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Thursday, November 6, 2008

## Interview with James Citron, Mogreet

Story by Benjamin F. Kuo



This morning, Los Angeles-based Mogreet ([www.mogreet.com](http://www.mogreet.com)) announced it had raised a Series B funding round for the firm's mobile greeting services. We caught up with James to hear more about the company, how he managed to get funding even in this economy, and his view on the mobile market.

**For those who haven't tried your service, tell us the story behind the site and how you started it?**

James Citron: We started the company a little over two years ago. The thing that got us into this, was I was building a business for Motorola in the cell phone personalization area. I was rolling out that business all over Asia, Europe, and the U.S., and the one common language that people speak is text messaging. If you look at how text messaging is being used, you'll see that the biggest spikes happen around special occasions, such as Christmas and New Year's. You'll see something north of two billion SMS and MMS messages sent around those and other holidays, and you also notice that during birthdays people will get 30, 50, or even a 100

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messages on their cell phone wishing them happy birthday. That was the genesis of this, which is even though you have all these spikes of message traffic, people can only express themselves with 160 characters on their cell phone. Knowing that video is now being preloaded on hundreds of new cell phones, we thought we could offer a premium form of messaging, by marrying video to text on a cell phone. That was the genesis of the business.

### **Why and how do people use your site?**

James Citron: What we've seen, is that people are sending "I Love You" messages, flirting, inviting people out to parties, wishing them happy birthday, and even go vote--all those things you can do via text, you can do through Mogreet. We have 3000 Mogreets, created by famous content creators, including some iconic clips from movies, and more. You can go to [Mogreet.com](http://Mogreet.com) or go to our wireless web site, at [wap.mogreet.com](http://wap.mogreet.com), or use your cell phone on any number of carriers, such as AT&T, Verizon, etc. and use the carrier storefronts to pick the type of message you want to send. For example, say we're buddies--and I wanted to encourage you to go out and vote, you go to the AT&T multimedia storefront, find the Obama "Yes We Can" Mogreet, and type in a cell phone number and just click send. Mogreet will then actually deliver that directly to a cell phone.

### **How widespread is video message support on cell phones nowadays?**

James Citron: It's actually nearly ubiquitous. Almost every single new cell phone that is shipping, has an embedded video player on that phone. Even the older Motorola RAZR, which is the highest volume phone in the country, supports our product. Today, the addressable market is between 60 and 70 percent of existing cell phones. With a replacement rate of every 18 months--the time in which most people can trade in their cell phones--we're seeing that this number is growing by leaps and bounds, every single quarter. We think the number will be 80 percent by next year.

### **Who are your typical customers--it sounds like many of them are in the youth market?**

James Citron: Absolutely. However, we see some interesting trends. We've seen folks as young as eight years old, using our service to send their grandparents a hello. We've seen grandparents, using it to say hello to their grandkids. While the core messaging and text messaging user is typically a teen female, we find the product really spans a wide demographic.

### **So tell us about this new funding round?**

James Citron: We're excited to close this next financing. It's a great testament to the management team, that we've been able to gain traction among big strategic partners, such as carriers and the major Hollywood studios. We've also seen lots of consumer traction. This latest round gives us the capital to expand and build our business domestically, as well as

internationally. The venture firms leading this are Ascend Ventures--Sharon Graves is their local LA partner--which is a media fund out of New York. We're excited to have them involved, because they've typically invested in companies around our stage in the media space, so they bring some unique set of relationships and domain expertise. We've also got Black Diamon, a local SoCAL fund, which is also leading the round. Finally, we have Spyglass Ventures, a smaller, digital media focused fund here. They're a new fund, and we're one of their first investments. All of our previous investors also participated, which is great. As I'm sure you've seen, it's an incredibly difficult time to raise capital, and we're excited to bring in the quality of investors, and with the size of the round, which was fully subscribed.

**How was closing the round, given the economy -- did it close before all the market turmoil or after?**

James Citron: It just closed. We found that in this type of environment, all institutional investors are a little more hesitant to outlay capital. I think we have all seen the news from Sequoia, and there are lots of funds pulling back, just trying to nurture their portfolio through the downturn forecasted in the macro environment. For us, the great thing is that mobile messaging continues to grow, and our business is very much recession proof. We've got a low cost transaction, and a micro-payment business model. So a lot of the other things that are impacting some other companies, particularly those with the 100 percent advertising related business models, aren't really impacting Mogreet. We're still an early stage company, but we've formalized some big partnerships, including most of the U.S. major carriers, and a few of the major international carrier in Europe on board.

**We notice you have a number of celebrities in your Mogreets, how difficult has it been to deal with them and the studios for that content?**

James Citron: It can be a headache dealing with talent and studios. But, there are two things. Our team comes from the entertainment industry--we have the entertainment background, and we have done this before. Mitch Feinman, our General Manager, ran Fox Mobile Entertainment for the first five years. He's got lots of domain expertise in the area. Second, the talent and studios--whether that is Tila Tequila, who is parlaying her MySpace fandom into a top reality show on TV, or major studios, using their digital media to build awareness of movie releases--is starting to get it. They know they need to participate in opportunities like Mogreet. They've heard of the ringtone business, which did wonders for record labels and put a few new artists on the map. So, generally speaking, most entertainment companies couldn't participate in the ringtone growth, but now they have a great way to participate in video. If I'm Paramount, for example--and we've done a number of campaigns with Paramount to help promote upcoming movies--you understand video content. To use Mogreet as a video distribution platform is a no-brainer.

**You're heavily in the SMS and MMS market. How is that**

**market being affected by the dynamic of the iPhone?**

James Citron: We absolutely love the growth and data usage that the iPhone and the G1 are driving. The move to a really fully-functioning browser on handsets, and a move to application environments--whether that's a Blackberry application environment, or the App Store for Apple--what we're seeing is consumers are using data in increasing amounts on handsets. That drives Mogreet usage. The typical iPhone user sends several times the number of Mogreets that people on older handsets do--because the phone is perfectly equipped and geared toward driving Mogreet traffic.

*posted on Thursday, November 6, 2008*

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