

## **Entertainment Media Inc. Is Focused On Building Brand Loyalty And Revenues For Their Client Base**



**Communications & Media  
 Publishing & Printing  
 (INT-TSXV)**



**David Lucatch**  
**President, ItiBiti Systems Inc.**  
**CEO Entertainment Media Inc.**

**BIO:**

A specialist in the development of consumer engagement applications, David Lucatch has enjoyed a career designing marketing and business initiatives for major brands worldwide, leading both conventional and online business programs in the US, Canada, the UK, Europe, Asia and Australia.

An early entrant in the digital sector, David has also developed online banking and credit card security software and e-

commerce platforms for a wide range of global business applications. In addition, this expertise was instrumental in the creation of several major global fundraising and awareness initiatives, and he has been recognized internationally for his efforts.

Now, in a re-imagining of the new media landscape, David is working together with Microsoft Corp. and Omnicom Media Group (OMG) on the October 2009 launch of the innovative *itiBiti* private-label desktop platform.

Acclaimed by Microsoft as “*the next generation of integrated social media applications*”, *itiBiti* is poised to revolutionize the way brands, marketers and consumers live on the desktop, and in the mobile space. [www.itibitissystems.com](http://www.itibitissystems.com)

Notably, in a milestone moment earlier this year, Entertainment Media Inc. was invited to join the elite Microsoft Global Agency Partnership – one of only a handful of Canadian companies to achieve this designation.

As a recognized thought leader and seasoned speaker in the area of entrepreneurship and new media development, David has appeared across North America, speaking for organizations including The Canadian Association of Broadcasters, South By SouthWest, MIX '09 and The University of Toronto. In addition, he Executive Produced and sponsored the recent “Be The Voice” Social Media Leadership Forum in Toronto.

A graduate of the University of Toronto, David remains an active supporter and mentor for the university’s Management Economic Student Association (MESA). In 2004, he was honored with UTSC’s

40<sup>th</sup> Anniversary Alumni Award, recognizing success in the fields of business, medicine, rights advocacy, literature, arts, sports and journalism.

**Company Profile:**

Entertainment Media Inc. is a Rich Media Applications leader, focused on delivering leading edge technology and marketing solutions enabling clients to power enhanced branding, loyalty initiatives and consumer engagement. Selected as a Microsoft Global Agency Initiative partner, Entertainment has joined an elite group of interactive agencies worldwide that Microsoft recommends to its Partners and Customers. Additionally, Entertainment owns, operates and invests in high value content, traffic management, advertising and social networking solutions including, Eye Rock Digital, No Good TV, View2gether Inc., Itibiti Systems Inc., and Magnum Fine Commercial Printing Limited.

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

**CEOCFO:** Mr. Lucatch, what is your vision as founder of the company, and where are you today?

**Mr. Lucatch:** Our company is based on building brand loyalty and revenues for our client base. As the internet went through an evolution so has our company. We were on the leading edge of the internet business in the mid-1990’s. Since then, we have seen the transformation from web 1.0, which was really driven by business, to web 2.0, which was really driven by consumers. The fact is that businesses today have a very difficult time engaging and fulfilling relationships with their constituents, and our company

vision is to empower our clients to make their brand experience better.

**CEOCFO:** How do you empower your clients?

**Mr. Lucatch:** We look for goals; any good business looks for opportunity and looks for things that might be missed in the marketplace. We look for opportunities in accelerating reach with consumer to brand and leverage that relationship. We basically do that by creating opportunities for stronger brand messages and value propositions with their consumers.

**CEOCFO:** Would you give us an example of what you do for your clients?

**Mr. Lucatch:** Absolutely, I'll give you both a conventional and a new media sampling. Among our conventional offerings, we have a traditional print media and graphics services business. With some of our largest international and domestic corporate clients, we have created an online module allowing them to efficiently order their products digitally. When dealing with companies that have thousands or hundreds of thousands of employees across multiple locations, integrating an easy-to-use format increases the efficiency, and ultimately increases cost savings. In that case, we have taken a very traditional business with high-level commercial need, and integrated some next-generation thinking to increase efficiency across the business.

With the itiBiti program, we are reimagining the way brands connect with consumers. itiBiti is a new, white-labeled social media & communications platform that we are launching, and one of our first clients out the gate is NBC.com. We are creating an integrated social media, communications & entertainment application for the desktop that is ready every time a user turns on the computer. The computer desk-top is the bridge to everywhere, and the most vibrant new marketplace for consumer connection. Every day, consumers around the world use the

desk-top to launch email, launch the web browser, launch all their applications, but it is a totally un-utilized massive footprint. Now, what we have done, is help our clients capture that real estate, creating a brand new value opportunity with content, contests, premiums, promotions, voice & text communications and more, right on the desktop where they can see it.

**CEOCFO:** Would people welcome having these advertisements on their desk-top?

**Mr. Lucatch:** As an opt-in, registration based program, the consumer chooses to

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get exclusive value, exclusive promotions, and free communication service all courtesy of NBC, and they willingly do this. It's signalling an important business and cultural change. If you look at things like Skype, over 400 million people have Skype on their desktop. So putting an application in the desktop, it is just unutilized space; it is another conduit for the internet.

**CEOCFO:** What do you know as a company that allows you to take advantage of this?

**Mr. Lucatch:** If you take our background, we are all from the technology and marketing field and have an impres-

sive combined profile in terms of experience and years in the market. I'm currently celebrating 25 years in the business this year and when we started in the internet space, we were developing proprietary technology in the consumer credit card industry, allowing banks to start pushing the community to start taking credit cards online. Therefore, we understand that area very well in terms of the security, updates, relational marketing, and consumer based marketing, which really most of our team's focus. So we really have an exceptional background in that. Thirdly, we are viewed in certain markets as a company that will vet technology projects for various institutions. So sometimes we are called upon when financial institutions and brokerage firm has a technology related project in hand, they will call us and ask us to review it on their behalf, because of our expertise. Lastly, we brought in our major brand partners, which have exceptional equity and value in their space. They are experts in doing what their consumers want.

**CEOCFO:** Tell us about itiBiti Mobile.

**Mr. Lucatch:** The desktop today is the general point of connection for all computer users, but as we move forward in the market space the handheld units or smart phones will become the tool of choice for most consumers. itiBiti Mobile is a natural extension of the

itiBiti desktop platform. It will seamlessly connect the two components together and allow our clients to leverage not only their online program, but their existing and new mobile programs through our conduit.

**CEOCFO:** Is that being launched next month?

**Mr. Lucatch:** It has been announced. Our partnership will be launched in the next month; itiBiti Mobile will likely start Q-1, 2010.

**CEOCFO:** What is your geographic reach?

**Mr. Lucatch:** We have a partnership with Omnicom Media Group, which is one of the largest communication conglomerates in the world. Two of their epicenters are Los Angeles and New York. We feel that as we expand our opportunities, we would be best to have points of presence in both of those locations.

**CEO CFO:** What is the financial picture like at Intertainment today?

**Mr. Lucatch:** It is an amazing situation because over the years there have been a lot of changes in how GAAP accounting is done. When I first entered the internet business, it was remarkable because technology that you were developing was an asset that was amortized over a period of time. Today when you are building a new technology, generally, you are expensing that immediately and that does put pressure on your balance sheet. So if you were to look at the balance sheet of Intertainment Media today, it doesn't paint as rosy of a picture as the ongoing business model. I think because we have been primarily in development stage company for the last three years, we are expecting larger losses with the underlining assets not being valued. As we move forward you are going to see in our opinion, we have had a significant turnaround in that arena.

**CEO CFO:** What is the revenue model?

**Mr. Lucatch:** Our revenue model is unique to each client, with specific information being proprietary. We basically invest in each one of our clients' opportunities. We are working with major brands like NBC, iTravel, and Astral Media Radio and Tribute Entertainment. We are making an initial investment in that client opportunity, and that shows good faith. These are multi-billion dollars brands, and we are coming in as a partner. Therefore, we are not only sharing the profits, we are sharing in some of the expenses that go with that. The general model is simply; we share in some of the expenses going forward and clients are responsible for paying us some fees. Then on a go-forward basis, we are sharing in the spoils of the revenue that is generated from applications.

**CEO CFO:** Do potential clients realize the value of the opportunity or do you have to sell them on it?

**Mr. Lucatch:** We ran two main tracks for itiBiti as we moved forward. Our first track was obviously technology development. We had a good base and grew that technology based on input from our clients and our consumer surveys. The second track was marketing, being a little evangelical. That would be getting out there, showing our wares and at the same time being missionary in terms of educating our potential client base. We have in excess of 200 presentations currently underway, all with 100% interest and ongoing communication. The key underlying issue for many companies is that they are still treading water when it comes to social media. They are not sure whether they should be getting out of the water or diving in as social media continues to garner acceptance and there is a way to monetize. There have been some fantastic examples recently and our product continues to gain momentum. We now have a backlog now of clients, so we are fortunate in that respect that we really believe at this point-in-time that we can handle more clients, but we are very careful as to who we will bring on.

**CEO CFO:** What has been the effect of the current economic situation?

**Mr. Lucatch:** Because of the way that our revenue model is built and because of the fact that our major brands are looking to increase consumer engagement, we really have had no effect on our company. Even in our traditional media business, we are in the process of closing a transaction that will triple the size of our business.

**CEO CFO:** How does being on the desktop give control to advertisers in promoting their brand ?

**Mr. Lucatch:** If we go back quite a few years, not necessarily advertisers, but brands had a very strong communication message and that communication message was driven by very few media opportunities; primarily television. In addition, radio and print media such as magazines have also had an affect on communication and message. But over the years, because web 2.0 really does drive the consumer to take control of their experi-

ence, as we've seen the effect in the newspaper and magazine industry and the transition in radio, brands in general are moving to the online platform. We've seen that the consumer is in control of the brand, but is not in control of the experience. Our opportunity to be on the desktop in a new environment really does give the brands the opportunity to control and engage in a stronger way. However, with that opportunity comes a cost; not necessarily a dollar cost, but a value proposition cost. If I want to engage a consumer in a new way, I must be prepared to increase the value proposition for the time spent in that engagement. So it really is a combination of what I am offering and how I am offering it. It is not one or the other.

**CEO CFO:** What is the competitive landscape?

**Mr. Lucatch:** We always are aware that there are fringe competitive opportunities. In the case of revenue generation, there are a lot of places to place advertisements for our brands. However, to date we are very fortunate in that we don't feel that we have any direct competitors in this space. We have gone back to our partners being Omnicom Media Group and Microsoft and both feel that statement is warranted at this time. What we have done is not only looked at a technology solution, but a relationship based solution. While technology can be competitively valued, relationships take much longer to birth.

**CEO CFO:** Are you involved in the designing of the content or in the technology?

**Mr. Lucatch:** Are we left brained or right brained? We are both! We are both analytical and we are creative. The challenge is that we need to be both. We need to think outside of the box and that is usually visionary and visionary can be much more creative than it is optimal. Then we need to be able to deliver on the vision. So the key with our clients is to understand all facets of their business. This is not a one size fits all application. We spend a lot of time with our clients, understanding their business and their business model to create solutions that we hope will provide maximum engagement opportunities.

**CEOCFO:** Address potential investors; why should they pay attention?

**Mr. Lucatch:** Our market difference - setting us apart from any other media companies, is that, when viewed alongside most internet opportunities, we are built in a completely new way - allowing us to move faster, and provide a better return for our investors. The general business model in the internet basis is raise money and build a product, raise money and create consumer adoption, then raise more money to increase con-

sumer adoption and hope that someday you can turn revenue or you might need to be sold. Our main differentiator is that we are dealing with major brands who already have appeal in the advertising space, and our business when we launch a desktop application, it is completely revenue driven. It is supported by advertisements and/or sponsorships. So we are not out there looking for revenue streams to support to endeavors. We are already launching with those in place.

**CEOCFO:** Final thoughts, what should people remember most about Entertainment and about itiBiti?

**Mr. Lucatch:** When you look at a lot of successful businesses, you sometimes look at the opportunity where the company is a major participant in leveraging the value of its partners - and that is the core of what we do. We might not be forefront in our NBC.com application, but we are in behind it, powering it and sharing the revenues that go with it.



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