €51m)** from Goldman Sachs.

#### **Storific (France)**

Focused on **streamlining interaction between customers and staff in restaurants, bars, cafes, hotels, etc.**, French startup Storific provides a **browser-based interface for iPhones** via which customers can place orders in these establishments. Participating businesses can upload their content such as menus, seating arrangements, room types, etc. onto the service for customers to browse, select, and purchase. Storific has just **received an approximately €145,000 seed investment from Kima Ventures** to grow their business both on the customer side and on the content side.

#### **Jagex (UK)**

With over 40 titles in its catalogue, **Jagex may very well be the largest independent online games developer and publisher** in the United Kingdom. And the company intends to accelerate its growth, having just **received an undisclosed sum from a group of investors including The Raine Group, Spectrum Equity, and Insight Venture Partners**. This new investment sees representatives from Raine and Spectrum Equity joining Jagex's board of directors alongside previously-appointed board members from Insight Venture Partners. As part of its expansion, **the company intends to publish more games from third-party developers**.

#### **Mobile Tag (France)**

A developer of mobile marketing solutions that provide access to digital content, Mobile Tag **has raised €6.6m in new funding from previous investors Alven Capital and XAnge Private Equity and led by new investor S.E.B. Ventures**. Founded in 2006, and with 55 employees in France and Germany, Mobile Tag says that **this new capital will be used primarily to expand further into the US market**.

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## **Market Developments**

#### **Goal.com (International) / Perform Group (UK)**

Boasting 19.4m unique users in January 2011, the **football community website Goal.com has been acquired by Perform Group**, a UK-based digital sports media company. Perform

intends to use the site to **enter the direct-to-consumer market, with an aim to reach 95m users per month**. Goal.com was acquired from Bessemer Venture Partners as well as other equity investors in the site for an undisclosed sum.

#### **Spotify (UK) / Universal Music Group (US)**

European streaming music platform Spotify, which **allows its users to stream songs and Internet radio** on demand to computers, mobiles, and other devices is **nearing a strategic partnership deal with Universal Music Group (UMG)**. The world's largest music company, UMG's catalogue will become available via Spotify alongside Sony's catalogue as part of **Spotify's planned launch in the US** later this year.

#### **Facebook (International) / The Samwer Brothers (Germany)**

The Samwer Brothers have **exited Facebook, recently selling their shares in the social networking site**, which they bought back in 2008 when Facebook was valued at approximately €10 billion. The brothers, who operate the European Founders Fund, which makes investments in Internet businesses such as LinkedIn, Homeaway, German Facebook clone Studivz, and German Groupon clone MyCityDeal **link their exit to an increased need for additional capital for their range of other ventures**. As Facebook's value has risen to approximately €36 billion since 2008, **it is expected that they tripled their initial investment**; however, terms of the deal were not disclosed.

#### **simfy (Germany) / O2-Telefónica (Germany)**

German music streaming service **simfy has formed a strategic partnership with O2-Telefónica Germany**, which will see the service integrated into O2 handsets, on the telecom's website, on their app store, and in their retail shops. **With 14m subscribers in Germany, the partnership with O2 represents a major step forward in terms of capturing national market share for simfy** following deals with Kabel Deutschland and German-speaking social-networking platform VZ Networks within recent months.

#### **7digital (UK) / Mobile Acuity (UK)**

Billed as a digital media delivery company, UK-based **7digital serves film and TV producers, individual artists, music labels, and other digital-content owners via their online platform, which facilitates digital downloads**. For example, the company has an exclusive deal with Warner Music to sell their full catalogue of DRM-free music across Europe. Now, **through a strategic partnership with Mobile Acuity, 7digital is extending its offering** by providing Mobile Acuity's Visual Music Discovery tool as part of its service. This tool **allows users to discover music by capturing images such as CD covers, posters, billboards, etc. via their mobile phones and other camera-equipped mobile devices** and then using those images to access information about the musician and purchase their songs through the 7digital platform.

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## New Funds for Startup and Seed Capital

### Madvertise “Developer Fund” (Germany)

Designed to stimulate the development of mobile applications and “mobile websites,” Berlin-based Madvertise is offering **not so much a fund as a fiscal incentive for app and mobile website developers**. For a period of 12 months (until February 2012), or until €5m in advertising revenue is generated via the apps and/or mobile websites that have applied and qualify for this incentive, **Madvertise will give the app and/or website developers 100% of all advertising revenue generated from their products or platforms** rather than the typical revenue share of 60/40 in favor of the developer. For more about this new scheme, see:

<http://www.madvertise-fund.com/>

### Index Ventures (Switzerland/US)

While not a new fund, leading European venture capital firm Index Ventures is opening a **US office, which provides a new opportunity for European startups seeking funding**. Index cites that establishing a Silicon Valley presence will allow them to better guide those European companies that they do invest in into the US market while at the same time giving them quicker access to new tech trends, which will **enhance their position as well as the positions of the startups that they support**. For more about Index Ventures, see:

<http://www.indexventures.com/>

### Runa Capital (Russia/CIS)

This Russian venture capital fund, which was launched last year, **has increased its offering from approximately €22m to approximately €36m** citing a spike in interest from international investors in the fund’s mission. Runa **backs early-stage Russian and CIS-region technology companies** with a specific focus on companies developing Internet and mobile applications, cloud computing software, virtualization technology, etc. For more, see:

<http://www.runacap.com/>

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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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