

CEO CFO

IZEA Holdings, Inc.
150 North Orange Avenue, Suite 412
Orlando, FL 32801
Phone: 407-674-6911

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The Most Powerful Name In Corporate News and Information

With Occupy Wall Street and The Arab Spring Causing More and More Companies to Recognize the Power of Social Media, IZEA Holdings, Inc. is in The Right Space at The Right Time Connecting Advertisers with Social Media Influencers



Technology
Internet Service Provider
(IZEA-OTCBB)

Edward H. Murphy
Founder, Chairman and CEO

BIO:

Ted Murphy is a dynamic serial entrepreneur who has founded six companies since 1994. In 2005 Ted introduced PayPerPost to the social media marketplace, which later became IZEA, today's global leader in social media sponsorship. This once disruptive medium is now a staple in marketing strategies for local businesses and top brands around the world. Under Ted's leadership, IZEA became publicly traded in May 2011.

An avid athlete, Ted has completed over a dozen marathons and lives in Orlando with his wife, Tara, and dog, Bonzo.

Company Profile:

IZEA, Inc. ("IZEA") is the world leader in social media sponsorship, operating multiple marketplaces including SocialSpark, SponsoredTweets and WeReward. IZEA connects advertisers with social media influencers, helping them monetize their social media presence. The company has completed 2.7 million social media sponsorships for customers ranging from small businesses to Fortune 50

organizations.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Murphy, what is IZEA?

Mr. Murphy: IZEA is a social media sponsorship company. In fact, we pioneered the space back in 2006. IZEA helps advertisers connect with influencers in the social media space to spread the word out about their products, services, and website through social channels like blogs, twitter, Facebook, and Foursquare, and our own WeReward.

CEOCFO: What is the process?

Mr. Murphy: At our core we are a technology company. We build online marketplaces that allow brands to identify influencers and make offers to them to sponsor or endorse their product. We provide complete workflow management for brands, as well as payment processing and fulfillment. Think of us as a "marketing eBay" – a place that connects advertisers on one end with social media influencers on the other.

CEOCFO: Are most companies onboard today; do they get the concept or is it still, even at this stage, education?

Mr. Murphy: I would say that more and more companies understand the concept, but this is still a very nascent space. Therefore, a lot of what we do is education, building awareness, and having companies understand the best practices. It has been a long process for us to get to this point, but we are starting to see recognition for

just how powerful social media can be.

Demonstrations like the Occupy Wall Street movement and The Arab Spring have helped companies understand the power of social media and the fact that while traditional media remains important, there are now billions of people all around the world who create content and very easily share it with others. This means marketers need to be aware and listening to their customers and potential opportunities and weaknesses that their organizations may have, but also becoming part of the conversation to create brand ambassadors.

CEOCFO: How do you know people are not tuning out the advertisement part of what we see onscreen?

Mr. Murphy: Everything we do is tracked. If you look at television or radio, there is a kind of disconnect between what you hear on the radio or what you see on the television to actually purchasing a product or learning more about it and taking an action. Our medium it is the Internet, so nearly everything traceable, working back from the actual purchase of the product. Therefore, we know how many people read a blog post and how many people clicked on that link in blog post. Then ultimately, how many people made a purchase as a result of the blog post.

CEOCFO: Would you tell us about the pilot program with Domino's?

Mr. Murphy: The pilot program with Domino's is designed around our SocialSpark Deals platform. Essentially, we believe e-commerce is a better channel through which to offer deals

and in this case, we're testing how effective bloggers can be in distributing the discounts for pizza through their networks, whether that is blogs, twitter or Facebook. SocialSpark Deals also add another layer of outreach for brands, where the deal can be combined with a call-to-action or informational piece within the blog. This enables us to drive awareness for Domino's and ultimately drive conversions through the purchase of products.

CEOCFO: Are companies coming to IZEA or do you have to go after them, and how do you decide whom to target?

Mr. Murphy: We are lucky enough to experience a bit of both. We certainly receive inbound inquiries about our platforms, and clients have expressed the desire to learn more. At the same time, we do not rest on that alone, so we have a Client Development team that focuses on building relationships with top brands. The team focuses primarily on the top 2,000 U.S. brands for outreach because we believe they are most likely to have the dollars to spend on social media and are willing to experiment with new forms of advertising.

CEOCFO: Are companies typically budgeting separating for mobile advertising or are dollars being taken from more traditional methods?

Mr. Murphy: Some of them are starting to have their own social budget, so that is very encouraging for us. The majority is taking the dollars from other areas because they're not getting the desired results. Therefore, brands look to figure out other ways where they can get more engagement and activation around the dollars that they are allocating.

CEOCFO: IZEA has opened new offices recently; what is the strategy?

Mr. Murphy: We have opened offices in New York, Los Angeles, and Chicago. Our goal there is form closer relationships with companies in those regions through dedicated staff on the ground. We recognize that in our

business much of it is about relationships and being able to work with our clients more strategically. The best way for us to do that is actually having the resources in the cities where the majority of our dollars come from. So New York and Los Angeles, in particular, make sense for us, as they are hotbeds for advertising and marketing. We work tirelessly to help our clients be more effective and also try to create greater visibility for our company at the same time.

CEOCFO: Do you engage people in the advertising world that understand the IZEA concept or are your tech/development people that understand your concept go out to the advertising world?

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- Edward H. Murphy

Mr. Murphy: I would say it is a mix. The space is just so new that you have some people who really get it and understand how it works. They become advocates for us and spread the word, which is ultimately what we want. In fact, when you think about IZEA, our whole model is built on influencers! But in comparison to the display advertising world or the search marketing worlds that are so much more mature markets, we are just not there yet. Therefore, we have to continue to educate people about what we do and help them understand our unique value proposition.

CEOCFO: Clearly, IZEA is an early player in this field, but what is the competitive landscape?

Mr. Murphy: Presently, the landscape is very fragmented, which is a good thing for us. There are no other companies that compete in the variety of

areas that we do, which provides a highly unique value proposition. IZEA has the ability to touch numerous social marketing platforms, but there are certainly companies, particularly within the blogging and twitter spaces that we keep an eye on to see how they are approaching the world. In addition, we look at how they are changing over time, because one of the things that we have recognized is that this landscape is constantly changing around us and we need to continue to invest in innovations that keep us ahead of the curve.

CEOCFO: With things changing so rapidly, how do you really keep a finger on the technology and industry, and is some of it instinct or gut feeling?

Mr. Murphy: We've handled it successfully by making it everybody's responsibility within IZEA to keep a pulse on what's new and what's trending. I cannot possibly keep up with every new start-up, every new development that comes out on the Internet or in the social space. I rely on the leadership team here and every other team member, whether it is an engineer or a customer service person, to help us stay aware of the

things that are changing around us and to be proactive in communicating when they see a new opportunity or potential threat.

CEOCFO: You have a number of programs going on like the WeReward; what is the most unusual program you have going now or in development now?

Mr. Murphy: We always tend to have something new happening. Our most recently launched program is actually a compliment to SocialSpark, our sponsored blog platform, and it has had pretty significant growth surge to this point.

It really is an add-on to our existing services. We realized we have this asset of bloggers who have all of this traffic going to their website and right now we are only allowing them to do sponsored posts through us. We then

wondered, 'What if we started selling their ad inventory as well?' The program is called IZEA Media and we did a small pilot program over the course of 45-days with a small group of advertisers and influencers. It grew a lot faster than we ever expected, so now we have actually given a green-light to open it to our entire network and have hired someone full-time to manage that part. It is going to be a new revenue stream for us in 2012.

It is interesting to see how things changed so quickly. For me it is all about this: Our company might 'fail', but we do so in a way that is controlled and calculated. I believe in the concept of placing little bets, so you are always going out there and trying something new. Some of those things are going to work and some of those things are not going to work, but you are always learning from that process. There have been plenty of projects that got through their six months and it did not look like they were going to be a success for us, so we killed them and then took part of the technology or concept that we liked and we reapplied it to something else.

CEOCFO: How do you maintain the discipline to cut a new program when it is borderline or you feel it should be working but the program is not showing necessary results?

Mr. Murphy: The key is to have a certain amount of humility and be

able to say we were wrong. Most of the reasons people do not pull projects actually have to do with their personal ego and their attachment to something. It is the concept of not wanting to be wrong or to be considered a failure. For me, you must go into those new initiatives with the concept of, 'You know what, I might fail but if I do fail, I am going to fail quickly.' It helps you get over the attachment and the feeling of humiliation of having to kill a project. We have a thing here that whenever a team has to kill a project, we 'celebrate' the death – with something like a bonfire, without the fire. Then, we move on, taking our lessons learned and figuring out how to do better next time. So, I look at all of the projects that we have had in the past that we killed for one reason or another just to say that it was a good learning experience, but our assumptions were wrong in those cases.

CEOCFO: What do you see six months to a year down the line?

Mr. Murphy: We are going to see the pace of innovation in this social space continue to accelerate. I think that whether it is the economy or the availability of information and collaboration tools, we are going to continue to see a surge of entrepreneurial activities with digital-based startups and people breaking out and doing their own things. Hopefully, along with that comes additional access to capital for

entrepreneurs. I am just amazed when I look at my new iPhone and I compare it to my first generation iPhone. This stuff is changing so quickly. What will it be like a year from now? What will my phone be able to do that it can't do now? The fact that all of us are carrying around computers in our pockets, just opens up a completely new world and new opportunities for people to make money. There are new opportunities for people to communicate and collaborate and I feel blessed that I am able to live when so many of these things were happening at the same time.

CEOCFO: In closing, why should investors pay attention and what might investors miss when they look at IZEA?

Mr. Murphy: In terms of the social space in general, investors need to pay attention to social ability to spread so incredibly quickly through networks that we were never available to five or ten years ago. Therefore, the new companies that you are seeing are being available either in public or private markets, if they are successful they will be wildly successful. Because of the fact they are creating relationships with people I believe they will have more staying power than Internet companies of the past.



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