

Terpin: betting the ranch on a wired world

You might not agree with Michael Terpin's vision of the future, but you can't ignore him. Fresh off securing \$17.5 million in VC funding, Terpin's Internet Wire is eager to do battle with the big boys of the news distribution market. Craig McGuire reports

If Michael Terpin is right, many of the tools by which PR pros distribute news might not be around much longer.

"Postal delivery – which takes three to four days to get there – is dead," says Terpin, 43. "Faxing media, grossly ineffective and intrusive, will be dead in a short time. Satellite distribution is immediate but unnecessarily expensive. The entire industry is headed towards Internet distribution."

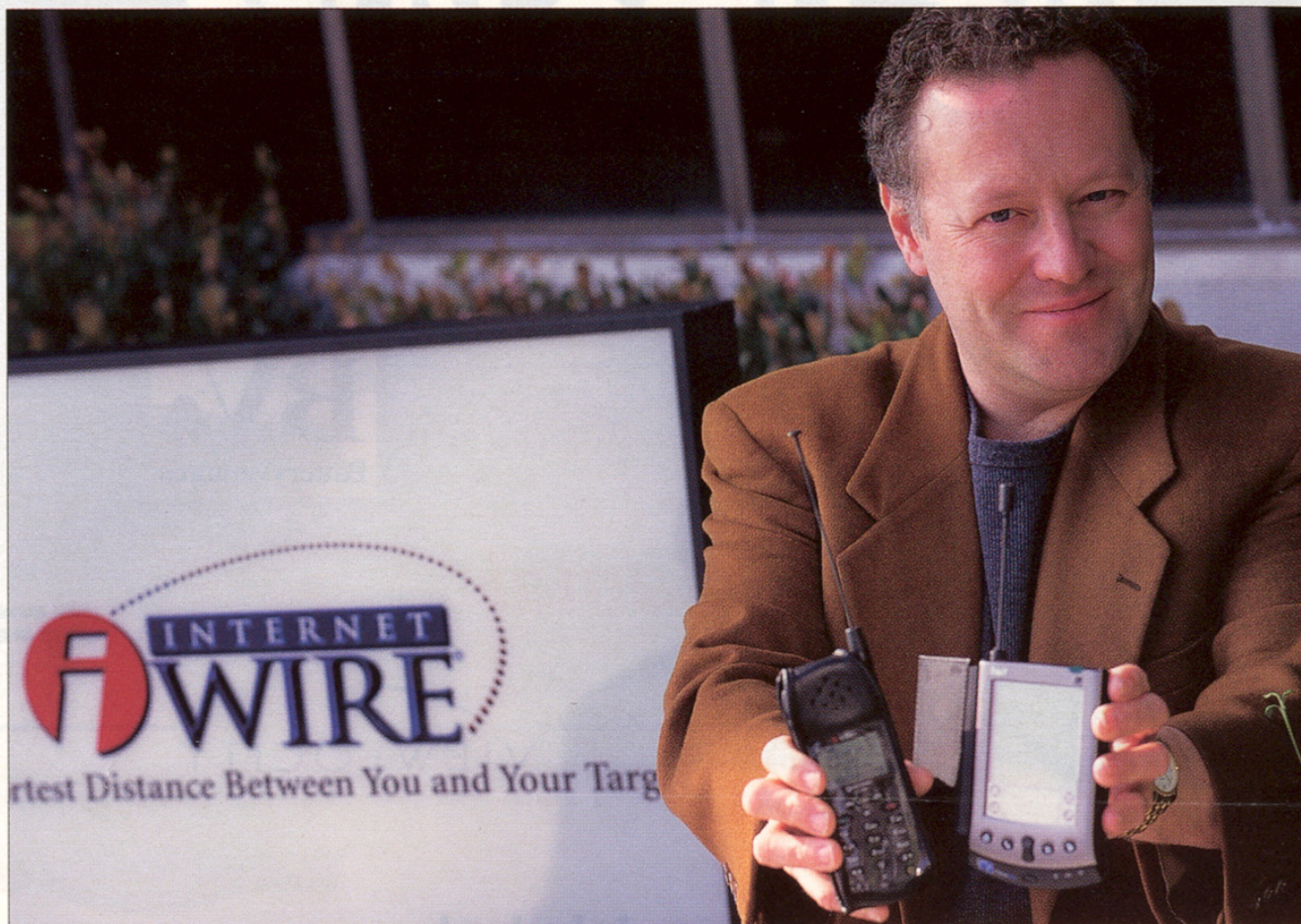
So confident was Terpin that last year he stepped down as head of his eponymous PR agency to launch Internet Wire, the leader among a handful of Internet-based news distribution services that have sprung up over the last few years.

Placing bets on the Web

The entire fledgling Internet news distribution market – valued at barely \$10 million last year – is a far cry from the estimated \$350 million divvied up by satellite-based news distribution heavyweights like Business Wire and PR Newswire.

But as with every dot-com story, there's so much potential that already, Terpin claims, Internet Wire is valued at around \$43 million (10 times the value of his PR firm) following a successful '99 in which revenues doubled each consecutive quarter. With 91 employees, 26,000 journalists hooked in and 2,300 clients on its books, the company has expanded from its LA base to set up shop in New York and San Francisco.

Flush from an infusion of \$17.5 million in VC funding, most of which will go to sales and marketing, Terpin hopes to build on Internet Wire's early foothold in the industry. "We've learned the moves to get into this market," notes Terpin. "Now we're



Web everywhere... Terpin has wagered his livelihood that news distribution will soon be done exclusively on the Net

Communications and Canyon Studios PR, Terpin planted his own flag in Manhattan Beach, CA on the first day of 1990. With just a single employee – a freelancer at that – Terpin set his sights on the video game and CD-ROM industries. Soon after, he inked his first deal with Fujitsu.

During the mid-'90s, with the business world rushing to get online, many in the PR industry were still wrinkling their noses at the Internet. "It's really only been in the last year or so that the PR industry has overwhelmingly embraced the Internet," says Terpin. "Around 1994, the thought leaders in the industry got really excited but didn't have any products. Many tried to set up pages, got frustrated and quit. Some bought e-mail lists only to find there weren't many journalists on them."

MICHAEL TERPIN Co-Founder, Chairman and CEO Internet Wire 1984-87
President, Avatar Communications, San Bernadino, CA 1987
President, Canyon Studios PR 1990
Co-founds The Terpin Group 1999
Launches Internet Wire

com, Rollingstone.com and iPlanet. Terpin attributes much of the success he's had with Internet Wire to his earlier work in PR. "It was a different

Terpin introduced the predecessor for Internet Wire in 1994 – a system called gina.com (Global Internet News Agency) as a service for clients. And by mid-1998, when The Terpin Group was no longer among the top 10 clients of the service and with \$250,000 in annual revenues generated by only three employees, Terpin realized that his agency could stand alone. Terpin is frank enough to admit he has stumbled at times. "Whenever I've opted for excessive caution, I've had to watch other companies beat me to the punch. Conversely, when I've taken on too much and not properly planned for contingency, things inherently fall through the cracks."

Terpin points to a time just after the launch of gina.com in 1994. "In our first year, we launched maybe a dozen

from The Terpin Group to spin off Internet Wire with \$1.1 million in seed funding he received from NBCi CEO Chris Kitze, as well as three Northern California VC firms (Osprey Ventures, Montreux Equity Partners and Mondful Partners).

Not surprisingly, hi-tech pioneer Kitze is bullish on his partner's prospects. "I think the market is big enough that all of these companies are going to do well," he says. "Being solely focused on the Internet, Internet Wire isn't dragging along all of the extra baggage that the others have."

Spinning plates

Nonetheless, Terpin still has his hands full: "I sometimes feel like one of those circus performers that keeps dozens of plates spinning, running from one end of the stage to the next, keeping everything in motion before piling on yet another plate."

But with IPO specialists Sequoia Capital and Hummer Winblad Partners among the VC firms banking on Internet Wire's vision of the future, it may be just a matter of time before the company goes public.

Of course, not everyone sees things Terpin's way. Business Wire SVP Michael Lissauer says there's no question the Internet will have a profound impact on the delivery of news. "But it has not, and will not, supersede satellite transmission in the foreseeable future," he claims.

Adds PR Newswire SVP David Armon, "PR Newswire's reach on the Web is double, if not triple, that of Internet Wire."

Terpin disagrees: "We have the largest direct distribution to media via the Internet." Internet Wire claims a database of 26,500 journalists, while PR Newswire touts nearly 30,000 subscribers to its two online services – PRN Pressroom and NEWSdesk. Business Wire, meanwhile, says between 8,000 and 12,000 journalists receive direct online distribution, not counting the 7,200 registered for its Newstream.com service.

Regardless of what his competitors