



Mashups for fun--and profit?

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Mashup Web sites, from celebrity stalking sites to an online pedometer for running enthusiasts, are certainly all the rage. Now comes the hard part: making money off these things.

Though a handful of mashups have received venture capital backing, many investors are leery of putting money into the sites, which typically use application programming interfaces (APIs) from online map providers such as Google, Yahoo and Microsoft to display information on an easy-to-use online map.

The main reason for caution is the very thing that makes mashups so popular--they're fairly easy to create, and it's not that difficult for someone to duplicate the more successful ones. On top of that, it's not clear yet how much money can be made with these sites. Are they the next big thing on the Web, or just a nifty niche for small companies and hobbyists?

"I think mapping is a commodity," said Peter Rip, a managing director at Leap Frog Ventures. "It's simply combining two things but not (adding) a lot of intellectual property on top of it. The problem is the people giving you the content want to be compensated. You are in fact a reseller of that content."

That's not to say there isn't a business to be had. Map technology providers such as Google and Microsoft are expected to eventually put ads on maps that are geographically relevant to consumers and therefore more likely to generate revenue. And mashup sites such as Platial and Trulia already appear unusual enough to pull in interest among investors.

[Trulia](#), a real estate search engine, raised just less than \$8 million from angel, or first-round, investors and Accel Partners, said Trulia Chief Executive Pete Flint.

"We are a real estate technology media company first, and the mashup is how we display that information," Flint said. "That was very attractive from an investor's perspective."

[Platial](#), which bills itself as "The People's Atlas," lets people create personalized maps where they can tell stories and show where events happened. The company received an undisclosed amount of angel funding from individuals; venture capital firm Kleiner, Perkins, Caufield & Byers; and the Omidyar Network investment group. "I think it was an experiment on all sides," Platial co-founder Di-Ann Eisnor said in an interview.

"I don't think there is an emerging economy of mash-ups. In fact, imho (in my humble opinion) the term 'mash-up' is overused to reference the fact that personal geography is important to people around the world," she wrote in an e-mail.

Platial is planning to launch local advertising on its site within a few weeks, but in a manner that is different from traditional online advertising, Eisnor said.

Real estate prime for mashups

Most likely to get venture backing are companies like [Zillow.com](#), which blends a mashup with several other services and home-property valuations and data from different sources. It recently landed a \$32 million investment from Benchmark Capital.

Rip argued that visualizing houses or jobs on an online map is merely a feature. But if a Web site shows home values in low-crime areas within a certain price range and with high-scoring elementary schools within 30 minutes of a workplace, then that is an application that could conceivably be monetized, he said.

"A lot of these sites are going to have a very small population of users. How many people are really interested in beer places in some small town in Indiana?" said Adena Schutzberg, executive editor of [Directions Magazine](#). "Real estate has a much broader appeal. Those are the ones, I suspect, that will make money first or figure out how to use this model to their advantage."

Beyond ads, other potential sources of revenue are affiliate programs through which hotels and airlines would pay mashups for generating referrals, said David Schorr, founder of the mashup sites WeatherBonk.com and SkiBonk.com. However, many affiliate programs are "hesitant to expose their data," he said in an e-mail response to questions.

There are certainly reasons for skepticism about the mashup model, such as its reliance on mapping software from other companies, said Randy Haykin, a managing director at Outlook Ventures.

"The challenge with a mashup is it may not fully hold its own destiny. They are somewhat at the mercy of the open components that the Googles, Yahoos and Microsofts have provided," he said. "So far, I haven't seen one (mashup) that looks like it could be a standalone company."

It's unlikely that Google would pull the plug on its APIs, but "if your whole concept is riding on somebody who isn't giving support, there is a business risk there," said Mike Pegg, creator of Google Maps Mania, which catalogs several mashups each day.

Giving away the tools

For companies that want to get support and commercialize their mashups, Microsoft, America Online's MapQuest and start-up Placebase license technology for a fee.

Most of the mashups, however, are using free APIs from Google, Yahoo, Microsoft and MapQuest, which in general don't allow sites to charge for access to the maps or to make money off them other than by selling ads. They are giving the technology away so developers will create mashup sites, which can eventually host ads.

Google recently modified its maps API terms of service to ask mashups with heavy volume (more than 500,000 page views per day) to contact Google so the company can provision enough bandwidth for the increased traffic, said Bret Taylor, product manager for Google developer products. Google also says it will give 90 days warning to developers before putting any ads on the maps that the mashups are using, but hasn't admitted to any plans to put ads on maps.

"We are not necessarily looking to monetize this directly," Taylor said. "We are not launching any advertising program right now. Whether it (will) opt out is up in the air."

MapQuest plans to have contextually relevant ads on its maps, said MapQuest Operations Director Christian Dwyer. "We will probably partner with AOL to organize how those ads are sold and displayed and they would syndicate those ads down to those sites," he said.

Tom Bailey, director of marketing at Microsoft's Virtual Earth, said Microsoft also is planning to put ads on maps and share revenue with mashups. "We will be working with many of those customers to figure out the right way for us to do revenue share and still make it very attractive for them," he said.

While some mashups, such as Platial, won't want ads displayed directly on their maps, others won't mind generating some revenue.

"That wouldn't be a problem for me," said Paul Degnan, the creator of the popular Gmaps Pedometer site, which lets people map and figure out distances they've walked, run or bicycled. "As long as the roads and satellite images are there...a few ads here or there aren't really going to get in the way of that."

"To some it might be a little obnoxious," Degnan added, "but I don't think it's going to stop people from using it."

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