

Dear Media Deals Readers,

Welcome to the **November-December 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**.

This edition brings you the low-down on **recent Media Deals activities** including attending EBAN's Winter University event in Sophia Antipolis, Secus Wsparcie Biznesu's 1st Congress of Entrepreneurs and Investors in Warsaw, the MedVentures conference in Marseille, and **the launch of DigiBIC**.

Additionally, our "**Spotlight On**" section provides an overview of UK-based **We R Interactive**, a newly-launched company that develops social games that **blend high-quality film content with a gaming interface** and experience.

Finally, note that the **next Media Deals investment forum** is scheduled to take place on **13-14 April 2011** in Barcelona. For more information, contact Perrine Hamon at phamon@media-deals.org

As always, 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

All the best,

The Media Deals Team

Recent Media Deals Activities

>>> EBAN's Winter University 2010

The European Business Angel Network (EBAN) held their **9th annual Winter University** in **Sophia Antipolis, France** on **18-19 November**. Thierry Baujard from Media Deals attended the event, which was a global forum on the **monetization of innovation and entrepreneurship**. For more, see: <http://winteruniversity2010.eban.org/>

>>> Congress of Entrepreneurs and Investors

On **2 December**, Thierry Baujard was in **Warsaw, Poland** attending the **1st Congress of Entrepreneurs and Investors** organized by Secus Wsparcie Biznesu. For more information about the event, see: <https://www.lowcybiznesu.pl>

>>> MedVentures Conference

Thierry Baujard was also in **Marseille, France** on **3 December** at the **MedVentures conference**, which was focused on high-growth startups in the Mediterranean region. For more about MedVentures, see: <http://www.medventures.biz>

>>> The Launch of DigiBIC

Media Deals has come on-board as a partner of EBN's (European Business and Innovation Centre Network) **DigiBIC project** as the project launched in **Brussels, Belgium** on **6-7 December**.

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).

The DigiBIC project **directly involves the coordinators or technology partners from 14 FP6/FP7 projects in Digital Libraries and Content** (3D-COFORM, CINEspace, EPOCH, iTACITUS, EASAIER, IMAGINATION, MEMORIES, MultiMATCH, POPYRUS, Treble-CLEF, PRESTOSPACE, PRESTOPRIME, PLANETS and LIWA) whose results have been prioritized as of high interest and potential for deployment to CI's.

DigiBIC will initially focus on successful deployment from these 14 projects and related national initiatives and then **leverage the success of this deployment to involve other research initiatives** in ICT-based cultural and memory preservation services from across Europe.

Partnering these research leaders will be **a network of partners and associate partners from Business and Innovation Centres (EC-BICs) across Europe who are specialized in assisting start-up companies and SMEs** to exploit new technologies

and market opportunities originating in research environments.

The BIC partners, along with additional IPR, finance and innovation specialists, bring with them not only extensive experience of the technology exploitation process but access to networks of creative industry players and in particular SMEs operating at regional and national level. **Through DigiBIC, national and regional partners will be trained up on the potential for deployment from the identified projects** and hands on technical support will be provided to assist in actual exploitation.

Marrying the complementary knowledge and skills of the 15 partners of DigiBIC will result in a fusion of the diverse worlds of research, culture, industry, and innovation to ensure the optimal exploitation of **EU investment in digital libraries and content.**

For **more information** see:

<http://www.ebn.be>

SPOTLIGHT ON: We R Interactive

UK-based **We R Interactive was launched in 2010** by David Rose, Oli Madgett, Tom Thirlwall, Chris Kelly, Gavin Rowe, Luke Taylor, and Richard Dale with **seed funding coming this past May from a range of media investors** both from continental Europe and the UK including Fru Hazlitt (ITV) and Eric Fellner (Working Title Films). With such prominent film and television players taking a stake in the company, it is no surprise that We R Interactive's focus is on **bringing together the best of both filmed entertainment and gaming** to create groundbreaking social games.

What is it?

With the announcement of its first game entitled I AM PLAYR at the end of November, We R Interactive has positioned itself as a developer of high-quality interactive experiences blending filmed content with 1st-person gameplay that redefines the current "Farmville" and "Mafia Wars" conceptions of social games. I AM PLAYR casts the user in the role of an up-and-coming football star who must navigate the high-octane world of the sport both on and off the field.

Who are its potential users?

The game will launch in January initially through Facebook as well as its own iamplayr.com portal and then expand from there across other social networking sites as well as on more traditional platforms. Potential users include the huge and rapidly-growing consumer base for social games, the droves of football fans across Europe and around the world, as well as dedicated gamers seeking a new type of interactive experience.

How does it generate revenue?

Unlike most social games, which generally launch in the market, build up a following, and then begin generating revenue through microtransactions that allow users to accelerate their progress in the game, I AM PLAYR is already generating revenue pre-launch. The secret behind this is the game's unique take on storytelling: by positioning the player as a rising sport's star in a rich, realistic, and highly-interactive environment meant to mimic the realities of today's football industry, the game becomes the perfect platform for brand integration. Just as real-life footballers must build their careers both through athletic excellence and savvy product endorsement deals, so must the main character of I AM PLAYR. This aspect of the gameplay has already attracted Nike to the game with several more brand partnerships to be announced shortly.

Who are its competitors?

While We R Interactive's competitors include other social games developers such as Playfish, Crowdstar, and Playdom, the uniqueness of blending filmed content with interactive gameplay—and the technology that they have developed in-house behind

that—set them apart from those companies.

What makes it attractive for investors?

While the market potential of their first game was enough to attract their initial seed round, the real value that We R Interactive is building is two-fold: 1) their plans to develop the I AM PLAYR model to include games set in the music and fashion industries, which have massive potential among audiences fascinated with those worlds as well as casual players interested in the mash-up between reality TV and simulations that this type of gameplay offers and 2) through exploitation of the game engine itself—a unique technology developed by the We R Interactive team that can be monetized through strategic partnerships that could, among other uses, see the technology applied to 3rd-party intellectual properties or potentially in other fields altogether.

Have a look at I AM PLAYR's trailer here:

<http://www.youtube.com/watch?v=TCLmkC4h6tY>

Check out what We R Interactive is up to here:

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

Investment News

Smartdate (France)

Paris-based online dating website Smartdate, which offers its service in six languages via Facebook, has **raised €3.5m from the founders of French Ebay competitor PriceMinster**. The site expects to reach 650,000 registered users by the end of November 2010 and operates on a **subscription basis with packages starting at €9.99 per month** for 12 months. This round of funding brings investment in Smartdate to €5.5m since the start-up's launch at the beginning of this year.

Zemanta (UK)

Described as "assisted online content production for any web user," UK-based Zemanta has **raised approximately €2.2m from Union Square Ventures and Eden Ventures**. Over the summer, the company formed strategic partnerships with prominent blogging sites WordPress and Blogger and, since then, has seen a dramatic increase in user activity. **In October 2010, active users leapt to 100,000**, a tenfold increase since October 2009. Since its launch in 2006, the company has raised roughly €4.4m and plans to use this new round of funding to increase sales and marketing efforts as well as develop new products.

Talend (US)

Developer of open-source data integration, data quality, and master data solutions for enterprises, US-based Talend has **raised approximately €24.7m in a round of funding lead by Silver Lake Semru and including Balderton Capital and IdInvest Partners**. The company reported that its paying customer base grew to over a 1,000 in 2009, which is about a 140% increase year-on-year. Additionally, it **confirms that its "flagship open-source data solutions have been downloaded more than 7 million times."** Founded in 2005, the company has received around 43.7m in funding since then.

DecaWave Limited (Ireland)

Provider of real-time wireless location and sensor solutions, Dublin-based DecaWave Limited has received **a €2m investment from the Bank of Ireland's Kernel Capital Fund** along with International Investment and Underwriting. The company's main product—ScenSor—is **a chip that allows the user to identify and accurately track any object or person** with applications not only in healthcare and manufacturing but also security. This new round of **funding will allow the company to further develop the ScenSor technology**. Founded in 2004, DecaWave has received €7m in investment over the last six years.

Leetchi (France)

An online service that allows users to collect and manage money for a group, Leetchi has **completed a round of seed funding amounting to €450,000**, which brings its level of investment to €1.2m since its launch in 2009. Sources of **investment range from French business angels Oleg Tscheltzoff and Xavier Niel to venture funds 360 Capital Partners and Kima Ventures**. The Leetchi service recently was integrated with Facebook Connect and will be using its seed funding to develop its team on the tech side as well as to increase marketing efforts.

Market Developments

5min (U.S.) / AOL (U.S.)

The leading online syndication network for lifestyle, knowledge, and instructional videos **5min Media has been acquired by AOL for approximately €46.3m**. Started in 2007, 5min originally was a portal for how-to videos but grew into a huge syndication platform by aggregating and distributing the above-mentioned content to partner websites such as Answers.com and Daily Motion. 5min states that its content is **accessed by 160 million unique visitors per month** and this sale provides its financiers, who had invested approximately €9.3m in the company over the last 3 years, with a decent exit.

apprupt (Germany/UK) / MTV Networks (Germany)

Hamburg- and London-based aprrupt, which **allows mobile app developers to market their apps on a pay-per-download basis through aprrupt's extensive partner network**, has formed a strategic partnership with MTV Networks in Germany. Specifically, "four of MTV's German mobile websites—**MTV Music, VIVA, Nickelodeon, and GameOne—will now offer iPhone users relevant and value-added apps for download** via aprrupt's affiliate network." Financial terms of the deal were not disclosed.

SmallRivers (Switzerland) / Garage Technology Ventures (US)

Founded in 2008, the Swiss-based **startup SmallRivers launched the Twitter app paper.li in May 2010**, substantially increasing investor interest in the privately-held startup. The app, which **allows Twitter users to turn the Twitter feeds of people whom they are following on the social networking site into easily-readable, newspaper-like documents**, has been attracting a lot of user traffic. This, in turn, has raised awareness about SmallRivers among tech investors. While the company denies that they are actively raising funds, **Garage Technology Ventures' Guy Kawasaki has just joined their board**. Terms of the deal were not released to the press.

Flattr (Sweden) / Facebook and Twitter (US)

The Malmo-based Flattr, which describes itself as "**the world's first social micropayment system**" was founded in 2007 but came out of beta testing this past August. Since then an **estimated €114,000 has been distributed through site**, which allows members to make donations to web-based content providers such as open-source software developers and even the controversial WikiLeaks. In a bid to grow their business even further, Flattr has just **integrated their service with both Facebook and Twitter**, massively increasing the site's exposure to a huge potential user base.

Hyves (Netherlands) / Telegraaf Media Groep (Netherlands)

The Dutch-based social networking site Hyves has been sold. **Set up in 2004, only 6 months after Facebook**, the company was acquired for an undisclosed sum by Dutch media group Telegraaf Media Groep (TMG). With **an estimated 10.5m members, most of whom are from the Netherlands**, speculation is that Hyves founders decided to sell now before an **anticipated migration of their user base to Facebook**, which is gaining major traction in Europe.

New Funds for Startup and Seed Capital

Comcast Equity Fund (U.S.)

Expected to **combine the approximately €186.7m NBCU-GE Capital Peacock Equity Fund with Comcast Interactive Capital**, an as-yet-unnamed investment fund has been set up as the pending merger between Comcast and NBCU continues to move forward in the United States. The fund will be **headed by Amy Banse**, who founded Comcast Interactive Media in 2005 and who will be based out of San Francisco. While the exact amount of the new fund was not announced, it is expected to have **interests in online advertising companies as well as content production** among areas.

sFund (U.S.)

A new “social fund” **led by Kleiner, Perkins, Caufield, & Byers** along with Amazon.com, Facebook, Zynga, Comcast, Liberty Media, and Allen & Co. has been launched to **invest in social-related startups**. Fund head Bing Gordon said that the sFund is **interested in companies who are “build[ing] social ground up” not “slapp[ing] it on,”** adding that “with the arrival of [social games developer] Zynga, we discovered that social [media] . . . was going to be enormous.” The fund, which **has raised approximately €186.7m**, made its first investment in Cafebots, putting about €3.7m into the company.

Legion Capital Investments (U.S.)

Focused on investing in companies **targeted at the younger, male demographic (16 to 24-year-olds)**, Legion Capital Investments has already invested in ShapeMix Music, a developer of mobile music applications. The fund is working with a range of strategic partners including Michael Kassen and Wendy Harris Millard’s MediaLink and **believes that younger entrepreneurs, those that have grown up in an entirely digital world, have a true understanding of its targeted demo’s potential**. Legion is interested in taking controlling positions in startups that it invests in and has raised an undisclosed amount of funding and will be **seeking to make 7-10 investments** over the next year.

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 also interested in learning 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

Until next time . . .