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www.spotrunner.com

Corporate Backgrounder

The Company

Headquartered in Los Angeles, Spot Runner is the first Internet-based ad agency that makes it easy and affordable for local businesses to advertise on TV. With Spot Runner's revolutionary approach to commercial production, media planning and media buying services, local businesses now have access to a powerful marketing tool that was previously out of their reach. Advertisers can choose from a comprehensive library of professionally produced ads which can be viewed, purchased and personalized in a simple process online. With its proprietary media planning engine, Spot Runner also creates customized media plans by using some basic information entered by the advertiser, such as their industry, target demographics and budget. The entire process, which can traditionally take months and hundreds of thousands of dollars, now takes just days and at a fraction of the cost. Spot Runner manages each account by securing the ad buy, placing and tracking the ads, and analyzing viewership and demographic information. All of it is available online – a simple mouse click away.

Spot Runner sets itself apart from traditional advertising agencies by empowering clients in four ways: (1) by capitalizing on growing consumer comfort with accessing services and conducting business transactions online; (2) by using state-of-the-art technology to create a "self-serve" process that clients completely control through Spot Runner's website (www.spotrunner.com); (3) by focusing specifically on local TV, a market that other advertising agencies generally don't address; and (4) by serving the local business market, which is often ignored by advertising agencies.

In addition to its experienced management team, privately-held Spot Runner has the backing of a highly respected group of investors, including Index Ventures and Battery Ventures.

The History

Spot Runner co-founders, Nick Grouf and David Waxman, first joined forces in 1995 to create Firefly Network, Inc., which was acquired by Microsoft in 1998. Its core product, the Firefly Passport, became the foundation for Microsoft's Passport and .NET initiatives. Next, they launched PeoplePC, Inc., which went public in 2000 and was acquired by Earthlink, Inc. in 2002. With several successful startups to their credit, Grouf and Waxman have now turned their considerable creative energy to revolutionizing the advertising industry with the launch of Spot Runner.

All of the companies founded by Grouf and Waxman have had one overriding principle: harnessing the democratizing power of the Internet. Spot Runner continues that tradition by utilizing the Internet to give local businesses the benefit of the same powerful marketing tools previously available only to large national businesses.

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"We believe it's time to break down the barriers that have prevented local businesses from harnessing the power of TV advertising," said Grouf. "What was once the exclusive domain of multinational brands with massive marketing budgets is now available to the even smallest business." Grouf and Waxman recognized the tremendous opportunity in providing the 11 million local businesses in the U.S. with advertising services that large ad agencies don't currently provide. This segment has historically been underserved by ad agencies because they believe local businesses' budgets are too limited, and local cable and broadcast TV is too time-consuming to reach – it would take thousands of local cable ad buys to reach the entire country. At the same time, local businesses avoid TV advertising because they believe it's too expensive. Traditionally, it would take weeks or months – and at least tens of thousands of dollars – to produce a commercial and then get it on air. To fill this void, Grouf and Waxman assembled a plan that would leverage their Internet expertise and tap into the potential of this market, and Spot Runner was born.

"Companies like eBay and Amazon have shown that the aggregate spending power of the 'little guy' is huge. If you make it easy for individuals and local businesses to purchase products and services at affordable prices, effectively giving them the same economy-of-scale discounts previously available only to large companies, the potential spending power is enormous," said Grouf.

Today, Grouf serves as the company's chief executive officer and president, and Waxman as vice president of creative services and marketing.

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Services and Features

Spot Runner offers the three fundamental services related to advertising: commercial production, media planning and media buying.

- 1) Commercial Production – Clients select from a library containing thousands of exceptionally high-quality, pre-produced commercials targeting hundreds of different business categories, from pet stores and copy shops to wedding planners and real estate firms. Clients can personalize the commercials with their own specific information and branding by taking advantage of Spot Runner's state-of-the-art digital production capabilities.
- 2) Media Planning – Spot Runner has developed a patented media planning engine that develops customized and targeted media plans for advertisers based on their industry, audience demographics and budget, as well as their desired locations, networks and the time slots the ads will run. All media plans are highly flexible and can be tailored to most effectively reach the client's target audience on a wide variety of broadcast and cable networks, such as ESPN, Bravo, HGTV, CNN and Lifetime.
- 3) Media Buying – After a commercial and a media plan have been approved, Spot Runner takes care of all of the details associated with securing an advertiser's media time, getting them on the air and reporting their results. In addition, businesses with



existing commercials can use Spot Runner's media planning and buying capabilities, and can save money by taking advantage of the company's economies of scale and nationwide buying power.

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The Process

Spot Runner's clients can gain immediate, online access to high-quality, personalized advertisements at a fraction of the cost of traditional commercial production. Using Spot Runner's exclusive online platform, clients can create advertisements in days rather than the months it would take to produce a conventional commercial. A personalized commercial and complete media plan can be created and purchased in less than 30 minutes. A business can have their ad on television in less than a week.

To start the process, a business owner would log on to www.spotrunner.com, provide information about their industry, target location, audience demographics and budget. Then they select a commercial from Spot Runner's extensive ad library and input information to personalize the ad.

The client would then receive a custom media plan and view a hand-tailored version of the commercial, that includes a personalized voiceover, their specific local information, their branding, and in some cases, their own images. Once a commercial is approved, it can be on the air in a matter of days. Spot Runner's clients save money by taking advantage of the company's economies of scale and nationwide buying power. Afterwards, Spot Runner provides reports about when and where the ads ran.

"In the past, creating a TV ad that matches the quality of Spot Runner's ad could cost anywhere from \$20,000 to \$2 million. Today, we have brought the cost down to less than \$500," said Waxman. "Purchasing air time has historically been expensive and confusing, but Spot Runner has simplified the process in a way that makes local TV advertising fast, easy and affordable for everyone."



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