

Monday, October 5, 2009



[Why TargetCast is a Digital Signage Company to Watch](#)

With a fresh round of capital and a newly minted acquisition fueling its ascension up the digital signage food chain, [TargetCast Networks](#) appears poised to be a major industry player for years to come. Even before recent events, TargetCast has always demanded industry attention due to its strong executive team and portfolio of high-profile location partners (Applebee's, Chili's, TGIFriday's). When you factor in the transactions and agreements the company has entered into over the last few weeks, it's evident that TargetCast is shifting its growth strategy into overdrive.

TargetCast Steps into the Spotlight

September 18, 2009: TargetCast Networks announces a strategic alliance with Premiere Retail Networks. Under the terms of the multi-year agreement, PRN will handle advertising sales in key categories for TCN.

- "We are excited to be working with the most experienced sales organization in the Digital Out of Home space," says TCN president and CEO Jerry Hall. "We are confident that PRN's deep relationships with clients and agencies, and many years of achieving success for their national advertisers and retail partners, will help TargetCast accelerate to the next level."
- "TCN will be a strategic complement to our existing retailers, now giving our advertisers the ability to reach their target consumers across numerous touch-points outside the home," said D. Scott Karnedy, chief of sales for PRN.

September 22, 2009: Consolidating digital out-of-home networks in casual dining chains, TargetCast Networks acquires Ripple TV, for undisclosed terms. TargetCast says the deal will create a network with a total of over 3,425 screens in more than 1,400 locations.

- "When you put TCN and Ripple TV side by side, it was easy. The companies [Ripple TV and TCN] reach virtually the same demographic, the same viewer, just at a different point in their day," said Hall.

September 30, 2009: TargetCast Networks receives \$6.5 million in its second formal round of venture capital funding from Claremont Creek Ventures and Draper Fisher Jurvetson. To date, the company has raised \$12.8M.

- "Each of our investors has an impressive track record in identifying and supporting promising new media platforms," said Jerry Hall. "In addition, they understand that our superior domain experience and patented technology positions our company as a leader at a critical time in the media industry," Hall added.

- "The combination of TargetCast and Ripple has produced an out-of-home digital media advertising platform of significant scale that is now very appealing to both national and local advertisers who are trying to catch the attention of our on-the-go population," stated John Fisher, new TargetCast Board member and Managing Director of Draper Fisher Jurvetson. "The giant sucking sound of media dollars draining out of traditional print media and into the digital realm is proof of the attractiveness of this contemporary advertising medium," Fisher added.

As [Ken Goldberg of Real Digital Media](#) points out when the Ripple TV acquisition was announced, it's likely that TargetCast will strip down Ripple's content model and replace it with the company's live TV/L-bar strategy.

Given TargetCast's model, and the fact that they are the surviving entity here, it is a good bet that the Ripple screens will now show live TV framed with the TargetCast "L-bar", and powered by TargetCast's box and software. This makes sense because part of the power of TargetCast's model is that it uses TVs that are already in place (the bar TVs at Chili's, TGI Friday's, Applebee's and others) and leverages the free content from broadcast TV, leaving the only content investment to be made for paid advertisers. Whether you believe in the model or not, it has quite a bit more leverage than models that require the acquisition of compelling, relevant and targeted content on dedicated displays (a/k/a digital signage or narrowcasting). So, it's a big buh-bye for the content partners of Ripple as well.

I believe; however, that the Ripple acquisition will give TargetCast the opportunity to experiment with alternate advertising/content models. The potential certainly exists for TargetCast to utilize live TV in certain locations (bars) and specialized content in others. With Ripple's former CEO, John McMenamin, stepping into the role of TargetCast's Chief Revenue Officer, elements of Ripple's content strategy may find their way into TargetCast's core offering.

After news of TargetCast's acquisition of Ripple began to circle around the web, many questioned whether or not TCN would continue Ripple's partnership with Border's Bookstores. Conspicuously left out of the press release announcing the acquisition, the consensus was that the screens in Border's would eventually go black.

- The guess here is that TCN will support the Borders locations as is until the contract term runs out, and/or try to sell it. Borders is not a candidate for the broadcast TV/L-bar content strategy, and TCN won't want the expense of running the Ripple technology platform for any longer than they have to. (via [Broad Thinking. Narrowcasting](#))

In response to an article Dave Hayne's wrote on his insightful, well-crafted blog [Sixteen-Nine](#), TargetCast CEO Jerry Hall offered a glimpse into his strategy for Border's (I love it when CEOs take time to participate in the blogosphere):

- "TargetCast Networks is most interested in continuing with Border's. In fact, we have plans to improve this affiliate's screen locations and content offerings. The Seattle's Best Coffee shop-within-a-shop is consistent with our fast casual focus."

I never understood why Ripple didn't place screens in the Seattle's Best Coffee shops at Border's stores. Hall is exactly right in that the locations mirror the framework of other Ripple venues (ex: The Coffee Bean & Tea Leaf). The Border's relationship offers significant growth potential. Let's hope that TargetCast realizes the fullness of the opportunity.

* For additional information and insights on TargetCast's recent industry activity, I recommend reading Bill Collins' article ["TargetCast Stands Out from the Pack Again"](#) on [DailyDOOH](#)

TargetCast Moving Forward

In the near term, TargetCast will continue bringing Ripple under its umbrella, streamlining operations across the combined entity and rebranding all Ripple screens to TargetCast. With the new Ripple screen

inventory, PRN will have even more ammunition to use in its negotiations with advertisers and media buyers.

I imagine that PRN's role as a strategic sales partner will mark the end of Ripple's local advertising partnership with "On the Go Media Networks." I guess there is a chance that TargetCast would keep the "On the Go Media" relationship alive for the sake of having them go after the enormous breadth of local businesses PRN won't touch.

It's also important to note that TargetCast's M&A activity might not be over. With an additional \$6.5 million in the bank, TargetCast will use the funds to grow its staff (think advertising sales) and carry forward its industry momentum.

- *“In today’s world, you have to consolidate and partner. We’re talking to folks about a range of ideas,” said Jerry Hall,” TargetCast Networks.*