

April 4, 2007

Mobile Media Start-Up Vringo Raising Second Round

By Arthur Kimball-Stanley

In the midst of raising a Series B round, angel-backed Vringo Inc., a recently launched Israeli mobile media distribution platform company, is attempting to adapt video and ring tone sharing to what the company describes as the distinct culture of mobile phone use.

Media sharing on computers usually revolves around downloading from a central source or actively sharing files with other users independent of other activities. Vringo offers consumers the ability to announce their calls with video clips or ring tones, tying the sharing of media to what consumers already use telephones for, company management said.

"What we're doing allows you to pitch a video to your buddy when you call him," said Benjamin Levy, vice president of marketing at Vringo. "We don't want people to have to learn new behavior with their phone. We want to complement what they are already doing with their handsets."

Beit Shemesh, Israel-based Vringo has already raised about \$4.2 million from individual angel investors since its founding in June 2006.

Aiming to raise an additional \$10 million to \$12 million over the next few months, Vringo is preparing for an intense marketing campaign, Levy said, though the company is still in a testing phase that will reach its height by the end of 2007. Calling the competition between video distribution platforms on mobile phones a "street fight," Levy said the next 12 months in the industry will see intensifying pressure for one platform to become dominant.

The company plans to make money by selling users premium video content and then allowing them to share it for free. Success in this new multi-billion dollar sector of the wireless industry, said Levy, will depend on convincing users to pick its service over others. Vringo is now conducting beta trials and is not charging users for downloading content.

"The mobile ecosystem is very different than the Web's ecosystem," said Daniel Ciporin, chairman of the company and a partner at Canaan Ventures, which is not an investor in the company. "What you have to address is that you are working with a telephone here, and what's different about Vringo is they are applying the technology in a way that fits with how people use the device."

As more and more companies with venture backing jump in to "crack the code" of getting people to pay to trade entertainment information on wireless networks, Ciporin added, figuring out what kind of use is wanted by the user will become increasingly important.

"Like most things it's all about delivery," Ciporin said. "I don't believe you are going to see the same answers with mobile as you did with television or the Internet."

www.vringo.com