

## Altman Vilandrie & Company In The News

### Stock Newsletters Online, For Fee

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By Pete Barlas  
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Michael Rodov wasn't content just going to classes and an occasional party when he attended Boston University last year. During off-hours, the 22-year-old business major hung out at the school library looking for ideas for his next startup.

"I did take advantage of the library and a lot of antiquated information about bundling and micropayments and theory about money," he said.

The result of Rodov's research is ZepInvest, a service launched last month that lets investors get 85, and counting, investment newsletters via the Web for a flat \$600 a year subscription fee. That's a big discount over what users would pay individually.

The newsletters are daily, weekly and monthly. All are about financial investments.

"We are adding more every week," said Rodov of his second startup. In 2005, he started a business that sold magazine subscriptions online.

Rodov's company is ZepFrog, which at this point manages just the one business, ZepInvest. He says the New York-based company employs more than 10 people.

ZepInvest is adding subscribers daily, says Rodov, but he wouldn't give a count.

Some of the newsletters that have joined ZepInvest charge \$800 or more a year.

"The cost of buying all of these (newsletters offered by ZepInvest) would be over \$30,000 (a year), so it's a very big savings," Rodov said.

But Rodov says saving money isn't the main reason people sign up. Instead, they're looking to avoid the hassle of multiple logins to multiple Web sites. They prefer one place to get all of their investment information, Rodov says.

"We make it really easy to get everything," he said.

Rodov's one-stop-shop concept appealed to Robert Pemberton.

Pemberton, who founded what became Infinium Software in 1980 before selling the company in 2002, is ZepFrog's largest shareholder and chairman.

Pemberton, who won't say how much he's invested, says he was impressed by Rodov's pitch. "I had no interest in looking at an Internet company — ever — but one of the first things he said was 'we don't do advertising' and that perked my attention," Pemberton said. "The more I listened, the more I realized that he was onto something."

That "something," says Pemberton, is basing the company's revenue on subscriptions instead of ads. "I guarantee you that Web organizations that are totally based on the advertising model would kill right now to have a steady stream of subscription (revenue)," he said.

Web ad revenue, like all ad revenue, is falling in the recession as auto, finance, real estate and other sectors reduce their spending.

At the start of the decade, companies such as Yahoo (YHOO) tried a number of fee-based subscription services to offset declining ad sales in the dot-com bust.

In recent years, though, many Web companies dropped subscription fees in favor of ad revenue, which was skyrocketing online.

With ad sales slowing once again, ZepInvest might well have the right idea, says Jonathan Hurd, director for Altman Vilandrie & Co., a business consulting firm.

"This is the time to go out there with a subscriber-based business model," Hurd said.

Rodov and Pemberton are convinced consumers will pay for access to many newsletters on one site. ZepInvest's offerings include newsletters from Fidelity, Morningstar and The Motley Fool.

But does this model work for the newsletter publishers?

Joe Klocke, editor of "The Common Sense Investor" newsletter, isn't sure. Klocke wouldn't say how much revenue he's getting from ZepInvest, but he implied it isn't much.

"I wouldn't say that it would be anything that would be lucrative," he said.

Also, ZepInvest's all-in-one formula could hinder Klocke from signing up new subscribers on his own.

"But this world is enormous, and not everybody is going to go the ZepInvest route," he said.

Klocke says he joined the ZepInvest network in order to get some free marketing.

"It opens my name up to a tremendous amount of people that I never would have reached before," he said.