

MaRS Market Insights

Digital Transition: Canadian Media Experiments in 2014 / Part 2



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To download the original report, please visit
www.marsdd.com/mars-library/digital-transition-canadian-media-experiments-2014-part-2

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MaRS Discovery District, ©June 2014

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Introduction

Since the advent of digital solutions, the media industry has struggled to redefine its business model. The successful production, distribution and promotion strategies of the pre-web/mobile era have proven unfit to compete in a landscape of constant change. Audiences need to be recaptured with digitally focused offerings—far from print/broadcast traditions.

As we argued in the first part of our exploration of Canadian media, *Digital Transition: Canadian Media Experiments in 2014*, media organizations have engaged in a series of experiments to better understand their users in terms of habits, information needs and segmentation. In addition, media organizations must account for how different platforms affect content delivery and incorporate data analytics. These changes have brought forward new business strategies and product development methodologies, which include everything from hiring and empowering digital talents to implementing “lean” teams. However, the need to uphold editorial objectives and mandates must remain constant.

As part of our study, we learned that digital teams within media organizations are constantly scanning the ecosystem, analyzing competitors and discovering new players. It is interesting to note that they are also largely responsible for bringing innovation inside their organizations and working with startups in the sector—those pushing the boundaries of the media’s capabilities. With that being said, the efforts are uneven at best.

Some media organizations have very specific startup engagement methodologies. For example, they participate in startup contests, invest in startups through VCs and even acquire ventures to enhance their offerings. Other media organizations deal with startups by providing ad-hoc advisory services or mentorship, or even supporting their work through official partnerships. In any case, many Canadian media organizations only work with startups that can deliver immediate solutions to their current problems or challenges. Therefore, it is not difficult to imagine that such a strategy could lead to delays in the emergence of a truly digital-driven Canadian media industry.

In this new report on Canadian media, we decided to focus on the innovators. We looked at more than 100 companies within the Ontario Network of Entrepreneurs and asked select media and content-related entrepreneurs at different stages of development to share their views on the future of media and the future of their companies.

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Is media hot again?

In the new landscape of constant change, mobile users and new products, what's the goal of media organization? What's the job they have to do?

Clayton Christensen, author of *The Innovator's Dilemma* and widely regarded as one of the most influential thinkers in the world on innovation and disruption, explains that, "You just have to keep remembering that whether the technology will transform the industry disruptively or not depends on what the job is. Is there a job out there for which this is a better solution than what is available to date? And then there's a completely different question. All right, so there's a job out there, and there's a startup that has a product that does the job very well. The new question is, can I predict that the established players will go after this thing? Or can I predict that they won't? And that's what the question of disruption entails."

The Canadian media organizations we talked to in our previous report are all well aware of the need to understand users. Most of their experiments, such as new web apps, web layouts or even paywalls, involve developing a better understanding of the different segments they are trying to serve and how they can help users to "get the job done." This is a huge departure from the past, when media organizations had captive audiences who would passively receive information. For example, journalists knew that if the editor approved their story, a piece of content would be published and the audience would be there, and advertising dollars would follow.² In

the new digital scenario, audiences need to be captivated and captured. This business model shift has been difficult, but the market has begun to recognize some companies' efforts.

Some traditional media organizations are experiencing more relative success as of late. For instance, *The New York Times* paywall, *The Washington Post* sale to Jeff Bezos for \$250 million, and *The Guardian's* digital strategies (e.g., international expansion to the US, creative promotion and outreach campaigns) are all important signals to the public and investors that there is at least some life left in the industry.

Funding for media and content-related startups is also starting to come back, with Marc Andreessen, a noted Silicon Valley investor, declaring his optimism about the news and media industry. According to *CB Insights*, "On a year-over-year basis, funding to content startups (ranging from blog networks and newsletters to GIF hubs and verticalized media hubs) increased a notable 117%. Deal activity, meanwhile, grew over 30%."³ Interestingly, the funding is rewarding certain types of companies—those that are capable of leveraging "user-generated content instead of paying a full-time editorial staff to create stories from scratch," *Quartz*⁴. Along with investors, global media conglomerates also seem to have a renewed interest in media startups. For example,

Disney acquired YouTube multichannel startup Maker Studios for \$500 million and even considered buying BuzzFeed. Nevertheless, these data points may not be signs of a definite trend, as the same *CB Insights* report states, “Most acquisitions in the last year have been small-ball at best. How heavily-funded companies fare on the exit front moving forward will influence VC financing to emerging publishers and digital content upstarts.

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About the startups

There are many entrepreneurs in Ontario exploring different solutions and new ideas in the media and content-related industry, from analytics to new platforms of content distribution. Certainly, any company in the digital field can be considered “a media startup,” but for the purposes of our research, we decided to focus on those organizations that have some form of relationship with what we call the media, content, and marketing industrial complex. For example, these startups might be supporting the traditional media industry—either by providing new solutions (e.g., Pressly) or by offering new platforms that can create new opportunities for media organizations (e.g., Verold). These startups show that there are plenty of opportunities for in-novation in the media sector, especially in Ontario.

We sampled these startups based on recommendations from our partners across Ontario. While this is by no means a representative sample of Ontario media startups, we have a great mix of new publishing platforms, advertising solutions and distribution. We interviewed 11 companies to understand their goals and how they are able to assist their customers.

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What the entrepreneurs say

About their relationship with media

Most of the 11 ventures consider their companies complementary to media organizations and believe that they are capable of solving some of the Canadian media's challenges. In some cases, the relationship is natural—startups developing analytics products are drawn to media partners experimenting with new products and require tools to evaluate the performance of new offerings, such as ViaFoura. In other cases, the startups focus on problems that traditional media organizations might not necessarily consider a pain point. Companies like Vidrack and Vidoyen, for example, are developing solutions that might benefit media over the longer term, especially as media experiments more with video offerings.

Some solutions are not necessarily geared toward assisting traditional media organizations—such as TV, radio or newspapers—but are designed to potentially bypass them altogether. In some cases, entrepreneurs target big brands to help corporations get their message to their clients directly in novel ways. Wattpad, for example, is helping film studios to promote their movies by allowing people to write parallel stories or spinoffs and share them on the platform. This is a new form of native advertising. Similarly, sourced.fm creates a community of musicians' supporters that helps new artists record their music and tour while providing a crowdfunding platform. These types of customer acquisitions and innovations are interesting propositions, as media organizations are trying to improve revenue generation, engagement and fidelity.

About their business models

Even though every media startup is different, almost all of them develop their strategies around first growing their user base. Following in the steps of companies like Twitter and Facebook, their objectives align with the principle that digital media companies cannot succeed. They are ambitious: Wattpad's goal, for example, is to acquire 1 billion users.

This startup characteristic determines the types of partnerships and relationships they are seeking. Rather than working with media to develop offerings, startups engage with any organization that will provide a bigger audience (more "eyeballs" for their products). The premise, as explained by the entrepreneurs, is that revenue will come later.

Most of the companies we talked to try to learn from their users, but maintain a close relationship with their clients, especially if they have a business-to-business offering. They are willing to custom-develop their solutions, hoping to make the necessary modifications to scale horizontally later on.

About partnerships

One consequence of focusing on gaining traction and growing a company's user base is that the process requires significant mentorship. When contacting subject matter experts, however, startups tend to seek assistance from those who are (retired) industry experts or those who were once media executives instead of directly from media organizations.

Furthermore, many of these startups chose not to concentrate their efforts on establishing initial commercial relationships with Canadian media organizations. Generally, these startups prefer to work with large US media holdings as their initial target market. Some, such as Wondereur and Hubba, can look beyond media for partnerships due to their target markets.

About the Canadian media sector

When asked about the Canadian media industry, a number of startups stated that local organizations were too slow and lacked the proper resources for experimentation. This belief was mirrored by some of the media experts we interviewed for the first part of our insight paper. For some companies, like Glitchsoft, Canadian media could not have been their first option even if those companies wanted them to be. Glitchsoft creates mobile video games for brands such as Marvel and Mattel, and this startup felt that there is not much of a market in Canada. Canadian media organizations do not own the required intellectual properties nor do they seem to be interested in exploring new formats, such as high-quality mobile games. Therefore, we were not surprised when Verold stated that they found hardly anyone in Canada is discussing issues related to WebGL.

The Canadian media sector, led by conglomerates such as Rogers and Bell, seems too far behind when compared with companies like Disney, which is implementing an accelerator program, or Ubisoft, which is opening a film studio in the US. With that being said, there is nothing preventing the Canadian media sector from playing a larger role in incubating startups through more projects such as the Canadian Film Centre (CFC)'s ideaBOOST.

Perhaps it is time for Canadian media to explore new markets outside of Canada and to develop new products in the interactive media sector. The next Flappy Bird could be a Canadian startup, using Verold's 3D technologies, and the next Picasso could be discovered through Wondereur. After all, subway riders who swapped their newspapers for iPads could use either interactive content or traditional media content to do the same "job" and solve the same "boredom" problem.

5 Startup Profiles



GLITCHSOFT

Glitchsoft is a mobile games company that came out of Wesley Clover, an investment company that incubates and accelerates technologies and media companies around the world. Glitchsoft is currently engaged in the mobile games marketplace.

Joe Lee from the MaRS Market Intelligence team talked to Andrew Fisher about [Glitchsoft](#).

About the company

Could you tell us the story of how your company got its start?

In the case of Glitchsoft, we won a bunch of recognition awards for the early games we produced. In 2011, we put out a game called Star Marine; it ended up as one of the top ten games on mobile. We were also approached by Mattel to produce a He-Man game. That went number one worldwide. Because of that we developed a lot of street cred and the brand people started paying attention to us. From that we signed a deal with Marvel, which is currently one of the hottest properties in Hollywood. The fact that a small Ontario company signed with such a huge company caught a lot of people by surprise.

How big was your team and how big is it now?

Last year at this time we were five people and now we're 30. I would hire more if I could find the right people. My challenge has been finding the right

people. Our ideal size would be between, let's say, 50 to 75 people, but we're building one person at a time at this point in time. One of our major goals is to ensure that we stay headquartered here in Ottawa; that's really important to us.

About the market

What are some factors that distinguish you from your competitors?

We don't just make video games. We provide them all kinds of domain expertise around mobile, mobile engagement, fan engagement and fan onboarding. We provide hosting infrastructure, promotion infrastructure, installer infrastructure and publishing infrastructure. We're giving clients consultation services. We're giving them advice on monetization and gamification. However, some of these services are licensed from third parties. Also, we are a smaller gaming company but we have the ability to sign contracts with huge players because we aren't afraid to take

risks. For example, I cold-called an executive producer for Marvel to explain what we could offer him. He actually responded and in the end we won the contract for their business.

Who are some of your biggest clients and how do they use your services?

As I mentioned before, Marvel is one of our biggest clients. We're just about to launch one of our first AAA titles with them this week. It's an X-Men title based on the Days of Future Past comic/movie. We've also met with a number of major brand holders including Warner Brothers, Fox and CBS Interactive. We also won a huge bid against 10 other studios for a deal with a major media company. I can't say which one yet but we're creating a mobile game for one of their flagship franchises; stay tuned for more details.

About the future

What are some major challenges that your company has run into?

Growth funding is very difficult to find these days. I would argue that the video game business was hit particularly bad because it's perceived as a hit-driven business. Discovery plays a huge role in that as well. There's something like 10,000 new apps everyday so how do you stand out? Also, finding the right talent can be difficult for us because Ottawa isn't exactly known for its video game business. We're looking at places like Montreal and the big companies like EA and Ubisoft that are situated there. However, the problem with those guys is that most of their developers are focused on a single element in a game. For example, there could be a guy who does amazing smoke designs but that's all he knows how to do. We need generalists who can do smoke, water, kicking and fighting all in the same day.



Hubba is a product information network that connects brands and retailers, allowing a seamless exchange of product information. Hubba helps brands centralize their product information and share it with the people they do business with - whether that be retailers, vendors, sales, ecommerce or marketing teams.

There is a wealth of product information that powers e-commerce websites, brand websites, mobile, and different types of digital initiatives. Unfortunately only about 20% of digital product information consumers see is correct. Product information online is extremely varied and inconsistent and brands have an ever-increasing amount of digital channels to deliver content to. Hubba helps to fix this problem by acting like a B2B social network that makes sure product information gets shared back and forth easily.

The MaRS Market Intelligence team talked to Ben Zifkin about [Hubba](#).

About the company

Could you tell us the story of how your company got started?

It started around the time the first iPhone came out. I just thought it was crazy how I have this tiny device

that has the ability to provide me an infinite amount of information. Yet when I tried to access that information and research various products, all the information was inconsistent or incomplete. Like other consumers, I had to check upwards of 10 different sources to gather it all.

I thought that there must be a reason why there was a game of broken telephone from the information that the brands pull together versus what ultimately makes it to the consumer. So I asked myself, what can we do to help brands and make it really easy for them to do that?" That's really where it all started.

How big is your team?

Right now we have 12 but we're in the process of hiring a few more. It's the perfect team size because we can all sit around a table and work out solutions together and no one has to wait on an email response. You can just talk to the person next to you.

About the market

What would you say distinguishes your company from competitors?

We don't have too many competitors in our space because we created our own category. However, if we had to narrow it down, I would say we're competing with the large, legacy enterprise software companies like SAP, Oracle, Opentext and Informatica. However, we allow our customers to get on board really quickly and easily so they can start using our platform in minutes. It's light and easy compared to the big complicated stuff the larger companies are doing. One of our mottos around here is WWSAPD, which means "What Would SAP Do?" so we can do the opposite.

How do your clients use your platform?

We are the hub of product information where brands can manage and share content internally and externally. It allows for greater collaboration within a company and between business partners. Brand Managers can all update their product information, regulatory people can make changes, the legal team can alter certain pieces of content, etc. If an outside agency needs access, then they're given permission so they can update or make change. This allows external partners

like Walmart, Target or Safeway to access the product information, all in real-time.

A specific example of how clients would benefit using Hubba is for compliance of a certain image or likeness on their brand website. For example, if you have a certain campaign running that gives you permission to use an image of Michael Phelps for six months, after six months you have to be sure that his image is taken off your site. Our platform allows our clients to perform this kind of task easily and smoothly.

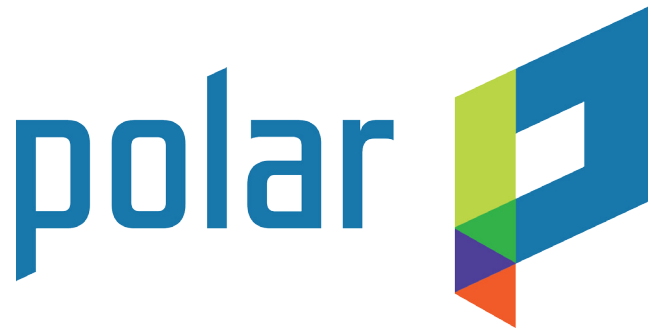
About the future

What are some challenges your company has run into?

We've developed a simplified way of managing product content, but some people are still hesitant towards new technology and new systems. This is the process and they are stuck to it. That's when a big thing for us is to say, "Hey guys, there is a better way." Just educating and letting people know that this is a viable option for them is a challenge. We've been pretty fortunate when it comes to finding talent. Toronto and this whole region is really good on that front.

Where do you see your company going in the next six to 12 months?

2014 will be all about execution for us. We have audacious goals and want to have 100,000 users on the system. We want brands to have an average of 10 people they are sharing content with as well as hundreds of thousands of products on our platform. We also want to have 1000 brands on board. That's where we're focused on and everything that we do in 2014, every product feature, every meeting that we have, and every discussion that we have we ask ourselves, "Is this going to help us potentially with those four metrics?" If not then we don't even talk about it. We are also launching a freemium product that will be available in the next month, so stay tuned!



[Polar](#) makes MediaVoice, a software platform that media publishers can use to run native advertisements on their websites. The company started seven years ago, when the founders were recent graduates from the University of Waterloo. They have raised just over \$9 million in funding to date.

Lucas Armstrong from the MaRS Market Intelligence team talked to Kunal Gupta about Polar.

About the company

How did your company start?

Our current product was launched last summer and has grown really fast. We have very strong analytics and reporting capabilities that customers are not able to get anywhere else. Our platform integrates with existing ad platforms and content platforms seamlessly so that makes it very easy for customers to run their native ads business and programs.

How big is your team and what are their backgrounds?

There are 35 people on the team. Half are product and engineering focused and half are business functions, be it sales, marketing, customer account man-

agement, finance, etc. There are 33 based in Toronto, and two are in New York.

About the market

What would you say distinguishes your company from competitors?

Our focus has definitely been a big differentiator. We're very focused on being a technology company. We're very focused on the vertical of media and publishing. Within our target segment we are the market leader.

Who are some of your main competitors?

There are two US companies—one is smaller than us, one is slightly bigger than us—that we consider com-

petitors. However, nine times out of ten they'll choose our platform within the target market that we're focused on. There are other parts of the market that we're not focused on that our competitors are more focused on. The market we're in is growing so fast there's actually more than enough room for multiple companies to exist, all focused on different niches, or different verticals, within the market.

Who are some of your biggest clients and how are they using your service?

Some big clients are Forbes, Condé Nast, Hearst, Bloomberg, News Corp., The Economist, The Globe & Mail, The Toronto Star and Associated Press. I'll talk about The Globe & Mail as an example. They're running a special type of advertisement called native advertisements. It's a content-based ad similar to what you see on Facebook and Twitter. The Globe & Mail is running these types of ads that they're selling and they're using our platform to actually run the ads on the website.

About the future

What are some major challenges that your company has run into?

I think recruitment of talent is a challenge. Finding high-quality talent can be difficult. Building a brand outside of Canada is also a challenge.

Do you see media as the only sector that you want to be involved with or are you looking at other industries?

Today we sell to publishers; it's a pretty big industry globally and we have customers around the world. The next industry for us is going to be advertisers, which is an even bigger market. We're planning on moving into this industry in the next six to 12 months.

In the last couple of years, have you noticed any major trends within the sector?

I think one trend I noticed in the last couple of years is the pace of business and change has increased. Things are happening a lot faster. They've always been fast but they happen even faster now. The second trend is the rate at which new companies are starting up in the US. There's a bit of a tech bubble. There is a lot of investment going into companies. There are a lot of companies popping up every single day.

How do you currently view the traditional broadcast media sector?

Media in general in Canada is definitely slow in relation to other geographies where we have customers. They're slower to adopt and change new revenue opportunities. Globally, things are moving fast and the winners and losers are being decided a lot more quickly right now.



Pressly helps brands own the conversation around a topic to attract larger audiences and optimize engagement. They make it easy for publishers and brands to create beautiful, shareable content-driven destinations that drive new revenue and business opportunities. Pressly allows publishers and brands to aggregate content they create, curate from third-party sources, and pull from social media.

Lucas Armstrong from the MaRS Market Intelligence team talked to Jeff Brenner about [Pressly](#).

About the company

How big is your team and what are their backgrounds?

We're a team of 12 people. We're very heavy on the engineering and design sides and we've recently been growing our customer success, marketing and sales teams. When we first built our JavaScript HTML 5 client a couple of years ago, it was the best out there and it still remains one of the best ways to experience content on mobile devices. We've expanded across all devices. We have a very strong tech team around one technology and now we're building out the design and marketing capabilities as well.

About the market

What would you say distinguishes you from your competitors?

There are a couple of things. One is that most of our direct rivals focus on centralized content. They keep saying, "Hey, you know what? Centralize all your current content into one destination." We deal with the same value proposition, except our focus isn't on our clients' content. It's more about aggregating conversations using the content that's happening out there that may not necessarily be owned by our clients' brand. We give our clients the ability to own the conversation around a topic, event or campaign.

Could you talk a little about who are you competing with? Do you guys see yourself as disrupting or replacing more established companies?

We're definitely competing with agencies. Primarily, those that focus on customer development because we give brands the tools to do that quickly, easily and for no upfront costs. Sometimes we also compete against internal teams, but that's competition where these internal teams are too busy with their current websites to do the work so they leverage platforms like Pressly. Then there are companies like Rebel-Mouse, Uberflip and Tint. Those are all companies that we're competing against.

How do you gather information about your users or your market?

Since the early days we've been able to work with the biggest and most prestigious brands. We work very, very closely with them and, because we're an agile company, we're constantly putting out new features and refining our product. A lot of that is being driven by our customers. We take a solution-based approach with our clients. Customer focus is number one. We don't have salespeople; we have customer success people.

About the future

What are some of the challenges that your company has run into?

It's probably the most cliché thing but it's true: funding is always a concern. Luckily, we've been able to generate cash flow from day one with Pressly. Finding good, talented developers is a challenge but it's also one of the benefits of being here in Toronto because we're so close to the Waterloo and Toronto markets. There are a lot of really smart engineers.

Could you give us your view on traditional media?

I think the smart brands, the smart publishers, are experimenting with new ways to drive revenue through new product offerings to their audience. I think that's why there's a lot of attention or interest in a product like Pressly because we make that process very easy. There's a tremendous opportunity around native advertising and I don't think anyone's really fully delivering on that today.

Are you currently working or looking to collaborate with established media players in North America?

We're doing a lot of work with Condé Nast and Time. We've been working with Ziff Davis for a long time and we've been close with The Economist for several years now. We're always looking to grow, of course. I think that in some ways we were a little bit ahead of the curve for the Canadian market so we've seen greater adoption in the US. But we're now looking to get on board with some great clients here like CBC, Rogers and The Globe & Mail.

Do you think that traditional Canadian media is more passive in terms of experimenting with new products or digital products?

I think it was more that US publishers were more enthusiastic and had bigger budgets to experiment. We've seen traction in the US because they had more resources, but now we're starting to see more traction in Canada.



sourced.fm

Make music. **Together.**

sourced.fm is a social discussion community focused on local music. It fosters local music discussions, which gives an artist a more natural way to grow their fan-base. Atop this community, sourced.fm will be releasing digital tools for the artist with key features such as a crowd funding platform and digital sales.

Joe Lee from the MaRS Market Intelligence team talked to Brandon Thorn about sourced.fm.

About the company

Can you tell us the story of sourced.fm?

I was really involved with my local music community in Belleville, Ontario. I saw a lot of great bands, and I thought one band in particular was going to succeed because they had tons of local support and put on a great show that always filled venues. Eventually, like most local bands, that band stopped performing. I was always stuck with that. Why was the local support not able to help push the band to the next stage? I was trying to solve the problem, and when Kickstarter and Indiegogo started getting more popular, it clicked. The social and local elements of music

fit really well with the crowd-funding model. Putting them together just made sense.

Can you describe your team?

There are three of us, plus an advisor on the main team. We also have six interns right now. I work primarily as a developer but tend to be involved in a little of everything. We have two MBAs (Jordy & Ali) whom I actually met through AngelList, and they worked out really well, especially Jordy who is our marketing guru. We have a designer (Joe Pelow) who I'd already worked with in the past, so it was a no-brainer to bring him on.

About the market

What distinguishes sourced.fm from competitors?

We compete in the crowdfunding market because that's where we were intending to generate revenue, but the community part is the big differentiator there. Competitors such as Kickstarter, Indiegogo and Pledge Music don't really focus on fans first. They focus on a content creator and how they can fund, but by wrapping that in a community, we feel it'll make the whole funding process a much more supportive model. When we get into digital sales, that'll also be another differentiator.

Our goal with that is to also offer a shop alongside funding, so you'll be able to link project rewards with shop items to automate that fulfillment.

With respect to local music communities, many exist but primarily in the form of older forums. They're not anything special or customized for music, so they compete with us because they have the established community, but they're missing a lot of the Web 2.0 type features people have come to expect. That's the void we aim to fill.

Who are some of your biggest clients?

Note: The startup is at an alpha stage so it has yet to actively acquire customers.

Fans will easily be the users that have the most impact on the platform. I personally want to go really hard after local promoters while we're growing it. They're the glue that holds local scenes together. For every promoter you can get networked to X number of venues or X number of artists who then go to X number of fans. They end up being a very good connector - both in the way the industry works as of now and how we can make it work with sourced.fm.

About the future

What are your main challenges?

A lot of the challenges that we're facing are also challenges that we want to solve with the platform. Basically, we are facing all of the challenges that an artist is also facing. The exposure element is really the hard part, so now we're like an artist trying to grind and trying to build other networks and find our anchors.

Recruiting is challenging to some extent. We have an open position for a developer, and I'm going to be a lot pickier with the developer that we do bring on, so that position is going to stay available until we find the perfect person.

Doing business development around Toronto will be relatively easy compared to other cities. We have certain contacts here that we can connect through to meet those key connections and we're all from Toronto, so that makes our job easier. However, once we're getting into remote cities and rolling out in Austin and New York, finding those key promoters is going to be tricky. That'll definitely be more challenging, but we have some strategies we've started implementing to help us when we get to that point.

Where do you see your company going in the next six to 12 months?

In the next half a year to a year, ideally, we'd have the initial phase of the community built, and we would have our crowdfunding platform released in that time as well. While we have a lot more planned, the direction we take will be determined by feedback openly collected from the community because we want our offering to align with the pain points of the industry as closely as possible and that only happens through listening to our customers.



Verold is a publishing platform for web 3D. Traditional media uses text, images, and video, but Verold believes that next generation content is going to be much more interactive, including 3D and hardware accelerated graphics.

Verold's platform makes it easy to take interactive 3D content and bring it to web applications, games, or other web-based experiences.

Joe Lee from the MaRS Market Intelligence team talked to Ross McKegney about [Verold](#).

About the company

Can you tell us the story of Verold?

The company was started four years ago. The initial vision of the company was to build a virtual world platform leveraging next-generation 3D content creation tools. The company was funded and, shortly after that, WebGL came on the scene.

We pivoted the business to focus purely on 3D for the web 2 1/2 years ago. This platform is now live and fully ready to go in a development environment in the browser, which will let you make some really great 3D content applications.

What's the composition of your team?

We're currently eight people full-time with a couple of part-time people as well. There are three main profiles. We have 3D guys for managing the complexity of building 3D. We have game engine guys. We also have web engineers, web designers and developers.

About the market

What distinguishes Verold from competitors?

We're heavily inspired by Unity and the Unity 3D game engine. In a way, we're competitive. In a way, we're complementary. The real difference is where something like Unity or other game engine is about building a single experience, we're about taking elements from those experiences and delivering them into web applications at a different scale.

Also, it's taking some of the ideas from an interesting game engine and incorporating them into purely web-based workflow. That's a huge differentiator. Rather than just showing a 3D model, we want to let you do things with it, which is new.

Who are some of your biggest clients/customers?

Note: The startup has just begun actively seeking customers as the platform just went live recently.

We're building an end-to-end production pipeline for 3D on the web. It's a big project, so we staged our rollout. The first release is focused purely on the import pipeline and rendering. We let artists and makers upload their 3D scans and visualize them on the web. Once we had solidly built that part of the solution, we created on the 3D application development layer and publishing options.

This is a disruptive technology. We're looking to fill the need for more interactive online content. This staged rollout also let us introduce the concept of Web 3D to the artist community, who we see as key stakeholders in the future of the web. We're delighted to have a passionate community of artists, showing off their 3D creations using Verold both on our site and through our partnerships with all the major CG portals - CG Society, deviantART and PolyCount.

On the client side, we're just getting started. You'll see us announcing some big partnerships with content producers in the next month or so.

About the Future

What are your main challenges?

Honestly, one of the biggest challenges is the fact that we're delivering 3D content into a space that's evolving rapidly. Every device behaves slightly differently. Support from major players such as Apple,

Google, and Microsoft are neither complete nor even.

Taking that same 3D app and making it work on different devices—having it degrade gracefully—is all really, really hard. For production application, it makes 3D out of reach for most people. The opportunity for us is (although it's extremely challenging) solving those problems. We want to wrap that up in our own service delivery layer and give that to a typical web developer.

From a business perspective, it's the typical challenge of being a small company of eight people. We don't have a marketing department. We don't have a sales team. Of course, that will change as we grow, but for now we're attracting our community through word of mouth and by doing great work.

Up until now, we haven't had a product to sell. We're now starting to, but there are definitely challenges: messaging, marketing and sales.

Where do you see your company going in the next six to 12 months?

We will focus on a couple of industries. The goal would be to really accelerate down the two paths with respect to our business model.

In the near term, we will be a little bit niche focused but the underlying platform will always stay general purpose. We as a team will focus on one or two niches and drive using partnerships into those spaces and go from there.



viafoura

Viafoura is a social monetization platform that helps brands better engage, understand, and monetize the visitors to websites.

Joe Lee from the MaRS Market Intelligence team talked to Jesse Moeinifar about [Viafoura](#).

About the company

Can you tell us the story of Viafoura?

It came out of a very real need. I was driving, listening to a sports debate, and I decided to call in. After 35 minutes of being on hold, the show ended and I didn't manage to get on the air. That night I went online to try and engage in the same debate and the only place I was able to find was a forum with hundreds of different conversation threads.

Frustrated with both of those experiences, we built a website that enabled sports fans from all over the world to interact with each other in an organized fashion using text, audio, video and images. Traffic to the site started growing incredibly fast because it was filling a need in the market. We realized that we built a strong, growing community at that point. In addition, we were armed with great data about how to get online users to interact with content and each other.

We decided that the bigger opportunity would be to offer the technology that was powering our website to organizations interested in strengthening and growing their community of users. It was a tough very decision to end the website but it was the right choice. That was the birth of Viafoura. People always ask what our company name means. It's actually Latin; "Via" means "through", "Foura" means the "community". It speaks exactly what we are helping our clients do. To better engage and understand their consumers.

What's the composition of your team?

It started with 2 guys and an idea. The team has now evolved into one that is comprised of passionate individuals who are at the top of their game in technology, product (management), finance, operations, marketing, and sales. Of course, we also have a Client Success department, which I consider as our most important department.

About the market

What distinguishes Viafoura from competitors?

It's our complete focus on helping our clients better engage, understand and monetize the visitors to their websites. Engagement is great, but unless you can effectively monetize that engagement, you simply don't have a strong ROI (return-on-investment). What our clients appreciate is how we are helping them to achieve their business objectives.

Who are some of your biggest clients/customers?

Viafoura is proud to have some of the world's leading organization as clients, including The Canadian Broadcasting Corporation, Hearst Media, PGA, TC Media, Toronto Star, Bell Media and Tribune to name a few.

About the future

What are your main challenges?

As it is with any start up, you are always trying to establish credibility and brand recognition. We are the youngest company in our space and we have a lot of exciting work to do when it comes to marketing our products and services. However, this is becoming less of a challenge as more and more well recognized brands are signing on with Viafoura and providing great references.

Where do you see your company going in the next six to 12 months?

Given our growth in revenue and clients, our goal is to be twice our current size within the next 12 months.



VIDOYEN

Vidoyen is a social video blog platform for experts. Described as TEDTalks meets Twitter, the company created a fun and easy-to-use way for curated experts to make and share two-minute, informative-and-entertaining videos from any desktop or mobile devices.

Joe Lee from the MaRS Market Intelligence team talked to Arshia Tabrizi about [Vidoyen](#).

About the company

How did the company start?

I wanted to tap into the power of the web to connect experts with the public using video. I think the story or the vision behind the company rides on two major trends. One was the move to social videos - the ability to very quickly and easily create videos and share them on social networks with the advent of Twitter and Facebook. On the other side was what was happening in the media - that was the move towards providing trusted content that could stand out. In my view, you have traditional media with high curation of content, while on the other hand, the web enables essentially anybody to create and distribute any kind of content very quickly. We wanted to marry the scale that the web and social video are creating with that curation and trusted content. That's really the impetus for starting the company.

Could you describe your team?

Our team consists of half a dozen top-notch folks in design, development and marketing. I have spent 15 years in the tech sector as technology law counsel and advisor in Toronto and Silicon Valley. Our current CTO, Mike Jarema, joined a year and a half ago; Mike was one of the first hires at Xtreme Labs in Toronto. We are hiring for marketing and social media positions as well as general development and mobile. I am lucky to count on a great advisory board including David Cohn from Circa, Derek Szeto from RedFlagDeals.com, and Salim Teja, the head of MaRS ICT Venture Services.

About the market

What distinguishes Vidoyen from competitors?

Our proprietary video-blogging platform and its features are built to provide a superior experience to our target users. We've created a beautiful user experience and video recording and posting flow. We made it fun,

easy, and fast. We save time and provide higher ROI to our experts who love Vidoyen's ease of use and social media integration.

We describe our technology as a one click record, review, post, and share. Our users record and review their videos in real-time, and once they approve, it's automatically posted, tagged, and instantly shared to their social networks.

We wanted to encourage interaction and engagement from users so our platform includes Q&A functionality. Registered users pose questions to experts and receive short video-answers in response via Vidoyen.

Our site is built with responsive design so users can easily watch and share videos on all desktop, tablet and mobile devices.

Who are some of your biggest clients/customers?

We have a growing list of carefully curated experts in a multitude of disciplines, including health, culture and politics. Dave Katz, Director of Yale University's Prevention Research Center is a LinkedIn influencer with over 250,000 followers and is very active online - he loves Vidoyen's easy-to-use video blogging platform. Dr. Abbas Milani is the Director of Iranian Studies at Stanford University and an expert in high demand on news channels such as CNN and Fox News. He did very little social media before joining Vidoyen. Nick Mount is a professor at the University of Toronto, the Associate Chair of the English Department, and Fiction Editor of The Walrus. With him as well, he had his Vidoyen account before he had a Twitter account. It's very indicative of the platform that we have both tech savvy thought leaders such as Katz and others such as Milani and Mount who are tech neophytes but can come to the platform and very quickly get videos up and engaging with their audience.

About the future

What are your main challenges?

We were lucky to have the financial means to seed fund the company from our private network, which is a challenge for most B2C/new media platforms in Toronto.

Our main challenge today is finding people locally, whether investors or staff, who have built large B2C platforms. In the Valley and New York, there are people who have done it and bring their experience as well as their money as investors. We have a great ecosystem for building B2B companies but not with respect to building B2C companies.

Where do you see your company going in the next six to 12 months?

Scale. Our platform is growing nicely and we have a couple of very interesting features that we're looking to launch in the next few months. Also, we will be recruiting and growing the team on the technical and marketing side. Our current funding plan is a larger institutional round within the next year.



vidrack

Headquartered in Ottawa, Vidrack developed a solution that enables clients to gather video content from new users directly to their websites. Videos are collected privately and website owners can download the video files and use them for marketing and feedback purposes.

Claudio Munoz from the MaRS Market Intelligence team talked to John Hallam, one of [Vidrack's](#) co-founders.

About the company

Can you describe your company solution?

I'll give you an idea of what we do. One of my partners is a marketer and he wanted to add a video to our website. We asked people to submit their videos, but they couldn't do it directly; they have to record it, upload it, send it to YouTube or Dropbox and then forward it to us—too many steps. What we created is a tool so users can submit video to a website directly.

Is that how the company started?

Part of it was that we were trying to get video on our website. We talked to a few people and they were interested in our product, but we didn't really know if there was a market. So we decided to present the idea at Startup Weekend Ottawa and we got a lot of interest. A lot of people said they like this idea. Now we are trying to turn this into a business.

About the market

What do you think distinguishes your startup from your competitors?

We focus on the market. One of the big problems with most software (companies) is service. Most tech companies try to sell their solution to everyone. They focus on sales, but they never quite build their market. We're building our market right now—we're a little slower now but once we reach critical mass, it will get easier to scale.

Who are you competing with?

We are in the user-generated video content (market), which is part of a larger market known as video content marketing. These ideas had been around for a while, but recently the technology—the bandwidth on phones, for example—reached a level where it's feasible for everyone to make videos and submit them.

Do you see yourself as an entrepreneur replacing or transforming the media industry?

Transforming, in a way. New products, like YouTube, change media and our relationship with it. Kids growing up now have YouTube, where they get to interact with content. The (media) progression is to get more people involved, creating their own content. I don't think our company is solely responsible for this but it is definitely transforming the industry.

Do you think you're transforming organizations like broadcast television?

I thought that at first, and then I realized our solution is complementary. We just add to the experience. For example, someone from a TV company, who is working on a reality series, contacted us. They wanted to use our product to scout reality talent, and to have video submitted to them. We can be a marketing solution as well.

About the future

Are you exploring other potential uses for your solution?

We're in the discovery stage. We are testing the product, trying to understand how clients are using it and what for. Some clients use our product for reviews and testimonials. We also think a potential use is customer service, and to avoid shipping costs. For example, if you have a broken laptop, all you need to do is take a video of it and send it back to the manufacturer. The company wouldn't need you to send the laptop back. They could just send you a new one.

Agencies are contacting us from California for music, TV or even movies, but the problem is that the market is very new. Our potential clients are still in the experimentation phase; we're at the end of an early adopter phase.

Is the idea to become part of their media mix?

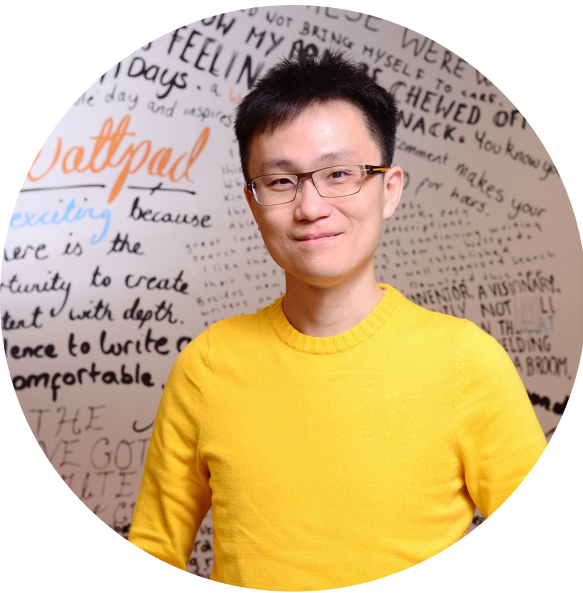
Exactly; it's another angle—another way to reach out and engage new users. Video has this amazing power to humanize any company. Companies can use actors, but sometimes you can tell if the testimonials are not real. If it is real, users could identify with them (the company). They feel engaged.

What are some of the challenges you are facing right now in the media industry?

I think every entrepreneur and every industry has slightly different challenges. It's hard to know exactly which business model to use. Most people go by subscription. It's also hard to know exactly where the markets are going. Then obviously it's finding talent and funding. I also find that in Canada we're one series behind the US. In the US, in California, once you prove initial market traction (and raise capital), that tends to be series A.

What about working with partners in the industry?

I could definitely partner with media, even for news reporting. CNN has implemented something very similar. They have this iReport app that viewers can use to submit content. Now it's a great differentiator for CNN but our product can do the same thing for smaller media companies.



wattpad

Wattpad, according to one of its co-founders, is the world's largest community for reading and writing stories, including different genres like romance and science fiction. Some newer categories have emerged on Wattpad, such as fan fiction and real person fiction. The company serves both readers and writers. For readers, Wattpad provides free content from any genre, available on any device, including mobile phones, tablets and desktops. For writers, the venture provides a free and safe environment to share their stories.

Claudio Munoz from the MaRS Market Intelligence team talked to Allen Lau, [Wattpad's](#) CEO and co-founder.

About the company

Can you tell me a little bit about how the company started? What's the story of Wattpad?

The company started more than seven years ago. In 2002, I had the first idea of a mobile reading solution. At that time, I was working on my first startup—a mobile gaming company—but I don't play games. I love to read. I created a product for myself, a mobile application to read books on a Nokia phone.

In 2006, I was ready to start a new venture. I was very busy prototyping this in my basement when one of the Wattpad co-founders, Ivan Yuen, instant-messaged me:

"Hey Allen, I'm working on a new product. Here's the link. Can you give me some feedback?" I clicked on the link that he sent me and guess what? It was a mobile reading product!

Two days later, I flew to Vancouver to meet with him and we decided to start a company.

About the market

What do you think distinguishes Wattpad from other competitors?

People have been reading and writing for centuries, but our product is completely different from anything

that existed before.

In some cases, you have to spend hours and hours to consume a piece of content, like a book. People's time is becoming more and more fragmented; they don't have time to spend five hours reading an entire story. We combine syndication with social, mobile and global experiences to create a very unique product. We are transforming the act of reading and writing.

People's time is becoming more and more fragmented; they don't have time to spend five hours reading an entire story. Wattpad users can read a chapter per day or whenever a writer finishes a chapter and sends it to Wattpad. That's easier.

How did you know that people wanted to read?

When we started the company in 2006, our thesis was that the Internet would do a very good job connecting people and that it would be mobile. We believed that everyone would have a very capable reading device that they would carry every single day and that device would have constant, always on, high-speed Internet.

And Wattpad has evolved according to new technologies, I guess?

Exactly. Wayne Gretzky didn't skate where the puck was; he moved to where the puck was going to be. As an entrepreneur, you have to do that.

About the future

What are Wattpad's main challenges?

There are seven billion Internet connected devices. There are five billion people on this planet who can read or write, or both. Wattpad is at 25 million monthly users right now. Yeah, you can say 25 million is a big number, but 25 million is the new 25,000. We still have a very long way to go before we reach one billion users. I believe it's easily achievable; one billion

users is only 40%. We're not quite there yet and we still have a lot of work to do to make sure it will happen.

What type of business models are you exploring?

Our focus has always been user growth. Without traction it doesn't matter (what you do); you can have the most beautiful business model, but if you don't have enough users it simply doesn't work.

We have been exploring native advertising. For brands, telling the brand story is very important because through that story they can connect with the right type of customers. Wattpad is the perfect platform for a brand to tell its story. Our company focuses on storytelling and brands can use Wattpad to send their message across.

Do you partner or work with traditional publishers?

Yes, we work with different publishers, if they have free content to give away. But we also work with other industries like the movie industry, helping to promote their movies. Fox commissioned some of Wattpad's writers to write stories in line with the movie "The Fault in Our Stars." The writers post their work on Wattpad, and users read about it. It is a novel way to promote the film and, ultimately, bring audiences to the theatre.

This type of native advertisement works really well for the brand. For the readers on Wattpad, it's not really advertisement; they're consuming content that they love. It's a win-win for everyone.



WONDEREUR



Wondereur is a platform for art buying that's really changing the way people discover and purchase art from around the world. It's an innovation in both the publishing world and in the e-commerce world because they're bridging two cultures. Wondereur is bringing together the best of both worlds: the simplicity of highly curated online shopping and the emotional connection coming from intimate stories and high-quality journalism.

MaRS Market Intelligence interviewed Sophie Perceval and Olivier Berger, co-founders of [Wondereur](#).

About the company

How did the company start?

We wanted to create an online experience where you could get recommendations from top curators, people who have an expertise and would unveil their top art picks and take you by hand into the space of an artist. Our idea wasn't to tell you what to think but to give you clues to start to understand why the artist is doing what they're doing. Looking at art is like solving a riddle, it's an exciting adventure if you're given some clues and are allowed to choose your own path.

About the market

What distinguishes you from your competitors?

A lot of our competitors show their customers tens of thousands of works of art and their focus is really on volume. These platforms are overwhelming you with loads of artwork and then try to help you navigate through them according to what you already like. We don't do that. We actually try to encourage you to taste a little bit of different types of art. It's like a wine tasting course. If you've never had any kind of wine, the first time you taste it you won't know whether you like it or not. You're trying to figure out what the experience is like. Our platform is offering

an art appreciation tool that is essentially educating you through entertainment. It's not work. It's not learning. It's an escape and an adventure.

Can you tell me who some of your major clients are?

Some big companies who we've partnered with include the Art Gallery of Ontario, The Koffler Centre of the Arts, and MasterCard. We're currently developing partnerships with Spafax media, Cineplex Entertainment and high-end condo developers in Toronto.

There are two streams in our partnerships: the first one is with the major contemporary art players. These include your typical museums, art institutions and high-end galleries. We're partnering with them to get further insight and tips about the best artists to watch and invest in. Essentially it's about sourcing and curation.

The other stream of partnerships is focused on building up the traction channels. We identified partnerships as a key channel for user acquisition, and we decided to make it our core priority, rather than social media, advertising or classical marketing. We partner with organizations that already have an audience.

About the future

What are some challenges that you've run into as a company?

We faced different types of challenges while building partnerships. Initially these partnerships were quite time-consuming as we had to speak with the number one person at a company and get the right intros. Also, some of these big brands can be pretty slow and it would take a really long time to make decisions so we had to identify early on if certain partnerships were worth our time. Now, brands are coming to us but it's a different kind of challenge: it's about finding out when to say no. It's always a risk when you turn down a partnership.

Where do you see your company going in the next six to 12 months?

In the next six months, we're going to be even more international. In several hubs around the world, we are developing very strong partnerships. We're reinforcing our presence in New York, Paris, London, Tokyo, Singapore and Hong Kong. In the long term, Wondereur is really about inspiring people to own art and creating an art experience that goes beyond the museum and the gallery experience.

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