

## Lightningcast Sells To AOL Amid Hot Video Ad Market

May 22, 2006 – By acquiring broadband video advertising company Lightningcast Inc. last week, Time Warner Inc.'s AOL LLC extended its reach further into the exploding market for creating and monetizing videos online.

It is unclear what returns venture investors netted from the deal. Lightningcast was formed in 1999, and raised more than \$25 million across four rounds of financing. Investors included Birchmere Ventures, Redleaf Group, BlueRun Ventures, Global Internet Ventures, New Markets Growth Fund, Washington Dinner Club and WWC Capital Group.

"It is a great deal and a hot space and it just made a lot of sense," said Erik Rasmussen, a partner with WWC Capital Group. "The market was hot, and it is hot and will continue to be hot with regard to video content and the ability to monetize video content."

Rasmussen declined to elaborate on the specifics of the acquisition.

Washington-based Lightningcast makes software designed to insert advertising into audio and video segments that air over high-speed Internet connections, including live programming, downloaded clips and on-demand viewing.

The company's customers include AOL, Microsoft Corp., ABC Inc. and Scripps Networks Inc., and Lightningcast's technology has been used by media properties including National Public Radio and the Food Network.

AOL has worked with Lightningcast since 2002, using its platform for audio programming, video streaming advertisements and for the recently launched broadband network, In2TV.

"These things are just a matter of timing, and AOL can bring the leverage of scale to what was a small company," said Global Internet Ventures General Partner Bill Melton, whose firm participated in Lightningcast's \$5 million Series D round in 2004. He declined to discuss any financial returns resulting from AOL's acquisition.

Representatives from AOL and Lightningcast Chief Executive Tom Mac Isaac weren't immediately available to comment on the deal.

Under the terms of the deal, AOL will combine Lightningcast's technology and advertising network with its Advertising.com business. Lightningcast and its 34 employees will remain in Washington, D.C., and will operate as a wholly-owned subsidiary of Advertising.com.

<http://www.lightningcast.com>

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