

Inuvo Is Using Data And Analytics To Successfully Answer The Age-Old Question For Advertisers – How Do I Get The Right Ad In Front Of The Right Consumer At The Right Time Through The Right Channel?

Services
Marketing Services
(INUV: NYSE Amex)
Inuvo™, Inc.

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Richard K. Howe
President and CEO

BIO:

Before joining Inuvo as Chief Executive Officer, Rich was Chief Marketing/Business Strategy and M&A Officer at the Acxiom Corporation (NASDAQ: ACXM), a \$1.4 billion annual revenue global interactive marketing services company. At Acxiom, Rich was responsible for building the Asia Pacific business, consulting business, targeted display advertising business and also managed the information products and analytics business. Rich has also been general manager of the \$110 million Global Marketing Services unit of Fair Isaac & Company

and founded and was chairman and CEO of ieWild Inc., a marketing applications “software as a service” company. Rich earned a bachelor’s degree with distinction in engineering from Concordia University, Canada, and a master’s degree in engineering from McGill University, Canada. Any free time Rich has is spent with his family traveling, skiing, golfing, dirt biking and watching movies.

Company Profile:

Inuvo™, Inc. is a \$50 million public company focused on making sophisticated online targeting technology available to marketers. The Inuvo Platform provides the means through which advertisers and publishers directly connect within a secure fraud-protected marketplace where leads originate based on their probability to convert into sales.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Howe, what is the focus and strategy today at Inuvo?

Mr. Howe: Inuvo is focused on performance marketing, which is an area of marketing online where data and analytics can actually be applied to better align an advertisement with what a consumer actually wants. So that is point one, the company’s focus is on performance marketing. The way we are executing on this vision is with a marketing platform we have branded, the Inuvo Platform. Within this Platform, advertisers and websites come together in a secure, fraud-protected marketplace where websites can make money from the traffic they attract and advertisers can make money from the sale of products.

CEOCFO: How does your service work?

Mr. Howe: If you are an advertiser looking to drive leads or promote a particular product you have, you would sign into our Platform and place your ad in that Platform. Websites that have a relationship with Inuvo pick up those ads and they drive consumer traffic to those ads on their sites. The result of that is website publishers themselves get money from driving those leads, and advertisers get the sale of products because of the conversions on the clicks.

CEOCFO: Do you put it together in an easy-to-use format; what is the secret behind your plan?

Mr. Howe: There are two dimensions to that. One of them is that we have re-engineered our Platform in a way that, at least we believe, is easy to use. That is an important component of our technology. As an executive who has been in the technology space for 25 years now, I have seen how sometimes when you simplify; you are in fact more successful. So we did use that as a design construct for our Platform. You could say we are making the complicated easy. However, the real secret in what we are doing is utilizing information as a means to better align product offers with consumers. Most people probably believe that sophisticated targeting is already occurring online, but in most cases, that is not the case. The online marketing problem is the same age old question: How do I get the right ad in front of the right consumer at the right time through the right channel? While that sounds perhaps easy to do, it is actually quite complicated to do and it requires that you know a lot about the consumer—what they are interested in, and what they have been historically inter-

ested in. There are many dimensions to solving that problem and being analytic about your solution. We believe our 'secret sauce' is the utilization of data and analytic technology to make this alignment between advertising and consumer a reality. Many of us at Inuvo have done it before across many marketing channels both on and offline.

CEOCFO: Do you offer consulting services along with your do-it-yourself approach?

Mr. Howe: The Platform has been designed to alleviate a lot of the manual work that is required with our competitor's solutions. That being said, there will always be a market for a more hands-on service arrangement with clients, perhaps to build creatives, recruit publishers or integrate systems, and Inuvo can provide these services.

CEOCFO: What types of companies are using your services?

Mr. Howe: There is a multitude of them, across different verticals. We have casinos, hotels, technology companies, and mid-market companies who are in the mass-market consumer product business.

CEOCFO: How do you reach your new customers?

Mr. Howe: We have a direct sales organization, so we spend a lot of time on the phone prospecting for both advertisers and publishers. Some of them we can in fact close over the phone, others require a more hands on direct series of visits.

CEOCFO: As potentially everybody is a customer, how do you target your new customers?

Mr. Howe: Our target market right now we believe is what you would call the middle market. So not necessarily Fortune 2000 companies, but smaller mid-market companies that are still new to Internet marketing and don't have the resources that larger companies have. As a result, these middle market companies need a place to go to conduct commerce online where the technology investments have already been made.

CEOCFO: Does everybody get it today, or are there still companies that really don't understand the value of the Internet?

Mr. Howe: The Internet, for marketing purposes interestingly enough, is still relatively young. If you look at it, it has really only been in existence maybe seven or eight years as a real commercial force. If you look back at more mature marketing channels like say direct mail, these have been around for 50 years, so I would say we have a long way to go yet online.

CEOCFO: How has that changed in the current economic scenario in the last year or so?

Mr. Howe: The economy has had an impact on our business like it has every other business in the United States in the last year. The consequence of the recession in our industry has been shrinking marketing budgets as companies try to preserve cash. That being said, we are starting to see recovery, not as fast as the

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- Richard K. Howe**

decline, but recovery none the less.

CEOCFO: What is the competitive landscape?

Mr. Howe: It is pretty broad. You have a lot of big players in the marketplace, the giants like Google and Yahoo. Then there are a lot of niche companies who are like us, micro-caps doing somewhere between \$50 million and maybe \$150 million of revenue all chasing this vision of performance-based marketing. Let the smartest company win!

CEOCFO: You have various products like Real Estate School Online, Yellowwise™, Babytopee.com and Zubican™; where do all of these fit in the mix for Inuvo?

Mr. Howe: One of the dimensions of our business is we actually have owned and operated web properties. Those properties that you just named, Zubican and Yellowwise are actually websites that we own ourselves and operate. When we do that, we are actually acting like a publisher in our own Platform. When we are the pub-

lisher, we control both the flow of consumer traffic and make more money since we don't have to share additional fees on the sale of advertiser products with the publisher.

CEOCFO: Do you see doing more company-owned sites?

Mr. Howe: The answer is we are being very selective about it, because it is not our vision to own hundreds of these websites. Our vision is to advance the sophistication and performance of the Platform. However, there are cases of owning websites where we have some domain knowledge, so that can be very useful for us to drive consumer traffic to some of our advertisers.

CEOCFO: You are taking advantage of opportunities!

Mr. Howe: We are taking advantage of some opportunities, yes!

CEOCFO: What about mobile applications?

Mr. Howe: Yes, mobile is clearly a channel that is moving rapidly. We are thinking about our mobile strategy, but we have yet to start executing

on it.

CEOCFO: What is the financial picture of the company?

Mr. Howe: This has been a year of change for us. If you follow our company, this is a tech turn-around. A year ago things were looking pretty tough, not that that is not the case for just about every company in America. However, it was particularly true for us because of the turn around aspect of the business combined with a credit and economic crisis. We are in a much better position today than we were a year ago, so we feel good about the progress that we made in light of the obstacles. This has been particularly challenging for us since we also had to secure both debt and equity financing in 2009, which we did.

CEOCFO: What is the plan over the next year or two?

Mr. Howe: Today, we are focused on growth. Most of the transition work is behind us now. Top line is now the first and foremost focus for the company.

Therefore, selling our Platform, and making money from the Platform, is our focus.

CEO CFO: Why should potential investors be paying attention Inuvo?

Mr. Howe: Performance-based marketing is where the Internet advertising world is going. It says an advertiser only

has to pay when an action happens and they love that because it is measurable. We are on the forefront of applying data and analytics technology to performance-based marketing online and there can be little doubt that the channels we are in, these online marketing channels, will continue to attract more and more money from advertisers.

CEO CFO: Final thoughts, what should people remember most about Inuvo?

Mr. Howe: People should remember that we are on the forefront of applying sophisticated analytic technology to performance-based marketing; that is our niche. That is what we do better than anybody else.

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