

Offerpal Media raises \$15 million to peddle in-game ads

Jenna Wortham

For most casual gamers on social networking sites like Facebook, MySpace and Bebo, tricking out their avatars is almost more fun than playing the game.

One way to build an impressive inventory of virtual goods is by earning them through hours of game play. Another way is to take a quick survey or sign up for a service like Blockbuster or Netflix to earn virtual, in-game currency. Some games even allow players to spend real cash to buy game goods.

Offerpal Media is one of the companies providing those in-game offers and surveys to help third-party developers monetize their games.

Monetize Your Application



Offerpal Media screen shot.

"People are on social networks more than they're watching television," said Anu Shukla, chief executive of Offerpal. "But how do you get the 15-year-old to interrupt what they're doing and consume any sort of advertising?"

The key is offering them incentives, like health points, in-game cash or fancy accessories, she said.

Based in Fremont, Calif., Offerpal will announce Tuesday a \$15 million Series B round of financing, led by a California investment firm, D.E. Shaw Ventures. InterWest Partners and North Bridge Venture Partners also participated. The company previously raised \$4.6 million in June 2007 from the same three partners.

Offerpal Media currently has more than 2,000 advertisers in the system and adds as many as 100 new offers to the system every week. The company also facilitates in-game transactions through online payment services like PayPal for players who want to bypass the survey and simply purchase virtual items.

Competitors include SuperRewards, AppSavvy and Jambool.

Mrs. Shukla said the company was working with more than 800 developers on such games as Mobsters on MySpace, (Lil) Green Patch on Facebook and Texas Hold 'Em poker on Facebook. She said that the median application is collecting \$150,000 a month in revenue by teaming with Offerpal Media.

Social competition in multiplayer online games is very high, said Nicholas Talarico, director of operations at Sibblingz.com, which created an application called Make a Baby that lets Facebook, MySpace and Bebo users raise a virtual child.

"Our users are very engaged in caring for their virtual babies -- buying items to feed it and clothes," he said. "They love to show them off."

Make a Baby went live in July 2007 and instantly had a "rabid fan base," said Mr. Talarico, who said the game has roughly 4.5 million users. The company wanted to monetize that success but found that banner advertisements didn't prove lucrative. "It's very hard to get our game players to click away," Mr. Talarico said. The company teamed up with Offerpal Media in early 2008.

He declined to provide specifics about how much money Siblingz.com generates using Offerpal, but said Mrs. Shukla's ballpark range for a monthly haul was fair. "We've found a good monetization model for us, so we haven't had to seek out venture capital investments," he said.

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