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Making politics pay off

Internet firms build business on obsession with presidential race; and after Nov. 4?

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After Howard Dean dropped out of the 2004 presidential primary race, Harish Rao and Nicco Mele, the team that led his campaign online, started a political consulting firm specializing in Internet strategies.

Business at their Manhattan-based company, EchoDitto, was slow at first. But last year, revenues jumped 52%. The 30-person firm, which also has an office in Washington, D.C., is expected to grow by a similar amount this year, with sales reaching \$5 million.

“Clients come to us because it's an election year and they want to influence change,” says Mr. Rao. “People now understand that the Internet is not a fad; it's a necessity.”

In this year's hotly contested presidential election, more than a dozen local tech firms like EchoDitto are capitalizing on the emergence of the Internet as a political platform. They are creating moneymaking ventures—for instance, Web sites that offer political blogs and video campaign updates. Others are providing candidates with ways to use the Internet to enhance campaign messages and influence voters.

Last April, online media production firm Hudson Street Media created *Political Lunch*, a daily, five-minute-long online video that summarizes presidential campaign news. The videos are available on more than a dozen popular sites, such as YouTube. Each day's video attracts 2,000 to 5,000 views.

“We deliver the facts and campaign news without the spin,” says Will Coghlan, co-founder of 15-month-old Hudson Street Media.

The two-man shop runs on a lean monthly budget of \$10,000. It makes money by selling ads against its videos; in fact, it has managed to sign up some big sponsors, including HBO. “We have some months where we break even and others where we don't,” Mr. Coghlan says.

Meanwhile, Talking Points Memo, an eight-year-old liberal news site, has seen traffic grow to 400,000 daily page views and 750,000 unique visitors a month. While the privately held company does not disclose financial figures, it appears that revenues from the site's online ads sufficiently support the firm's staff of seven reporters, analysts note.

“These sites provide news at a more granular level than the mainstream media,” says Howard Greenstein, a Manhattan-based social media consultant.

Message mania

Other Internet-related firms have seen increases in political business as well.

Former Democratic presidential candidate John Edwards used Mobile Commons to send constituents text messages about his upcoming appearances and updates on fundraising. The software firm, just 18 months old, saw sales double last year. It expects revenues to triple in 2008, and it's about to raise its first round of outside funding.

“The election has helped us grow by generating media attention,” says Jed Alpert, Mobile Commons' chief executive, noting that the firm was recently featured in *The New Yorker* magazine.

Andrew Rasiej, an Internet pioneer who ran unsuccessfully for New York City public advocate in 2005, launched TechPresident.com last February. The site tracks and analyzes presidential candidates' use of online media, as well as the influence of technology on campaigns.

“The site isn't a moneymaker,” Mr. Rasiej acknowledges. But it has helped to quadruple attendance at Personal Democracy Forum, an annual conference he co-founded that covers the convergence of tech and politics. He expects more than 1,200 people at the event this June, which would generate about \$720,000 in attendance fees.

“We continue to look for all kinds of revenue opportunities,” Mr. Rasiej says, adding that he is talking

to mainstream publishers about syndicating content on the site.

While these types of businesses are thriving now, some are in danger of losing their momentum once the presidential election is over. Some analysts say that even the better-established firms, like Talking Points Memo, will probably see a slowdown after November.

Mr. Coghlan of Hudson Street Media says his firm's future is in online video production and consulting on topics other than politics.

About three years ago, EchoDitto stopped relying exclusively on political candidates to make money. Its clients now include the Service Employees International Union and Greenpeace UK. Many of Mobile Commons' clients also include advocacy firms.

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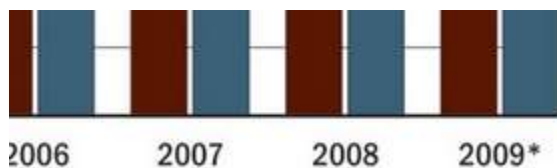
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