

Digitalbox

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Digitalbox: Embracing the digital news revolution

News is a notoriously tricky business to make money from.

With so much content available for free on the internet, the number of people paying for access to articles and features is in decline.

We in the UK are particularly blameworthy: according to a Yougov study last summer, less than 10% of us Brits put our hands in our pockets to buy a paper or access online content.

WATCH: Entertainment Daily owner Digitalbox joins AIM

So publishers are having to find new revenue streams to help balance the books, and advertising, which has always been crucial to a publication's success, has taken on even greater importance.

One firm that has embraced this shift more than most is Digitalbox PLC (LON:DBOX) - a new addition to London's junior market this year.

The £13m company, which joined AIM in the first quarter of 2019, owns Entertainment Daily, the celebrity news and gossip site, which attracts millions of viewers every month.

Its stable now also boasts popular satirical news site and TV show the Daily Mash after it struck a £1.2m deal to buy out its owner, Mashed Productions, as part of the listing process.

For followers who love the Daily Mash's tongue-in-cheek headlines and witty remarks, fear not, Digitalbox chief executive and publishing veteran James Carter has no plans to tinker with the content.

Instead, his aim is simple: integrate the Daily Mash onto its platform so its ad revenue potential can be realised.

Programmatic advertising

"Our set up and our infrastructure is engineered to the most efficient and optimum level for news generation and distribution in order to monetise it and make a profit out of it," Carter explains to Proactive.

In essence, by sitting on the bigger and better Digitalbox platform, Mash, which currently sources its own adverts, will have access to a greater inventory of ads. More demand equals more money.

Digitalbox, uninhibited by the legacy issues that still affect the more traditional players, is all about being 'mobile-first' and its advertising strategy reflects that modern approach.

"Programmatic advertising is what we've nailed our colours to," says Carter.

"Within nanoseconds, when someone visits our site, [the viewer's profile] is put up for auction and ad companies to see if it's interesting to them.

Price: 5.25

Market Cap: £4.74 m

1 Year Share Price Graph



February 2019 June 2019 November 20

Share Information

Code: DBOX

Listing: AIM

52 week	High	Low
	14.9	5

Sector: Media

Website: www.digitalbox.com

Company Synopsis:

Digitalbox was created because we believe the publishing model of old is broken. We believe the future of media is mobile and businesses free of legacy issues are those that will flourish. We've come a long way in a short period of time, but the journey has only just begun.

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Depending on the person's character, they'll bid for that ad space in real time."

That's all done through artificial intelligence; there's no need for boozy lunches with ad execs on Charlotte Street - the heart of London's ad land - anymore.

Although it is at the forefront of a publishing revolution, Digitalbox has already shown that its approach works.

Entertainment Daily turned a healthy £508,000 profit in 2017, the kind of number some of the big-name titles can only dream of.

Mashed productions is also profitable and with some investment and guidance, Carter hopes to see the bottom line continue to grow.

More acquisitions in the pipeline

The plan over the next 12 months or so is to buy up more titles that could benefit from sitting on the Digitalbox platform.

Carter and his team, which includes former HMV chairman Sir Robin Miller, already have their eye on a few potential candidates, including some of the big boys' unloved brands.

"The likes of TI and Bauer quite often have big brands that aren't making a great deal of sense in terms of profitability, and a lot of CEOs that I've spoken to are looking to get rid of the headache."

That's just one of three tiers of companies that Digitalbox is looking at.

The other two are pureplay digital media business - "think BuzzFeed, but not BuzzFeed" - and what Carter calls 'bedroom businesses', like Mashed Productions, that need a bit of help getting to the next level.

"If you think about who's beating the traditional publishers, it's these bedroom businesses.

"Time Inc used to own a teen fashion magazine called Look. That got beat left, right and centre by a girl called Zoella from her bedroom in Brighton."

By listing on AIM, Carter now has access to more money which will help to fund the anticipated acquisition spree over the coming years.

"We want to grow the business five- or ten-fold over the next five years. Taking it to £50mln or £100mln is really where my ambitions lie in terms of value."

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