



IN THIS ISSUE

AUCTIONS

Yahoo drops all auction fees in the U.S.
Page 14.

SCORECARD

Craigslist: 164 cities (unchanged)
Cityopoly: 66 cities (unchanged)
LowBid: 290 (unchanged; traction in Houston, NY, LA)
Kijiji: 91 cities (unchanged)
Intoko: 4 cities (unchanged)
Gumtree: 24 cities (unchanged)
Oodle: 7 cities (New cities: Boston, LA)
MetroMojo: 7 cities (unchanged)
Pending launches in 50 cities
LiveDeal: 70,000 metro, suburban, town and rural U.S. Zip codes (unchanged)
Recycler: 13 (new addition to list)

RECRUITMENT

WorldNow's deal with Monster is geared to grow classifieds on TV Web sites.
Page 17.

AUTOMOTIVE

Autobytel hires a new CFO and brings all its filings to date with the U.S. government. Page 25.

REAL ESTATE

MonsterMoving gets MLS listings, and a new owner. Page 22.

INSIDERS

Craig Dubow, Taek Kwon, Ken DePaola, Brian Evans and Sheila Marelo. Page 26.

PowerOne drops C2, marketplace to focus on jobs, cars, Zwire

Recommends HarvestINFO as replacement

BY JIM TOWNSEND

PowerOne Media is dropping its C2 classifieds and integrated marketplace technology from its product line to focus on its recruitment, automotive and publishing / national advertising platforms. The company recommended that customers switch to HarvestINFO's Marketplace Local technology. (See *CI Alert*, June 6.) While that might sound like a shocker, it's a logical strategy for PowerOne.

When it was launched in 2001, C2 was the most powerful platform ever built for big papers. It was also the most flexible – even though many class managers didn't know how to fully exploit its flexibility.

But the world of classifieds has revolved, and big papers in particular now need something else. Big papers don't need single-pur-

Continued on Page 3.

AdMission's patent: What's it mean?

BY JIM TOWNSEND

It took six years, but AdMission Corp. now holds two U.S. patents on the processes it uses to upload and display rich media. The company's core patent was issued in May 2004. Its newest patent was issued in May 2005. Both were filed in 1999, back when AdMission was Ipix Corp.

San Ramon, Calif.-based AdMission, a provider of image-processing technology and a pretty slick ad-entry platform, was spun out of Ipix Corp. in February. With it went the intellectual property rights developed by Ipix.

The U.S. Patent and Trademark Office granted Patent No. 6,895,557, entitled "Web-Based Media Submission Tool," describes in general terms the method by which any data element – be it a photo, video, music file or even text – undergoes preprocessing on the client side according to a server side set of instruc-

Continued on Page 2.

AdMission

Continued from Page 1.

tions before it is uploaded to a server.

It's a so-called *method* patent, agnostic of the client and server technologies used to employ it, and of the operating systems that are used.

As we reported in our June 1 alert, the newest patent has some far-reaching implications for Internet industries. Our alert touched a small storm of criticism from a few other companies with ad-entry platforms, none of which we'll name, each of which rushed to assure that nothing they were doing resembled AdMission's methods of rich-media entry.

That we can tell, no ad-entry provider that we know of (we know quite a few) collects data in AdMission's unique fashion. We're neither technologists nor intellectual property lawyers (and those we contacted

declined to be quoted). Patent compliance can be a sticky issue. If you have any doubts about your systems, you should consult your attorneys.

Nonetheless, criticism of our alert was warranted, as it underexplained some points and overreached others. For instance, the patent wouldn't appear to apply to systems that upload "raw" photos (or other data files) and performs no manipulation of files before they are uploaded. If client-side manipulation occurs, it would have to be based upon server-side instructions to the client in order to fall into AdMission's patent space.

Taking the example further, if a system were to allow the user to add a caption to a photo, or resize it, or add a watermark – before it's uploaded – that might violate AdMission's patent if the server is telling the client what to do.

While AdMission's ad-entry competitors don't appear to operate this way, we note a few companies in other Internet industries that *seem* to. MSN features a degree photo preprocessing. Just last week, Yahoo launched a photo e-mail service that allows users to drag-and-drop up images to create up to 300 thumbnails in a single e-mail message, with captions. Whether the methods Yahoo and MSN are using are similar enough to AdMission's patent, we don't venture to say. If there are legal issues, that's for attorneys to sort out.

Still, the patent's implications are far-reaching. For one, it means that if you wanted to emulate the process in your own business, you'd have to license it from AdMission. And if you're a direct competitor, AdMission isn't likely to license to you. Whether you'd want to or not, the significance is that you can't go down that path.

For another, the patent is not limited to PCs. Emerging mobile platforms – phones, PDAs and networkable, handheld entertainment devices – often operate in client-server environments because of limited processing power. As these handhelds proliferate – as you build mobile services – to be certain, AdMission will be watching how these technologies interface with the Web.

"The opportunity that we foresaw was that if you're going to work with media, and you wanted to create some sort of standard for collection, just like you would collect textual or numeric data, there needs to be some additional work there," said AdMission VP Scott Lewis, co-author of the patents. "Anywhere you would want to use it, whether a blog, an instant message, an auction or a classifieds experience, a personals site – an insurance claim – anywhere where you have people remote who are collecting media elements, and they're needing to get that in some way



CLASSIFIED INTELLIGENCE REPORT

PETER M. ZOLLMAN, executive editor/publisher

PZOLLMAN@AIMGROUP.COM (407) 788-2780

NEIL SKENE, associate publisher

JIM TOWNSEND, editorial director

BRIAN BLUM, contributing writer

LEE HALL, contributing editor

ROSS HODDINOTT, contributing editor, Pacific

KATJA RIEFLER, contributing editor, Europe

DEANNA SHEFFIELD, editor

JOHN ZAPPE, associate, contributing editor

PHYLLIS TURNER, business manager

AMY RABINOVITZ, marketing director

NICK ROGOSIENSKI, business development

~
*Classified Intelligence is affiliated with
the Advanced Interactive Media Group, L.L.C.*

~
*From time to time, Classified Intelligence Report
and our writers cover companies that are clients
of Classified Intelligence, LLC,
or the AIM Group.*

~
*We make every effort to ensure that
our editorial content is objective and
is not compromised by any client
relationships we have.*

~
*Published twice monthly, except once in December,
by Classified Intelligence, L.L.C. © 2005.*

*This publication may not be reproduced in any form,
in whole or in part, except by licensed clients.*



*Member of
the Newspaper
Association of
America.*

Continued on Page 3.

PowerOne

Continued from Page 1.

pose, catch-all classified platforms.

They need technology that meets the very specific needs of their automotive, recruitment and real estate customers; they need interactive / transactive marketplaces where their communities can buy and sell in real-time.

C2 is the B-52 of classified systems. Times changed, and (happily) we don't buy B-52s anymore. That PowerOne should phase out C2 simply makes sense.

Instead, PowerOne is focusing on where it sees "the best opportunities for growth, and specifically, where newspapers need us the most," PowerOne chairman J. Markham Green told us, adding that the decision "has no material affect on our solid financial picture."

He said the company was in good fiscal health, and that the decision was a matter of focusing resources. "Were a small company. I think we have 125 employees. We just cannot take on the world."

PowerOne will continue to support C2 customers until their contracts expire. "We wouldn't leave anyone out in left field," Green said.

PowerOne's core products include CarCast, Center for American Jobs, a rebuilt CareerSite and Zwire, which is host to more than 1,000 U.S. small daily and weekly newspapers. Zwire-hosted papers include an integrated AdQuest classifieds platform.

"We really see opportunity in automotive, the Zwire national advertising business and especially employment," Green said.

He noted that CareerSite was recently rebuilt from the ground up – *see CIR 6.06, March 23* – and that the company is in the process of switching about 170 papers to the new platform. "We're now hiring sales

people. We're now in the position we can start to ramp up sales."

The CareerSite upgrade was financed in part by the sale of lead-generator Franchise Solutions to Landmark Communications for an undisclosed sum. (*See CIR 6.03, Feb. 8.*)

"We've no illusions that we don't have a lot to do in every one of these disciplines. Just because we've got good technology in CareerSite, there's still a heck of a lot to do. We can't fight a war on every front," Green said.

The 80+ users of PowerOne's Unix-based C2 were informed of the company's decision before the public announcement. PowerOne and HarvestINFO have worked out a migration schedule for papers interested in switching. Green said that the company will work with papers on a switch to any platform provider.

Green acknowledged that he felt HarvestINFO's Marketplace Local was a superior product. Harvest demoed the technology at Nexpo in Dallas – *see CIR 6.06* – and received positive responses. Whether HarvestINFO's "preferred replacement solution" agreement amounts to any more than an endorsement, or if any money is changing hands, Green wouldn't say.

Mason, Ohio-based HarvestINFO serves more than 400 newspapers worldwide.

"The investment in HarvestINFO continues more aggressively than ever before to meet current and future customer growth and capacity requirements," said CEO Scott Bailey. "We have a real passion for technology at HarvestINFO and we will continue to push the envelope with our new products and drive the online successes of our customers. These additional investments and enhanced product features enables us to be the preferred provider to the industry."



AdMission

Continued from Page 2.

homogenized, processed, standardized and distributed up to a remote destination. ...

"It's doing that intelligent division of work between the client and the server, where you're determining what is the highest-quality piece of data you need to preserve on the server side. ... It's really just to say 'I only need this much data [on the server] and I'm going to append that with additional detail to give context and meaning to the data – and then I'm going to pass that to the server.'"

Once the data's on the server, it might require redistribution to multiple servers, where each has its own requirements for the data. That's where the May 2004 patent comes in, Lewis said. U.S. Patent No.

6,732,162 describes processes in which digital media might be reformatted on the fly for any number of data destinations.

How much of a business AdMission might build in patent licensing remains to be seen, but it could be significant, if not huge. It already licenses to EBay. But for now, the company will continue to concentrate on its core products, said AdMission CEO and president Sarah Pate.

"We'll continue to use our patents to support our interfaces to give our customers an absolute competitive advantage," Pate said, adding that the company is "aggressively looking" at ways to leverage its patents outside its core markets. "We think there are several potentially lucrative licensing opportunities."



ICMA publishers show online savvy



Peter M. Zolman

BARCELONA – Quite a turnout at the semi-annual gathering of the International Classified Media Association last week. More than 150 delegates from 29 countries, from as far away as Perth, Australia and Johannesburg, South Africa – where *Junk Mail* still ranks in my book as the coolest name ever for a free-ad publication.

ICMA members are still mostly print publishers; some have moved online far faster and far more effectively than traditional newspaper publishers, while others are admittedly behind the curve. Location matters, too; in areas like Scandinavia, print classifieds are now secondary to online, while in others, including some in eastern Europe, Internet penetration is so low that online is still relatively insignificant – at least today.

ICMA members' products run the gamut, from paid-circulation with free ads (the "Loot" model) to free circulation and paid ads; direct mail to home-delivered to newsstand. Paid print circulation is down almost everywhere. Most products have at least a nominal Web presence; some are so advanced that they're models of excellence among online classified players. And according to my highly informal poll – *Don't you love that? It usually means "I talked to a half-dozen people," or in this case "I talked to a half-dozen people and also asked for a show of hands among the 30 people in my workshop"* – most are still growing in print. But they know the long-term future for print is downhill. I saw a lot of head-nodding when I used one of my favorite new-media quotes – from MediaNews Group chairman Dean Singleton, who said a while back: "If we acknowledge that the core business is in decline, and put our efforts in the non-core business, we're going to be fine. ... [But] if we sit around and wait for the economy to recover, those people are going to die."

* * * *

Interesting tidbits from Oscar Diele of Marktplaats.nl, the No. 3 site in the Netherlands. It nearly put *De Telegraaf* out of the classifieds business; started by one guy in 1999, it was sold to a small retailer, Het Goed Beheer, which in turn sold it to eBay last November for €225 (\$290 million US). (See CIR 5.22, Nov. 22, 2004.)

"eBay sees classified as a logical extension of the auction format. It's just another format of buying and selling online," Diele said. "We believe there are certain categories which are more effective for classifieds and

some categories that are more effective for auction listings. ...

"The classified model works where people want to meet in person. Classifieds are focused on cities. There, where people really want to see the item or where the value of the item is so high you want to do an in-person transaction, that's where we believe the classified model works best."

MarktPlaats spent nothing on marketing before the acquisition; "Now we do," Diele said. It generates more than 2 million new ads each month; they stay online for at least 28 days. On an average day, 70,000 new ads are posted, with one posted per second "on a good day." Most of the marketing spending is on search engines, portals and affiliations. MarktPlaats has upgraded its photo services; improved search, and is also incorporating eBay listings in some categories. The site carries 1.6 million ads at any given time; "We tell our users, if you can't find it on MarktPlaats, it's probably not online. And in my opinion, that's what classifieds are meant to be."

Why is it so popular?

"Haggling, getting the price down, is really a national sport in the Netherlands. We are just cheap – we like to bargain and we get a kick out of it," Diele said. "It's just simple, easy and fast to use. ... You can list your item within 60 seconds. Our consumers want it to be simple and fast. We take away a lot of frills and functionalities that we don't think add value to the transaction (to make it so efficient)."

While some ads are free on MarktPlaats, many are paid – at a rate of €6 (\$7.50 US). Diele said fewer than half of the ads are paid, but would not be more specific.

* * * *

Self-service ad placement is growing very rapidly in many international markets. At Apru.hu, a free-ads publication in Hungary, more than 30 percent of ads come in by SMS; another 30 percent via the Internet. To place ads by phone, there's a charge; only 2 percent of ads are phoned in.

Peter Rees of Trader Classified Media said his company, too, has had great success in some markets with self-service ads. In one market, more than half of all ads are submitted online.

Continued on Page 5.

IMCA

Continued from Page 4.

* * * *

In a wide-ranging presentation, Rees was remarkably candid about what's going on at TCM, which generally tries to fly under the radar. He gave great examples of what Trader is doing right, and also 'fessed up to a few mistakes Trader has made that it's fixing.

Following two EBay guys who talked about gross merchandise value, Rees noted that Trader's never calculated the "GMV" of the items on its sites and in its publications. (It would have no reason to, of course.) But he said a very rough calculation showed that Trader and all of its various sites (56 Web sites in 20 countries) carry an estimated \$120 *billion* worth of cars each year. Take that, EBay!

Even though the company's print revenues grew 7 percent organically and 11.7 percent overall last year, the Internet now generates 11 percent of revenue and is the fastest-growing sector. He urged attendees to pay attention: "Do you in your business know what percentage of your revenue will come from the Internet in five years time?" he asked.

Rees said the company is investing heavily in outbound call centers, and showed 58 percent growth in revenue from outbound calls in 2004. As the number of ads placed online or through other self-service methods reduces inbound calls, he said, those sales reps are redeployed to outbound sales.

One "disaster" the company is fixing: A self-service ad site where the customer had to register before placing an ad, enter 12 pieces of personal information, wait for an e-mail with a password and ID, and then place the ad. Only about 2 percent of the people who started the process finished it. It's being fixed. "Site functionality is ... probably the most significant influence on traffic and content growth [we have]. Without this we will not succeed." He also said the company is now carefully monitoring internal metrics like ad-completion rates and user navigation, as well as external ones like page-views, unique users and site rankings.

What does Rees see as "hot" right now?

- Classified aggregators like Oodle; he noted Metro in Scandinavia is aggregating ads – "stealing," he called it – from other papers. He wondered how courts will rule on the question of who owns rights to classified advertising content.

- Local pages, especially Google maps in the U.S.

- Pay-for-performance. "It used to be most of us just charged a flat fee [for an ad]. On the Internet, you get the way to develop pay-for-performance. Often we can charge advertisers more, if we can bring them value."

- Community sites like Craigslist, Kijiji and Gumtree. He said EBay registered the Kijiji.com domain way

back in February of 2000. "I think this is the one to watch. I bet you they are going to follow the Craigslist business model with a MarktPlaats revenue model."

- Social networking, sites like LinkedIn.
- Rich-media content.
- Asia as an emerging market, and
- Mobile technology as a delivery medium for classifieds.

Surprisingly, he said TCM would be adding a lot of Craigslist-style community content tools to its sites during the next few months. To us, *that's* certainly one to watch, too.

* * * *

One more interesting factoid from Rees: Infojobs in Spain, the company's recruitment site, has CVs registered from about 4 percent of all Spaniards, he said.

* * * *

Ralph Werner of Mobile.de, EBay's Europe automotive site (based in Germany), echoed a recent column of mine when he explained how Mobile was able to get so big so fast. "It was a pure-play – there was nothing to lose and a lot to win."

It also helped that the entrepreneur who started the site realized pretty quickly that he didn't understand the auto business, so he brought in two auto-dealer brothers. "They had a deep understanding about the customer, about the [auto] dealer and the dealers' needs. ... And there was high speed of execution."

* * * *

Bob Cauthorn of CityTools, formerly of SFGate and the San Francisco Chronicle, got rave reviews for his workshop for publishers. (Sadly, I couldn't attend; he was on opposite my workshop on technology and business development.) Hard to believe how diligent the ICMA delegates are – his session, mine and one other at the same time were packed, even though they were four-hour sessions on a Saturday morning after everyone had been out late partying on Friday night.

* * * *

Without doubt the single best conference session I've attended in many years was not a session at all in the usual sense. At the start of the conference, they held a "mini-Olympics" on the beach in Barcelona, near the site of the 1992 Summer Olympics. It was a great way to take advantage of the setting and provide local color and flavor, and to encourage informal networking among both old friends and new attendees. How often, after all, have you gone to a great or exotic location and spent all of your time in the hotel or airport or conference center?



Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.