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Video enablers I've noticed

Commentary: It's about mash-ups, control, incentives

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SAN FRANCISCO (MarketWatch) -- There is no doubt that 2006 will become known as the year online video became a hit.

Many trends underscore this observation. YouTube is one of the fastest-growing Web sites, drawing 100 million views a day. Akamai Technologies ([AKAM](#)), which helps deliver online video, has watched its shares surge 90% this year. Limelight, a private version of Akamai, is seeing sales grow 40% year-over-year, reflecting its growing client base of publishers and producers who want to deliver video and need technology to help deliver it faster and cheaper.

In addition, within the last year, Google ([GOOG](#)), Yahoo ([YHOO](#)), News Corp's ([NWS](#)) MySpace, and Time Warner's ([TWX](#)) AOL, have given their audiences the tools to upload their own videos. (Later this year Microsoft's ([MSFT](#)) MSN will do the same.)

But now that people are starting to spend time watching videos online, media companies and marketers are grappling with how best to capture that audience. Until there is a better sense of what works, advertisements tied to video will remain a small portion of the total online ad pie.

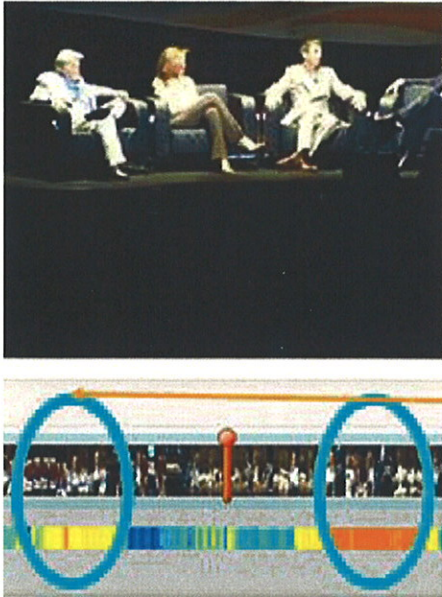
Only 2% of the total online advertising pie was tied to video ads last year, according to eMarketer, an online marketing research company. That's only expected to rise this year to 2.3%, as online video ads are expected to rise 71% to \$385 million while total advertising is expected to rise 34% to \$16.7 billion in 2006.

So how will online media and video enablers funnel more dollars into video? For that answer, the best resources are the startups in my opinion. They are definitely redefining the world of video and commercials. I've noted a few below.

Vidavee: This is a Manhattan-based video analytics company that started in October 2004. Vidavee now has 25 people and \$14.5 million in venture funding. Readers may recall that I wrote about [Vidavee](#) in June in my column titled "[Online video goes viral.](#)"

Vidavee helped Huffingtonpost.com deliver provocative video advertisements that could be shared via email. Viral video ads helps publishers expand their audience base organically because the audience becomes the

distribution channel. Next quarter, Vidavee will launch a tool designed to let publishers and marketers decide when to insert video advertisements into a video, depending on where the video attracts the largest audience.



Heat map targeting: Areas of interest and relevance show in warmer colors

It's a great feature, and one I'd look into seriously if I were a marketer or publisher of video.

Vidavee co-founder Mark Brenner gave me a sneak preview of what he calls "Heat map targeting." Before a publisher can get this data, however, the audience will need the tools to interact with the video. Vidavee's tools let the audience fast forward, rewind, pause, and then clip the video and email it. By giving the audience this control, marketers can see where the audience is engaged. It's at that point that marketers can stick a video ad, banner ad or something creative in front of the audience. Brenner said that some marketers might even want to make the heat map targeting available to the public to drive the audience to those popular segments within the video. The rationale behind that is to get a bigger audience around one part of the video. [See my video interview with Brenner](#)

One True Media: This [startup](#), founded by Mark Moore in January, received its first round of funding in June of this year from Kleiner Perkins. Here's what I like about this service, it simplifies the editing of videos and images. It's also a Web-based service, not a client service, such as Apple's ([AAPL](#)) iPhoto or iMovie, which I think is still pretty tricky for the average consumer. And, unlike client-side services, I can access this service from any computer. What I like about One True Media is its simplicity. The uploading is fast; the editing is very intuitive and the creation of video/photo montages is just plain simple. I like it so much, I've used this tool to upload all kinds of videos on my blog, including my many vlogs about the Tour de France. [See: Blogs.marketwatch.com/bambi](#)

Another company that's worth looking at and that's taking digital editing to the masses by making them Web-based and simple is [Jumpcut.com](#).

VMix: This 25-person startup with \$5 million in funding launched in October 2005. At first blush, vMix looks like every other video-sharing site. You might think that there's not much difference between this site and YouTube, Google Video, Veoh Networks, Grouper and Guba, to name a few. But here's something interesting this company is doing that I think will be a growing trend. [VMix](#) lets users mash up copyrighted content with their own work. For instance, vMix partnered with Fox Home Entertainment for the rights to "American Dad," and the movie "Walk the Line." VMix then held a contest in which users were able to mash up their own photos of say, themselves with Johnny Cash with the copyrighted video made available. For now, contests are the only way the audience can mash up copyrighted material at vMix. In the future, the

audience may be able to mash up copyrighted content with their own works just for their own personal photo album, according to Greg Kostello, CEO and founder of VMix. If Kostello can get the rights, it's a smart move. Give the people what they want!

Revver.com: Few companies give creators of video or distributors of video the ability to profit off their work. Revver.com definitely is becoming a model for this new way of monetizing video by bloggers and amateur video producers. Big media is also taking note. On Monday, Revver.com announced a B-round of financing from Comcast Interactive Capital and Turner Broadcasting. I first spoke with Steven Starr of Revver.com, the week that the "Diet Coke & Mentos Experiment" video was posted. At the time, Starr said the video was viewed 800,000 times and he made \$10,000 off the advertising from the videos. He cut a \$5,000 check to the producers, since the business model is a 50/50 ad split. Today, the producers of this viral hit video have received \$30,000 and the video has been viewed 6 million times. So, what kind of ad is on that video? It's a clickable single-frame ad at the end of each video. Mentos bought the ad inventory, but other advertisers that placed ads include MSN, Universal Home Entertainment, MTV and Warner Home Video, according to Revver.com. Advertisers pay per click. [See my video interview with Starr.](#)

GoTuit: I wrote about this company on my [MarketWatch blog](#) just as they launched their consumer video-destination site. As I said in my blog, [GoTuit's](#) library of 2,200 music videos, independent films, movie trailers isn't that compelling, when everyone else has the same stuff. Most of the content, which GoTuit is licensing, is non-exclusive. But here is what this company is doing that's differentiating itself. It prides itself on its ability to search inside the video. For instance, if you want to watch only video takes of 3-point shots across a number of basketball games, you can do that. No longer are you limited to a few keywords to drill down inside a video. GoTuit's technology allows users to "search inside the video versus for the video," said Mark Pascarella, president of GoTuit. Now, that's unique and compelling to me. For instance, I'd love see all the final last minutes of each stage race of the Tour de France. If GoTuit had rights to this video content, I'd be able to go to GoTuit and see these action shots!

Dave.tv: Here's a startup that's trying to help content owners create social networks/communities around video and to get the audience to become affiliates for merchandise. The company is similar to VideoEgg and Booyah Networks in that the two have video-uploading technology they license out to content producers who want to create their own user-generated video site. Unlike Booyah Networks and Revver.com, Dave.tv doesn't appear to have the advertising network together. But Dave.tv can also help a content owner monetize their content via commerce. For instance, take a look at this concert producer's Web site, called [Frontrowcenterlive.com](#), which is still in beta. Take a look at the "buy now" button. Dave.tv's CEO Rex Wong says the company has a commerce backend to help facilitate transactions. The idea is that people who share this video will have that "buy now" button on their player. So, if I embed this video onto my blog, and someone buys a product from my blog, I'd get a cut, much like people who recommend Amazon.com ([AMZN](#)) books get an affiliate fee. Dave.tv started in 2003 and is set to close a \$10 million round. The company already raised \$7 million, with nearly half of that amount coming from Wong, who, many may know, was co-founder of Applied Semantics. Wong and his partners sold Applied Semantics to Google for \$102 million, and the company is now known as AdSense.

Final notes

I've written a number of columns about online video, so if I've missed you, just ping me. Keep in mind, these highlighted companies are just the latest ones I've taken a look at.

If anyone has missed my interview with YouTube co-founder Chad Hurley, here it is again: [📺?Watch my interview of Hurley.](#)