

June 22, 2008

**Appnexus  
(New York City)**

MFT/BDA

Overview:

Appnexus is planning on developing a next generation advertising exchange platform based on their released cloud computing infrastructure to enable a more efficient advertising ecosystem. The company has built its cloud platform and has 20 customers including 15 advertising networks or analytic companies. It will begin developing its ad exchange in August.

Management:

- Brian O'Kelley, Founder and CEO – CTO, Right Media, CEO Netmorphis, Princeton
- Mike Nolet, Founder and CTO – Director of Analytics, Right Media, Princeton
- Helen May, COO – Tauion, Accenture
- 8 FTEs in NY, 13 developers in Moscow

Financing:

Raised \$2.5MM seed round at a \$10.5MM post from First Round Capital, Andreessen, Horowitz, and Khosla. Raising \$5-7MM new.

Products:

Online advertisers need the ability to interact in real-time with each other to exchange targeting data, value impressions, compare standards, bid on inventory, serve ads, evaluate fraud, and ultimately get paid. The key differentiators in the upcoming Appnexus Platform is that it will enable all of its partners to host their bidding engines, analytic engines, and ad servers on the same network infrastructure. This open platform will have much less latency, will also host a server-side cookie matching exchange mechanism which will combine to provide ad network partners more efficiencies and the ability to better differentiate themselves.

Business Model/Customers:

The company will be paid hosting fees by its advertising network partners and will take a % of each ad served over its exchange. Its current customers include OpenX, Admeld, Media Whiz, Datran, Lucid, and Pacific Media. The key to success is to attain critical mass of inventory and advertisers which will require the company to land some of the larger independents such as Specific Media, Fox/MySpace, or eBay as examples.

Competition:

Yahoo/Right Media, Google/DoubleClick, Platform A, MSFT AdECN, and ADSDAQ/Contextweb.

Financials: (MM)

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Hosting Rev	\$ 1.73	9.41	36.87
Ad Revenue	\$ .33	3.19	12.87
Total Revenue	\$ 2.06	12.61	49.74
CoG	\$ 2.69	6.04	21.19
Gross Margin	\$ (0.63)	6.56	28.54
OpEx	\$ 2.81	3.53	7.74
EBITDA	(\$3.44)	3.03	20.80

Positives: Founder, lots of early traction and buzz, large and growing market.

Negatives: Big competitors, must land some large customers to bring scale.

Glimmer: Creating a true open trading marketplace for online advertising.