



# Two upstart tech firms link into online ad market

**Aim to take share from search engines in thriving business; use speed, precision**

**By Amanda Fung  
Published on July 18, 2005**

It seems that almost every week, Google and Yahoo! announce a new development in their bid to dominate the booming online advertising business. Representing more than 80% of the ad revenue for contextual text links this year, the West Coast giants appear to have the market cornered.

But not so fast. Two upstart Manhattan firms believe there's room for them in an advertising world that is still centered in New York. Like their larger counterparts, IndustryBrains and ContextWeb use complex technology to read and analyze keywords and content on a Web page in order to target ads to relevant consumers. They take in revenue from online publishers and advertisers who pay to be linked to certain keywords.

However, the two local firms use different approaches and technology. ContextWeb, which launched its technology just last year, has raised \$12 million in venture capital by convincing investors that it has the fastest technology, able to scan and read a page in less than 20 milliseconds. That can be a big selling point for advertisers who know how impatient consumers can be.

"ContextWeb is certainly one of the best real-time contextual advertising technologies we evaluated in the market," says Conor Mullett, a general partner at venture capital firm Udata Partners, which just invested \$9 million in the company.

Meredith Corp. recently chose ContextWeb to display text ads on its Better Homes and Gardens, American Baby and Ladies' Home Journal Web sites.

ContextWeb also works with Web sites InstitutionalInvestor.com and High Beam Research and advertisers such as CheapTickets and Hotels.com.

Firm has grown

"We have grown in terms of revenue and number of advertisers and publishers," says Anand Subramanian, ContextWeb's founder and chief executive. Mr. Subramanian was formerly a vice president of product development at Gobi Inc., a home computer manufacturer.

IndustryBrains is using a different approach. The four-year-old company sets up advertising links on specific Web sites, unlike search engines such as Google and Yahoo! Those engines serve a

network of publishers, so an advertiser won't know on which Web sites its promotions will appear. Because IndustryBrains guarantees placement, it is able to charge advertisers a premium.

"They stood out as the best deal for us, factoring in revenue," says Jeff Kaplan, senior account executive at investment adviser Motley Fool, which chose IndustryBrains as its exclusive text link provider after several months of testing other services, including Google. "They could charge (advertisers) more because they are selling the Fool site."

Currently, IndustryBrains works with more than 150 publishing sites, including those for BusinessWeek, Ziff Davis, CMP Media, Forbes and USA Today, as well as more than 1,500 advertisers.

#### Big increase

Industrybrains and ContextWeb have picked the hottest area in online advertising. Advertisers are expected to spend \$300 million this year for sponsored links on content sites, up 173% from \$110 million last year, according to research firm eMarketer, which estimates that the amount will exceed \$1 billion by 2008.

According to the recent second annual Advertising.com survey, publishers say that text links, not pop-up or banner ads, will continue to generate the most revenue this year.

All that growth, and the fact that advertisers are working with multiple providers, gives IndustryBrains and ContextWeb a good shot.

"Since most contextual text-link advertising is paid only when users click, multiple providers potentially give an advertiser broader reach," says David Hallerman, senior analyst at eMarketer.