



Rhythm NewMedia Raises \$18M For Mobile Video Ads

By VentureWire Staff Reporters

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Mountain View, Calif. -- [CORRECTION 10/30 An Oct. 30 story incorrectly identified Sam Ginn as the chairman of Rhythm NewMedia Inc. Ginn, a former chairman of Vodafone AirTouch PLC, is an investor in, but not chairman of Rhythm NewMedia.] Rhythm NewMedia Inc., a company developing technology to place customized advertisements into mobile video clips, has raised an \$18 million Series B round of funding led by new investor Carlyle Venture Partners. Existing investors Rembrandt Venture Partners, Lightspeed Venture Partners, Morgenthaler Ventures and former Vodafone AirTouch PLC Chairman Sam Ginn also participated. Rhythm NewMedia Chief Executive Ujjal Kohli said the round closed roughly two weeks ago and brings the company's total funding to \$27 million. Mountain View, Calif.-based Rhythm NewMedia develops technology that takes user information from carriers to place tailored ads into mobile videos - discerning, for example, whether a person, based on information such as age and zip code, may want to see an ad for a new model of Mercedes, then stitching it to a video and sending it to a phone. Kohli said the company is just about to launch its service via two carriers, one in the U.S. and one the U.K., both this quarter and in the first quarter of next year. Based on tests Rhythm NewMedia conducted with three different operators, the company is convinced that while the general appetite for mobile video that costs money to download may be tepid, if the video is free and ad-supported, there will be a large spike in usage, Kohli said. The trick, Kohli said, is in providing the ads "in a fun, gracious and user-sensitive way." By user-sensitive, Kohli said, he means having the ads appear only upon request, not popping up unexpectedly. In addition, Kohli said, users in the U.S. are simply used to being inundated with advertising of all sorts, so having it inserted into mobile video will not prove discomfiting. "People here are used to this model," he said. Kohli said the new funding will be used to support launches on more operators in the future, and to move beyond video advertising to serve mobile banner and search ads as well.

<http://www.rhythmnewmedia.com>

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