

REVShare's Growth Spurs Investors to the Tune of \$20M

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In December, long-time DRTV stalwart REVShare, a Temecula, Calif.-based cost-per-action (CPA) television advertising specialist, announced it had received a \$20 million investment from global private equity firm The Carlyle Group and venture capital (VC) firm H.I.G. Ventures. Recently, *Response* spoke with representatives of REVShare, Carlyle and H.I.G. regarding the deal.

Q What prompted REVShare to seek investment from the Carlyle Group and H.I.G. Ventures?

A Joseph Gray, CEO, REVShare: This industry is experiencing a period of technical innovation that is rapidly changing television and presenting great opportunities for new models such as REVShare. With fragmentation of viewership and channel capacity on the rise, today's direct response model needs to leverage technology to make it easier for agencies and television properties to work together successfully. There are systems that exist today that promise to make direct response easier to execute, however, the hard work of innovating and developing economic models around these solutions still lies ahead. This investment will allow REVShare to make the necessary technical advancements to continue to scale its CPA economic model which, uniquely positioned, enables the trade and monetization of advertising while technologically measuring difficult to quantify media. Our focus is on how to better serve the agencies we currently work with, as well as the 1,500-plus media properties that are our partners, all of whom are looking to transact business in a simplified and efficient way. This investment will help us continue to build upon the core competencies we have developed during the past 19 years.

Q What were the toughest parts of putting such a deal together?



A Gray: It's a very long and arduous process, especially when you are dealing in new media technology models. Finding the right partners that had a sufficient base of experience to understand the model was an initial focus. Technology plays on the Internet have been plentiful in comparison to television. It took a couple of years for the market to develop to a point where the value of REVShare's model could be understood. We found two excellent partners in H.I.G. and Carlyle, and we're so pleased that we took the time necessary to wait and find the right partners. Not unexpectedly, the toughest parts were the extensive due-diligence process and financing modeling aspects that were duly expected.

Q What plans does REVShare have for the \$20 million investment in its properties?

A Gray: There really is an incredible amount of software that we're looking to develop. Optimizing the placement and performance of CPA direct response schedules is certainly a focus. Automating aspects of creative distribution, analysis and optimization of schedules will be accomplished and rolled out as new industry standards as advanced capabilities are implemented. Our continuing development and 2008 launch of REVShare's next release of "CPA Metrics" will allow us to report actual, as well as projected, cost-per-thousand and cost-per-point equivalents, achieved through CPA schedules via a readily accessible dash board. This will be accomplished in a unique way that will

not commoditize media, while making our network model more attractive to our agency partners to assist in the management of their brand/direct response campaigns. In addition to these types of technology investments, the funding will allow us to expand sales and operations.

Q What role did RBC Daniels play for REVShare during the process?

A Gray: In RBC Daniels, we chose a partner that has experience working with companies in the communications industry. Their role was to introduce us to potential investment partners, as well as to assist us as a financial advisor. They were great to work with and they were instrumental in helping us structure and close this round of VC financing.

Q Why did the Carlyle Group and H.I.G. Ventures choose REVShare for such an investment?

A Josh Ofstein, The Carlyle Group: Carlyle and HIG both quickly recognized that REVShare had created an innovative performance-based solution to advertisers and a broad network of local market television properties. We put faith in the belief that this unique combination has great growth potential.

Q What do the Carlyle Group and H.I.G. Ventures hope to gain from this deal?

A John Kim, H.I.G. Ventures: Being an integral part of the technological communities, both HIG and Carlyle hope to rapidly accelerate growth of our constituents through synergy of forward-thinking companies. ■