

**Puget Sound Business Journal (Seattle) - September 8, 2008**

<http://seattle.bizjournals.com/seattle/stories/2008/09/08/story8.html>



Friday, September 5, 2008

# Seattle video ad agency signs up five online news websites

Puget Sound Business Journal (Seattle) - by [Greg Lamm](#) Staff Writer

Mixpo, a Seattle online video advertising startup, has struck deals with five online media outlets, including Seattle's Crosscut and a subsidiary of **Fisher Communications**, to allow those outlets to sell video ads to small and medium-size businesses.

The revenue-sharing deals give the media websites an affordable platform for local advertisers, said Anupam Gupta, Mixpo's president and CEO.

The local news site Crosscut has been test-driving the Mixpo video ad platform since March, with good results, said Yazmin Mehdi, Crosscut's director of business development and marketing.

Crosscut looked at similar video services, including Google AdSense, but felt that Mixpo was more familiar with Crosscut's content and better matched advertisers with Crosscut's audience, which tends to be affluent and educated.

"We're absolutely happy with Mixpo," Mehdi said. "It's a lot better than anything you get from Google AdSense."

Crosscut also considered AdBrite, a San Francisco-based online ad company. But AdBrite kept sending Crosscut advertisers targeting high schoolers, hardly Crosscut's core readership group, Mehdi said.

The market for online video advertising is expected to mushroom in the next few years. The **Kelsey Group** marketing research firm predicts that by 2012, online video advertising in the U.S. will reach \$1.5 billion, up from \$11 million in 2007.

Small and medium-size businesses are expected to spend about 12 percent of their online budgets on video advertising by 2012, according to the Princeton, N.J.-based Kelsey Group.

In addition to Google and **Microsoft**, several other small companies like Mixpo that are looking to sell local advertising online — including video ads — have cropped up in recent years. All allow local companies to sidestep the expense of hiring an ad firm to create, place and track ads on the internet.

Mixpo landed \$6.5 million in venture capital in 2006 from Seattle-based **Madrona Venture**

**Group;** GrowthWorks Capital Ltd., and Yaletown Venture Partners, both of Vancouver, British Columbia; and other investors.

In April, Mixpo struck a deal with ActiveRain, a Bellevue-based company that runs a networking and marketing website for real estate agents and mortgage brokers.

Gupta, a former Microsoft executive who joined Mixpo in 2006, said Mixpo's initial plan was to develop a platform that would allow people to post personal videos online. But after YouTube took off and was acquired by Google, Gupta said Mixpo decided to focus elsewhere to deploy its online video platform. The company settled on advertising for small to mid-size businesses, said Gupta, because it was an underserved market.

In addition to Seattle-based news site Crosscut, launched in 2007 by Seattle Weekly's founding editor, David Brewster, Mixpo also has struck a deal with Pegasus News, a subsidiary of Seattle-based media company Fisher Communications, which runs KOMO-TV 4. Pegasus News is Fisher's local online website in the Dallas/Fort Worth area, and the company plans to expand the online news website to other markets where it operates broadcast outlets.

The other media companies partnering with Mixpo to sell video advertising on their sites are KGO Newstalk AM 810 in the San Francisco area, and SunValleyOnline.com, a news and tourism information site in Sun Valley, Idaho. Mixpo also recently signed on with Itz Publishing Group, a Portland, Ore.-based consulting company that helps newspaper companies develop online advertising revenue.

For Crosscut, working with Mixpo has allowed the startup online news site to make video advertising more affordable and effective for businesses, Mehdi said. To host a standard block ad, Crosscut charges an advertiser between \$500 and \$750 a month. But Mixpo's video ads have prompted viewers to click on the ads twice as often as the industry average, Mehdi said.

*greglamm@bizjournals.com | 206.876.5435*

*All contents of this site © American City Business Journals Inc. All rights reserved.*