

INSIDE RADIO®

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“Personalities INSIDE RADIO”

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TOP COP AT UNTANGLING TRAFFIC TIE-UPS

by Mike Kinoshian, Special Features Editor

Analogous to the very radio groups and stations they service as clients, vendors are equally susceptible to mergers.

In some instances a trusty scorecard is the most efficient way to keep track of these multi-tiered fusions.

Consider billing and traffic as a case in point - more specifically how the Wicks Group evolved into Wicks Broadcast Solutions after swallowing noteworthy competitors CBSI and Data Count.

That formidable entity begat the further consummation two years ago (6-8-2007) of a Marketron/Wicks Broadcast Solutions union in which personable **Pete D'Acosta** prevailed as Chief Executive Officer of amalgamated Marketron Broadcast Solutions.

Surprise Decision

Less than two weeks ago (6-5) D'Acosta announced he'll be separating himself from day-to-day CEO duties although there's apparently no rush on either party's side to see him disappear from those obligations. "I may stay months and months before I walk away," he remarks. "I caught them totally off-guard. It was a tough time emotionally to do this and no one on-staff wanted any changes. It's not like I was looking for anywhere else to go. I might still be here by the end of the year, which wouldn't disappoint me at all. I'm going to have a difficult time walking away when the time comes."

Thus far it's been business as usual since his plans were made public and D'Acosta remains happily in-place until a successor is named although he candidly states, "I don't know when that's going to happen. The last thing Marketron needs is a change in direction. I've been a partner and friend with these people for 15 years. I have great respect for them and love them to death. There's a lot of deal fatigue and pressure they've never had to [handle] before. I love all the people I work with [although] there's a level of frustration with every conversation I have with group owners."

Kinder & Gentler Company

Straight from Charles Dickens' "Tale of Two Cities," the timing of Marketron's merger may quite possibly have been "the best of times" while also transpiring at "the worst of times."

Extremely important strategically it nevertheless occurred just several months before the economy's rapid decline. "With any consolidation you immediately look for areas of efficiency and to

reduce overlap," remarks D'Acosta. "We took a quick inventory of personnel, development and locations."

Getting as lean as it could as quickly as possible was the paramount goal with D'Acosta observing, "We were a little ahead-of-the-curve in that respect. Wicks had a whole suite of products - as did Marketron. We're certainly changing our development and resource priorities by focusing on products we believe are the company's future. We were more vulnerable two years ago when Marketron and Wicks came together. We're trying to become a kinder, gentler Marketron with our customers."

Merger-related distractions have subsided in the ensuing two years with D'Acosta delighted with Marketron's present position. "Competition tends to keep prices down and spur innovation [but] we weren't doing the industry or each other justice as separate companies," he opines. "Fairness does not always reign in radio. In an effort to survive, we were damaging each other rather than helping the market. All group heads want to create their own dynasties [but] let's build a foundation first and have these people dream all they want with their great ideas. I think that would be terrific."

Mirroring the situation which exists virtually everywhere else in the country though, the company possesses its share of challenges and D'Acosta emphasizes, "We want to be good businesspeople but also want to be good partners and are trying very hard to accommodate every one of our clients."

Forty-seven of the top 50 groups use Marketron products and as D'Acosta philosophically maintains, "We're in this thing together. All of us have to cover bank financing. Consolidation encouraged rolling up big stations and groups - then selling them for big multiples. We're not looking for a quick fix. You can't squeeze any more money from an efficient operation without the risk of making it fail."

Isolation Boo

Transportation infrastructure is always any city government's top project owing to the fact as D'Acosta stresses, "Commerce begins when you build thoroughfares, loop systems or highway systems. It is just so elementary to me yet - as we speak - group heads are doing exactly the opposite. They look for ways to isolate their [stations] from the industry. I don't criticize groups that are vertically integrating but they are isolating their radio divisions from the rest of the industry."

Universally referred to as a “traffic and billing” system, “business operating system” is D’Acosta’s label preference of choice since, “It’s where all the data inside a station’s daily operation resides. Buyers have a difficult time [purchasing] radio. They have to negotiate by phone, fax or email. There’s no electronic document exchange. We can order pizza on the internet yet can’t buy radio [advertising] without going through the nightmare of the manual process. To make things worse, radio is the most discrepant [medium] on the planet. That’s directly related to the antiquated process.”

Orders must be manually-inputted to the business operating system, leading D’Acosta to ponder - and then conclude - that very few fundamental radio station elements have changed. “Certainly the ability to buy [time on] a station is [outdated],” he maintains. “Stations can’t deliver simple buy-side requests like move a document, move an invoice, or provide a daily proof-of-performance report. That’s clearly the most important industry-wide initiative yet to be done. If our industry isn’t electronically-enabled, we are just going to fall further and further behind. It’s too easy to buy every other form of advertising these days.”

Several traffic and billing companies were coalesced to produce what has evolved into Marketron but as D’Acosta explains, “As individual companies, none of us could innovate for fear of being dropped by a client or favored by another. There’s no progress when there’s such a limited pool of potential business. We were all beating ourselves up trying to stay in business while also advancing the business. Marketron is a combination of four pretty competitive companies over the last ten years. We now have the ability to help our client base move forward.”

At least superficially, it would seem the fact that several radio groups are developing their own business operating systems would pose a competitive threat. “I’m not suggesting it doesn’t,” D’Acosta insists. “I don’t [however] see how isolating a group by creating an independent proprietary business operating system and taking several hundred stations out of the mainstream in radio helps the industry. Groups may think so but buyers really don’t want to buy one group, one time across all its platforms – they want a simple way to invest their money in radio. There’s plenty of interest in radio at the buying level and [the medium] has a wonderful future. Making it tougher to buy [however] is the last thing we need to be doing.”

Going deeper as an industry, as opposed to deeper as individual groups has been one of D’Acosta’s most fervent desires. “I don’t pretend to be the smartest guy in the room,” he genuinely downplays. “Heck, I may be the dumbest – but my ideas are built on basic logic and principles of running a business.”

Credibility From Cowboys

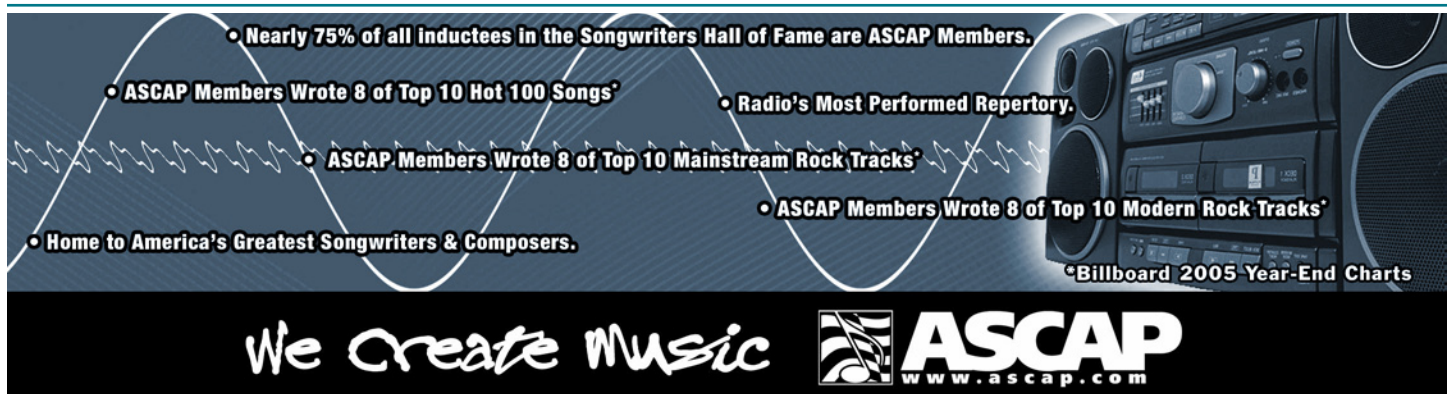
Upon graduating from Texas Tech, Fort Worth born/raised D’Acosta moved approximately 120 miles north to Wichita Falls. “Of all things, I began at a newspaper,” he smiles. “I quickly [however] went to work as a sales rep for the local CBS-TV affiliate.”

One day over lunch, the station’s General Manager asked D’Acosta about his personal goals. “I said my dream was to someday own my own television station,” he recalls. “There was a Construction Permit for an independent television station and he asked if I’d be interested in going after it.”

Without vacillation the two in 1982 filed an FCC application for Wichita Falls’ Channel 18. “It took three years and a compromise with a competing applicant but with the help of some investors, my partner and I signed the station on in 1985,” D’Acosta notes. “Miraculously Fox came along in April 1987 and [several years later] landed the NFC rights package [which included the Dallas Cowboys]. That took our independent station - which showed John Wayne movies in primetime - into the mainstream. Every Sunday during the NFL season, we were a big-time television station. By the early-1990s our little station went from obscurity to maturing into something legitimate.”

The Wicks Group arrived in 1995 and bought out D’Acosta who also had Amarillo’s Fox affiliate which he and his business partner bought in 1991. “I became CEO and ran the television group until the summer of 1999,” D’Acosta points out. “We bought additional stations in Eugene, OR; Panama City, FL; and Albany, GA.”

Ten years ago, D’Acosta walked away from television and in January 2000 he became CEO of what has blossomed into today’s Marketron. “There isn’t any way a single company like this could invent fast enough or move our product quickly enough to satisfy the technology leaps we are now faced with,” he states. “Our product has almost 40 years of improvement layers. You can’t take involved and complex software like that and move it on a dime. I’d



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love to connect to any third-party innovator [who] is developing an enhancement for radio. In the past, it was exactly the opposite – we were so protective. To provide anyone access to the traffic system gave access to everything.”

Through a blanket license agreement, Marketron-affiliated stations will receive electronic orders from every sender it can connect – Katz is its first. “We began our ‘Electronic Exchange’ in February and have over 1,000 stations signed up and have verbal commitments with at least 450 [others],” points out D’Acosta who envisions several thousand stations will be onboard by year’s end. “Any Katz-repped station can receive orders electronically. Those orders actually move all the way to a station’s traffic system without having to be touched or manually-keyed. Invoices go out electronically. Later this year, we’ll provide our stations electronic proof-of-performance reports. All business should be transacted electronically.”

Another Campaign Commences

Unlike Arbitron which is shifting some markets from diary-based ratings results to those obtained electronically via the Portable People Meter, Marketron isn’t planning methodology modifications.

In fact, D’Acosta emphatically declares it would be a “scary” proposition if he or his eventual successor attempted something similar as Arbitron is doing with PPM. “Its challenges have to do with believability,” he comments. “The ability to connect us electronically is huge. I just want to do that. Kids coming up behind us are so electronically-enabled. It’s unlikely they will do anything by paper when they become adults. I do all my banking, retail and travel [plans] electronically. Trying to buy a radio spot is just old-fashioned and we have to get past it.”

It is D’Acosta’s firm contention that, as he prepares to depart, Marketron is at its best point in ten years. “Where we are today is so much better than where any of these companies were individually,” he comments. “It has not been easy and anyone in this business who looks backward for ten years can say the very same thing. The greatest opportunity exists in front of us right this minute than there ever was.”

Electronic exchange has been his single biggest professional passion. “It’s necessary,” D’Acosta succinctly remarks. “That’s not selfishness – it’s necessary for this business. I don’t have it all figured out but I know we aren’t going anywhere if we don’t find a way to connect ourselves. I’ve never sat at a table with Clear Channel [for example] so I don’t know how they feel about us [but] I’d love nothing more than to work with [that radio group] on helping connect the industry.”

In addition to the “Electronic Exchange,” Marketron is also rolling out “Campaign Manager,” an attempt on the company’s part to help

stations moving into internet streaming or any other form of non-traditional sponsor-able inventory. “Traffic systems like we offer were designed to simply manage traditional radio advertising in 30-second and 60-second-type units,” D’Acosta explains. “We are on the threshold of our ability to sell dozens and dozens of things [from] websites to podcasts to downloads to digital overlays. We can give local clients so much more value for their money. If we have this emerging inventory, we must have a simple way to present it to a buyer. We’re not trying to build a traffic system for the internet but we’re giving terrestrial stations new tools so they can actually manage all the selling of their non-traditional inventory.”

Development began three years ago and as D’Acosta points out, “Our dream was it would make us a lot of money. At this point, we’d like to have it as a value-add to the business operating system to make it more efficient.”

Right Back At It

A single dad with a son attending Texas Tech and a daughter who enrolls there in two months, D’Acosta has his priorities in order. “There has never been anything more important to me than raising my children,” he states. “That’s really where my heart is. One of the great things about working with the Wicks Group is the wonderful flexibility I was given. I scheduled all my travel around events with my kids. Now that they are both grown, I’ll have an empty house for the first time in my adult life.”

Frequent business-related travel unquestionably contributed to D’Acosta’s severe back maladies which seem to have been rectified through very recent laser surgery. “Other than walking, I haven’t done anything physical in three months,” the avid golfer notes. “I’m getting better every day but would like to completely gain back my strength and stamina.”



WHO: Pete D’Acosta
WHAT: Chief Executive Officer
WHERE: Marketron