

MIT Enterprise Forum SD presents:

Advanced Digital Media: Joe Media Defines its Growth Strategy as a Media Pioneer

By Dan Moody

Business Consultant & President

Game-Changing Strategists, LLC

Member, MIT Enterprise Forum San Diego

On October 20, 2010, a supportive and engaged audience consisting of MITEF members, panelists and guests met at the Provider Commerce Building to see and hear an extremely interesting case presentation by Christian Braemer, CEO of Joe Media, Inc. Presenting sponsors: Duane Morris and Provide Commerce.

The Moderator for the night's event was David Oates, President, Stalwart Communications. David's company is a San Diego based full service Public Relations & Marketing Agency that has pioneered the standard for a pay-on-performance marketing and public relations services. He brings more than 15 years of extensive experience managing marketing and PR programs on a strategic and tactical level that spans agency and government environments.

As a long time member and attendee, but as a first time Moderator, David brought a fresh and energetic approach to his role that was well received by everyone. He kicked the program off by getting the audience involved early and often, rather than having them wait until the end of the evening to participate, which proved to be a brilliant strategy that kept them fully engaged throughout the case presentation and panel discussions.

The Panel included:

Jeff Campbell, Brinker Executive in Residence, SDSU School of Hospitality and Tourism Management.

Jeff is the former Chairman of Pillsbury Restaurant Group, which during his tenure included Burger King, Steak & Ale, Bennigan's, and Godfather's Pizza. Prior to that he was the CEO of Burger King. He also served as Senior Vice President – Brand Development at PepsiCo. He is currently serving as the Chairman of the Chairmen's Roundtable, a San Diego based organization composed of former CEO's and entrepreneurs that engage in free of charge mentoring services for small-to-mid-sized San Diego area companies. Because several of Joe Media's potential strategies included providing services to the fast food, casual dining and hospitality industries, Jeff's participation on the panel was invaluable.

Michael Lowell, Managing Director of Corporate Finance at B. Riley & Company.

Mike has over two decades of experience in investment banking, financial accounting, business development and operations management. Mike was the Chief Financial

Officer for two publicly traded companies. He has held executive management positions with Seidler Companies, UBS/PaineWebber and was an early member of autobytel.com's management team. His depth of experience in operational and financial management was an extremely important aspect in analyzing the "financial realities" of the potential strategies of Joe Media.

Andreas Roell, Chairman and CEO of Geary Group

Geary Group is a holding company providing next generation digital marketing services. Under Roell's leadership the Geary Group has established itself as one of the nation's largest independent digital marketing service providers. He is the youngest Silver Medal winner for the American Advertising Federation for his contributions to the advertising community. Few people in the business community could have provided better advice and ideas to Joe Media, for few people understand Joe Media's space better than Andreas.

The Case Presentation:

Joe Media Inc. is a company that provides organizations with powerful systems and tools to understand and manage customer behavior. Their three primary product/service lines are:

- WIFI Network Services – they build out custom WIFI Networks for large fast food & casual dining chains. Their uniqueness comes in the custom "dash boards" they can build for each client. In addition to food and beverage clients there is potential for hospitality industry clients.
- Touchscreen Display Services – they provide interactive Tablets with custom applications for such things as check-in and up-grade services, reservations, database access. The target markets are hospitality, healthcare and retail.
- Digital Signage – they are a distributor of 3M's exciting new Digital Signage Products. Joe Media had a display in the networking room just outside the meeting room showing of one of the digital films that attaches to any non-porous surface allowing any client with a storefront, as an example, to display in-store advertising and more.

Christian explained that Joe Media's challenges are:

- They need to determine whether to continue to offer all three product lines or focus on one or two
- They also need to determine whether to pursue a primary vertical market or multiple markets
- They need to determine their distribution strategy – is it via direct sales, via white label or via channel partners.

At this point David polled the audience to determine what issues they would like to hear and see discussed first and although the vote was close they wanted to start with the issue of single product VS multiple products.

Question 1: Does Joe Media Pursue a Single Product or Multi-Product Strategy?

Christian started by giving the audience an overview of the WIFI Market. In order to explain the market opportunity, which has become somewhat commoditized, he presented a case study that detailed a WIFI Network deployment that Joe Media had done with a Denny's Restaurant Franchisor group.

These Denny locations had analyzed that 80% of their business came during 20% of the hours they were open. They wanted to figure out what they could do to increase the number of customers and spending during the hours when business was slower.

Joe Media suggested that these Denny's locations offer Free WIFI which would attract new customers, increase their loyalty and keep them in the locations longer, thereby spending more on each visit. His solution proved to be on the mark when they determined at the end of the trial that those restaurants had a 4% increase in same store sales after Free WIFI was offered to their customers. Additionally they showed that WIFI users came in three times more often than the typical customer. This was a real homerun for the Denny's stores and for Joe Media and gives Joe Media a powerful story to tell to other franchise groups or to the corporate offices of any fast food/casual dining chain.

Additionally, Joe Media has developed a patent pending "Dash Board" technology for use on these networks that recognizes users without a login and password allowing the chain to track usage and to even offer targeted promotions when the user connects to the network.

Christian then explained the opportunity in the **Touchscreen Display Services** arena. Joe Media develops custom applications for touchscreen devices such as Tablets that can be used in doctor's offices for patient check-in, in restaurants for menu's, in hotels for check-in or concierge services. They can also be used in retail stores to search inventory, place an order and more.

And, last but not least he talked about their **3M Digital Signage Products**. This is an extremely "sexy" product that dramatically changes the way in which retail stores, restaurants or any business with a "storefront" can advertise and attract customers. Imagine a screen in a window that looks like Hi-Definition TV on which in-store promotions can be shown to anyone walking by the store. Content can be changed almost "on the fly" rather than in days or weeks with traditional advertising displays. He disclosed that Joe Media has been recently named as the 3M distributor for Hilton Worldwide for digital products. Joe Media was selected because they add creative and interactive solutions to the 3M products giving them relevance and ease of use in the hospitality industry.

They have also been selected by a prominent Beverly Hills art gallery, a high end chain of nail salons and they are in final talks with a well-known chain of entertainment venues.

They panel then gave their comments. Andreas said that he thought the first step for Christian was to give a lot of thought to "what he wanted to be when he grew up"

meaning that he has a lot of options and determining what he wanted Joe Media to be in the long-term might help him figure out whether he should pursue certain markets now .

Jeff Campbell indicated that he was very impressed and that he had used a simple, stable technology to solve a problem for fast food and casual dining restaurants – how to get more people in the location and get them to spend more and that he had built a barrier for copy-cats in a commoditized service industry with his custom designed Dash Boards. He further said that a 4% increase in same store sales is very impressive and that it gave him two opportunities, 1) Many franchise holders own multiple types of franchises giving him a foot in the door to expand into other chains, and 2) it gives him the ability to go into the CEO's office of any major chain with a powerful story that gets him in the door.

Andreas then added that Tablets and custom apps are a totally different kind of company and there are thousands of companies out there creating apps and that profit-margins are typically very thin. So he suggested that Touchscreen Display Services may not be the best market for them to pursue.

Michael agreed that part of the decision should be made on cost to provide each service, the size of the market and the margins to be attained.

The consensus of the panelists was that he should focus on the WIFI Networks because he had enjoyed great success there and had a powerful story to tell franchise holders and CEO's of the chains. However, because he has also made strides in some areas such as the Digital Display Screens with his Hilton trial and so he should work on that too and see if it develops.

Question 2: Should he focus on a single vertical market?

Again David polled the audience and they voted that it is too early to go to a single vertical and that a multi-product strategy also requires multiple markets.

Jeff commented that speed to market is critical and the fact that a franchise group had embraced Joe Media's solution leads him to believe that he can start to make traction now with other franchise groups and other chains.

All the panelists talked about the importance of "speaking the language" of the verticals that he chooses. They have to understand the business, understand the pain points and articulate the solution in their language.

Another point was made that the Hospitality industry shares a lot in common with casual dining and that most chains even have restaurants. When combined with the pilot with Hilton the hospitality industry becomes more attractive.

Question 3: Does Joe Media Pursue These Markets via Direct Sales, White Label Programs or Channel Partners?

The audience was polled again and voted that they pursue direct sales in the WIFI Networks arena but potentially with Sponsor Partners.

Jeff agreed and made the point that in the Denny's trial that Coca Cola had been a sponsor thereby off-setting some of the costs for Denny's in exchange for advertising and access to data from the trial.

It was also noted by the panel that he is a Distributor for the 3M Digital Display screens and that relationship provides a lot of marketing strength and was probably the reason Joe Media is involved in the pilot with Hilton Hotels.

The consensus of the group was that he deploys a Direct Sales effort along with some very strategic partnerships where appropriate, like the Coca Cola sponsorship.

David then opened the floor to the audience who asked a number of clarifying questions about the products and the verticals and Christian later said that some of the questions while seemingly innocuous on the surface made him really think about his markets differently when he left and began to absorb what he heard during the evening. He said one of the most interesting questions was: "Did you already know the answers when you came here and just wanted to get a confirmation?" Christian commented later that if he thought he knew the answers before he got there, he found out he was wrong."

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