

Digital Advertising Technology Company, MediaShift, Inc. and their Last-Mile Ad Server are the Next Evolution of Ad Server Technology Monetizing Private Wi-Fi Networks and Publishing Sites with Access to On the Go Consumers

**Technology
Digital Advertising**

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**David Grant
CEO**

BIO: Mr. Grant helped found AdVantage Networks, Inc. in 2010. Mr. Grant also served, from February 2007 to February 2012, as the Chief Information Officer of AssistMed, Inc., where he contributed to the expansion of AssistMed's products and services. Mr. Grant was founder and Chief Architect of iXept, Inc., a mobile payments technology company which has licensed its intellectual property to a global financial institution; he currently serves as a director of iXept. Mr. Grant also helped found MedEfficient Healthcare Solutions in 2004 and has been a managing partner of MedEfficient since then. Mr. Grant was a founder, initial President

and initial CEO in September 2004 of UniversCel, Inc., a high speed networking and communications technology firm, which he continues to serve as a director. In 1998, Mr. Grant also founded Rx-Connect, a startup venture that was acquired by PacifiCare Health Systems in 2001. While at PacifiCare from October 2000 to January 2003, Mr. Grant served as President and CEO of MEDeMORPHUS (formerly Rx-Connect), and as a Vice President with PacifiCare's E-Solutions. MEDeMORPHUS was responsible for delivering more than \$13 thousand in annual savings on drug spend per contracted physician and created over \$75 million in annual savings to PacifiCare and other payers. Mr. Grant holds a B.S. degree in Applied Physics from California State University, Northridge.

About

MediaShift, Inc. (OTCBB: MSHF): MediaShift is a digital advertising technology company that monetizes private Wi-Fi networks and web publishing sites, while offering advertisers access to one of the fastest growing audience platforms targeting on-the-go consumers. Through AdVantage Networks, a wholly owned subsidiary, patented technology enables operators of private Wi-Fi networks to monetize their audiences through one of the fastest growing digital place-based ad technology platforms in the world. Through Travora, another wholly owned subsidiary, advertisers can access a leading global travel ad network and leverage rich data profiles for exceptional audience segmentation, across multiple devices, while gaining unmatched data insights.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Grant, what is the concept at MediaShift?

Mr. Grant: MediaShift is a digital advertising technology company that monetizes private Wi-Fi networks and publishing sites while offering advertisers access to the fastest growing audience, which is on the go consumers. The concept is, to help improve Wi-Fi access and user experience by including network operators in the internet advertising revenue ecosystem. We are an ad server for Wi-Fi operators. During the early internet publishers, [websites] started to provide free access to content and monetized this content by including display advertising alongside. As ad technology and reach improved online, display advertising grew into a huge industry. As the number of publisher sites exploded and the advertiser competed for viewers, the need for ad servers and ad networks evolved to aggregate publishers, and provide uniformity in online advertising. Companies like double-click [acquired by Google] and Overture were born. As content continued to expand so did the size of this content. Content grew from simple text to picture to audio media and large files and now to stream HD video. This significant and growing amount of content passes over networks that actually make up the "link or segments" of the internet "web" connections. Without these segments there would be no Web. The internet traffic patterns have changed in a very short period of

time. With the rapid growth of mobile devices and Wi-Fi hotspots, user demand for access is increasing. We have tremendous bandwidth being consumed everywhere; every day over Wi-Fi networks and the content being consumed is orders of magnitude larger than it was just a few years ago by much fewer people. To compound this issue, people want free, quality Wi-Fi which is putting pressure on network operators to keep up. We witness users consuming bandwidth at an astronomical rate with video and high definition content and streaming media pretty much everywhere we go, whether it is at a café, a hotel, an airport or even outdoors, people want fast, free Wi-Fi everywhere and have demonstrated they will choose hotels and other venues based on complementary Wi-Fi. MediaShift has several issued patents that enable us to manage and improve advertising on Wi-Fi networks. We are creating an ecosystem that will enable network operators to share in the internet advertising revenues and providing additional incentive for them to continue to enhance and expand Wi-Fi access to their user. We also provide publishers with a better experience and new solutions so that they can touch and engage their consumers more effectively. We believe MediaShift's last-mile ad server is the next evolution of ad server technology.

CEOCFO: How does it work? Would you give us a concrete example?

Mr. Grant: Basically, you would watch a fifteen second to thirty second commercial and you would get free internet for an ½ hour. If you are connecting via a tablet or smartphone you could also get free access by trying out a free app that is likely to be relevant to the venue offering you free Wi-Fi or you. Via our patented technology we also provide full session monetization to manage the most effective ads that are delivered as the user is browsing normally. The user sees the same number and types of ads they would see if our solution were not enabled and there is virtually no impact or difference to the user except for more relevant ads

while you are connect to our partners network.

CEOCFO: Who is using your services today? Is it particular types of companies or industries?

Mr. Grant: Our partners are Wi-Fi operators and internet providers who manage the internet service at various venues like Hotels, Airports, ISP, Cafes, Campuses and the like. We have announced our Premier Airport Network through our partners who provide services to over twenty of the top airports in the United States. We also have over contracts with service providers representing 5,000 hotels. We do not provide Wi-Fi as a network operator. We provide an advertising experience and share our revenues with our customer the network service provider. We are growing very fast. We deployed into 13 of 20 of the most popular US airport in just a few months. We have deployed at ISPs, college campuses, cafés, parks, and similar environments.

“MediaShift’s last-mile ad server is the next evolution of ad server technology.”

- David Grant

We are now talking to hospitals and other types of venues that would also provide free Wi-Fi or at a reduced cost and a better experience for their users. Those are our kinds of customers today.

CEOCFO: How have you been able to get the airports on board? What have you figured out that perhaps others have not to achieve the early success?

Mr. Grant: Technically our solution is plug-and-play for any internet or Wi-Fi provider so implementation is straightforward. We also have common customers so we can create help augment their service by creating unique value and experiences for their networks. Although we have deployed at a variety of venues, our focus has really been the travel segment, to start. We will expand into other markets that make sense from a vertical perspective, but our focus is on hotels, airports and transit. We focused there because it is a great advertising segment and with the

acquisition of Travora we have over a decade of advertising experience in this market. From a travel perspective, we provide advertising to well recognized publishers such as Rand McNally, Formmer's and Gogobot which are just a few of more than three hundred travel publishers we work with. These sites provide great content and research to their users. As an advertiser to their sites we see user “intent” through engagement or research. Next we might see that user again at the airport so we can continue this engagement with relevant opportunity. We might also see this user at their destination hotel which means we can provide even further engagement opportunity to improve their trip. These opportunities create value and revenue for network operators who more and more are under pressure to provide lower cost of Free Wi-Fi to their customers. We provide new options and incremental revenue to help support the overall ecosystem. That is why I believe airports and other venues like our solution and use our services. For us, airports represent another great opportunity because

they aggregate travelers in mass and a mid to large airport is comparative in volume to a small ISP. Advertisers are more interested in massive focused reach for a particular audience which helps with Airports. Large airports connect tens of thousands of users to their Wi-Fi each day which adds up. We see about thirty million unique users on our publisher sites every month and when fully deployed with our current airports partners we should see about twenty three million per year. Of the significant amount of travelers connect to our customers networks every day; about fifty-three percent connect via laptop and forty-seven percent on mobile. Mobile connections are currently split about fifty/fifty between tablet and smartphone.

CEOCFO: When you approach the airport management what is the “aha” moment? Do people in general understand the concept quickly?

Mr. Grant: Our customers are not the airports themselves. They are the

people who are providing the service to the airports. However, the “aha” moment is pretty quick. We deal directly with private network operators. They are managing a network service for their customer, whether it is in an airport or a hotel. Our sales staff already has many deep relationships here, but the conversations often go something like, “Are you getting pressure from your customer to provide lower cost or free access to consumers.” The answer is typically, “Yes” because they have to stay competitive. Starbucks is a perfect example. When they started to give away free Wi-Fi other cafes had to follow suit or lose custom who wanted to sit, surf and drink coffee. I personally have chosen to go to Starbucks simply because I needed Wi-Fi and ended up buying a coffee or oatmeal because I was there. We might also ask, “Are your users consuming more bandwidth?” The answer is always yes, and more of them too. Just take yourself for example, if you use sites like Facebook or other social media, you are likely spending more time and viewing richer content [lots of high-resolution pictures and video]. If you are watching clips on YouTube, which we know consumers are doing they are typically using even more bandwidth. Our network operator customers often say something like, “We are getting pinched between lower cost and higher bandwidth costs.” Most are also contemplating expensive new equipment to ration bandwidth so they can guarantee uniform user experience. What we propose is, “We are going to give you a device or a piece of software,” depending on who they are; some run it natively and some we actually supply equipment for. “We are going to give you this solution at no cost to you and we are going to share revenue for you. It is incremental and it does not cost you anything, and you are already doing it. We are going to help you monetize the advertising and the experience through that browsing session, but we are also going to give you consumer more relevant ads. We are going to improve their experience, because we enable a faster delivery.” 99% of the time the answer is yes.

CEOCFO: Will an entity for example, a hotel, care that there is more advertising or there is so much anyway that when their customer is looking it really does not make a difference?

Mr. Grant: That is a great question. So far there has been no real push back around our service for a couple of reasons. First, there is not significant different in the volume or type of ad the user sees, just the quality of the ad and the delivery performance is improved. Our service is practically transparent to the user from an advertising perspective. We also offer the hotel’s user a better advertising experience because the ads are more relevant. We have the ability to do in session ads. We do those through in-margin advertising and we also offer overlays. Therefore, the user does not see any more ads except for that pre-authorization ad that might say, “Please enjoy your next hour or next thirty minutes of free Wi-Fi complements of…” and then they would run a fifteen to 30 second commercial. The user really does not have to do anything that they do not normally do. They may see a commercial similar to radio and TV ad which is their ticket in. They can also download an application on smartphone and that is their ticket. We can also offer hotel service ads which we call “house ads”. That means we can now play their house ads to increase the services in full service hotels such as their spa or restaurant. We can provide localized ads which helps their community. We can also block competitor ads. For example, if you are at hotel “A” and you do not want ads from hotel showing up for your customers. When you are using our ad server, we have the ability to control that capability.

CEOCFO: Why has this not been tried before? Is it just that no one thought of it?

Mr. Grant: The concept has been thought about before. The problem is that most ad servers try to do this in the Cloud. That fundamentally has a lot of challenge associated with it and significantly impacts user experience, because it slows down the whole internet. MediaShift patented a

distributed ad technology or last-mile ad server. We believe this industry is about to evolve. We are just starting to hear about satellite and IP TV device that seek to manage last mile advertising or hop over ads for a fee. We patented the technology to do exactly that. This has a value to the network operator and that advertiser, because the network provider has information that no one else has and that value can extend out to the website publisher as well. We know where the device is installed; such as a leisure hotel, a business hotel or a beach hotel. We also have the ability to provide very rich data insights and engagement data. That is because we are integrated into the network. We can help publishers increase their revenues as well as network operators. We are creating an ecosystem that is balanced.

CEOCFO: What is the revenue model for MediaShift?

Mr. Grant: Our revenue model is a shared revenue model with our customers. We contract directly with advertising agencies and advertisers. We provide our own ad server technology and that allows us to deliver the best advertising to the browser. We share that revenue with our customer who are the people providing the Wi-Fi network. In some cases, there are customers out there that actually have gone in house and managed their own Wi-Fi networks. However, ninety percent of our customers or more are a service operator. Hotels do not generally have IT people on staff managing their networks, but a big resort might.

CEOCFO: MediaShift recently did a reverse merger and went public. Is your team in place? Is your offering fully in place? Are you still looking for people, places and services to add in?

Mr. Grant: We are growing very rapidly right and have a large customer base that we are deploying. We are ramping up our advertisers with our customer inventory and looking to hire more. It has been fairly easy to add new network partners and now that our footprint is growing so fast, our ability to contract with

advertisers has caught up. We have just had the largest month by far of new RFPs and we are starting to have discussions about larger upfront buys and much larger strategic deals.

CEOCFO: This is not your first “go round” as an entrepreneur with a startup company. What have you learned in past experiences that are most applicable here?

Mr. Grant: This is the first time I have raise capital before having a product ready, and it is also my first experience being a public CEO so these are new experiences that I continue to learn from. Applicable past experiences has taught me to believe in myself and the vision but we willing to accept input from others and adapt. Focus on the customer and building value. We are just starting the hit our stride here. Hire a solid team that works well together. Personally, I think we have a fantastic team and the team that will make this company great.

CEOCFO: Why should investors and people in the business community pay attention to MediaShift today?

Mr. Grant: I think we have seen transformation in this industry a few times where people say, “I wish I was in on this” or “I wish I saw that coming.” But that is hard to do if you don’t understand the drivers or are

immersed in the change. However, when you look back at what happened from Web 1.0 to Web 2.0, transitions are more easily seen. For example, when Google started there were already advertising search engine companies like Yahoo and Altavista around, but they were cluttered and slow. Google initially simplified search and execute well but that is not what made them money. What really made them money was the realization that search preceded intent or desire and could lead to search advertising. That is what motivated Google to build and buy arguably the best or the largest ad server technologies. Advertising created their dominance. For Wi-Fi provider the industry is once again in flux. The demand for Free Wi-Fi and infinite bandwidth are diametrically opposed. Bandwidth is not free but users want free access everywhere and all the time. The industry has to transform. We all are observing these changes whether through a bad internet connect experience or explosion of little internet hotspots that list on our devices when we search for an internet connect so we are immersed in this change but may not be seeing the trends. The reason I believe people should pay attention is because we always see the signs but often arrive at the conclusion too late to benefit. We all can see the growth of mobile and Wi-Fi. We all know we

are consuming more bandwidth, and we all have experienced poor service so we inherently know there is a fundamental problem that needs to be resolved. However, if we are not from this industry we miss the other indicators like what is the revenue model being shifted by Free Wi-Fi or poor ad deliver. But these signs are there as well. For example, Google is starting to offer Free Wi-Fi over their fiber networks they have been buying for years to address the bandwidth issues. It also is easy to find news about Google, AT&T, Time Warner and others are battling over free Wi-Fi to service demand, and we can also observing the attempt to control last mile advertising either through Google’s Free Wi-Fi or Satellite Ad Skipping and real time ad sales solution, or Apple’s recent patent to switch commercials on their devices or even new TVs and Set Top boxes that seek to store advertising locally and deliver a last mile ad. There are also new technologies and multibillion solutions being discussed for planning purpose but that are likely decades away. I believe all these facts are signally last mile advertising as the next evolution in internet advertising. This is an industry where MediaShift has the lead and valuable patents.

