

Creative Content for Advertising, Television and Online Networks



Ray Carballada
President & CEO

CEOCFO: *Mr. Carballada, would you tell us the concept behind Alkemy X?*

Mr. Carballada: Alkemy X is a creative content media company that develops and produces content for traditional advertising, as well as reality television programming, visual effects for scripted content and promotional work for online and traditional networks. We also produce a lot of online and digital content which tends to be a hybrid of all those different things together, so we create content that is advertising and advertising that is content and a lot of that is released online. We put together our creative talent and expertise from all our disciplines in unique ways, hence the name Alkemy X.

CEOCFO: *On a basic level, what do you understand about what people want to see and how to 'wow' people?*

Mr. Carballada: I think it comes down to people engaged with content and a broad sense of their most valuable asset, which is their time. If that content is not relevant to them in some way, you are not going to engage with them. To wow them or impress them, the key is to be relevant to them. In today's world, it is not about what the producer of the content wants to say or show, it is about what your audience wants to see, know and feel. It is a very different environment than it was just five years ago.

CEOCFO: *Are your clients turning to Alkemy X because they realize that you know the difference or are they often surprised at the approach you take and maybe not quite convinced of the effectiveness?*

Mr. Carballada: When we explain to our clients how we go about the creative process, they understand it and they understand why it works. We also are different from a production standpoint and have been for years. We are a very vertically integrated company and horizontally integrated in the media industry, advertising, television, online etc. What I mean by that is there are not a lot of companies that can take it from production all the way to distribution; and that is important because in today's world, dollars are tight. You have to make creative choices based on what is best for the project and have the best resources available to accomplish creating relevant content. If you can do that, you invest your client's money in a way that gets them the best value. Unless you have the creative and production resources to control that process, you cannot do that. They understand that now; and what we do has become the norm rather than the exception.

CEOCFO: *How did you know in the beginning this was the right approach?*

Mr. Carballada: It made sense to get involved in all these different media segments for a few reasons. Primarily, it was because in the mid-2000s we saw the worlds of advertising, content, television and motion pictures really starting to blur. I knew we had to be playing in all those spaces to be relevant in the future. The thought was to let us get into those businesses. We know we will have to pivot as we go forward, but let us not wait until we understand exactly what it is. Because if we wait until then, it will be too late. Honestly, people did not know what was good or bad at that point when it came to some of this work because nobody else was doing it. We were being innovative and we learned a lot by doing. I think that the choice of getting into this was the right choice for many reasons. It is a different time now than when we first started. We had to evolve based on what the marketplace needed.

CEOCFO: *Would you tell us the key to being original but following the trends?*

Mr. Carballada: Much of it is related to the talent that you recruit and being able to combine them in unique ways. I also think that empowering talent to take smart risks is imperative. You learn from these risks and many times more from things that do not go well than from things that do. When something does not go as you expect, you tend to know why. You can learn a lot from those smart risks, which will make you more successful in the future. A great deal about being original is realizing that those risks allow you to develop innovative content or strategy that helps you to surpass what is

going on in the marketplace. It is not driven so much by the other content out there. It is driven by what the audience is looking for or engaging with and that is the key to being original.

CEOCFO: *What do you look at when you are assessing what people want where others may not pay attention?*

Mr. Carballada: I think we look at many of the things that many of the other people look at like shows, commercials and content or even books that people are interested in. We spend a great deal of time looking at what people want, but also what they do not want. We assess all sides of the equation.

CEOCFO: *How do you know when to pull the plug when something is not going well?*

Mr. Carballada: There is a book that I read recently called "Business Brilliant" by Lewis Shift, which is really interesting. It talks about people who are super successful in business. The people who are extremely (above \$30 million) successful. The biggest difference between them and the people that are very successful is when you asked them what they were good at, they would only say they were good at one or two things and they also had more failures in that space than anybody else. What they did was continue in that space and got it right eventually. I think there are times when you do have to pull the plug, but more importantly, there are times that if you are in a space that you really should be in or a product or business, if it is not working, there tends to be something that you need to try, pivot or change. That is critical. More than pulling the plug is being willing to change what you have quicker than ever in today's environment. You have to pivot faster and move faster and constantly evolve. You should decide what you need to change to keep it relevant going forward. You could end up with a product that is totally different from what you started five years later or be dealing with a totally different market or clients. I tend to like to try to do something on a lean startup or test. This is true especially in the media segment as things are changing so quickly that if you put together a plan that is bulletproof, by the time you get it funded and launch it, it is probably not relevant to what is going on in the world anymore.

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CEOCFO: *How do people find Alkemy X in search? So make companies fit broadly into your industry?*

Mr. Carballada: We are a B2B business. We know who our customers or potential customers are and we engage with them in different ways like PR, marketing, social media, etc. We have our own direct sales staff, which was unusual for a while. Many companies in our space are starting to put in direct sales staff. We market and sell ourselves just like other businesses. That is how we get ourselves out there. It works for a lot of different reasons including that our business development people are doing a very good job of positioning the company on why we are different and what kind of projects are right for us and why we should partner with our clients. That is how we get people to know us. We are also very involved in things where we know our customers are such as events and seminars. We also go out and are asked to be on panels all the time. It does lead to our potential customer base understanding who we are.

CEOCFO: *What surprised you as the business has grown and evolved?*

Mr. Carballada: I think one of the biggest things that has surprised me in the last five years is how quickly film disappeared in our business. Film was always the acquisition medium for anything that was on the higher end of production. That disappeared almost overnight within two years. There is still some film being shot but it is an exception versus the norm especially in the advertising world. What is also surprising would be how disruptive that was to our business. I was not surprised it happened, but I was surprised how quickly it happened. I thought it would take about three to five years to play out but it took two.

CEOCFO: *Why choose Alkemy X?*

Mr. Carballada: The reason our customers come to us is because we produce content in a unique way which truly engages with their audience. They want to produce something that is relevant to their audience. We have the talent and expertise to do that because we produce television. We develop and produce advertising. We do promo work for networks and everything else in-between. Because we do that, all those disciplines all relate to each other in today's environment. I do not think you can put all those things in a silo like you used to years ago. They all overlap with one another now. Being a company that has the internal talent to provide content in those spaces allows each one of those segments a better value and produce a better product than our competitors.

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