

JELLI  
CO-FOUNDER/CEO

# Michael Dougherty

The head of a fast-growing digital startup is adding a social dimension to terrestrial radio music broadcasts.



Normally when old media and new media collide, there's a winner and a loser. Occasionally, however, the combination yields something new that complements the strengths—and addresses the weaknesses—of both.

That's the case with Jelli, a startup out of San Mateo, Calif., that aims to bring social media and crowd-sourcing to the rigid world of terrestrial radio programming. Jelli is an online "game" of sorts that lets users vote on which tracks will play next on a number of genre-oriented streams. The company then syndicates the resulting programs to terrestrial radio stations for free, in return for a portion of airtime that it uses to sell ads.

At the beginning of 2010, only CBS Radio's KTIS San Francisco was doing so. Today, 28 stations are airing Jelli programs nationwide, thanks to a syndication pact with Triton Media Group and direct deals with individual stations. During the past year, the company also scored \$7 million in Series A funding in a round led by Battery Ventures, debuted an iPhone app that now accounts for 50% of its listenership and increased its staff from 10 to 22.

Jelli co-founder/CEO Michael Dougherty cut his teeth in the digital music business at Loudeye (which Nokia acquired in 2006), which followed stints at Microsoft and speech applications company TellMe (which Microsoft acquired in 2007). In an interview with Billboard, Dougherty talks about what Jelli has planned in 2011.

## What made you want to pursue a digital music startup?

Before TellMe and Microsoft, I was at a digital music company called Loudeye. At the time, it was doing a lot of white-label media distribution and download stores and some early Internet radio. That experience was a good lesson in how hard it is to make a business in digital music. Licensing was even harder then, and there wasn't as many monetization options around advertising as there are today. I left that experience loving the opportunity of the disruption that was occurring but was turned off [by] the state of the business.

So I did some other things for a while. We were doing some cool things at Microsoft with the Ford Sync . . . and looking at the future of digital services in the car brought me full circle to this concept that radio is the largest channel to reach you while you're driving. It's one of the best mediums to provide free entertainment. Eventually, that's going to evolve and change.

## What problem are you trying to

## solve with Jelli?

This disconnect between traditional broadcast—which is a one-way medium that is programmed ahead of time—to this world where we are spending our time, which is a two-way social platform that's real time. You can transform this traditional medium [with] a feedback loop where the audience can participate in shaping what they hear. Combining the social Web with this huge channel that hasn't seen innovation in decades is sort of the core concept.

## How much of a factor was your time at Microsoft and the realization that automobiles will soon have easy access to Internet-based content as they now do to radio-based content?

In the years ahead, the car will be connected, but in the meantime these traditional models will remain very, very big. We like the concept that we could change where a lot of listening occurs today as well.

## What does your listening audience look like?

We're in 28 markets with around

350,000 weekly listeners, of which at any given time between 10% and 15% are logged in and voting either [on] Jelli.com or the iPhone app. We see about 2.5 million votes a month. So they're really active.

## You introduced that iPhone app in November. What impact has it had on your business?

It's been a massive catalyst for us. We expected it to be a big deal because so much of Internet radio listening occurs on mobile these days. The first week we saw more than 40% of our usage coming from the iPhone. Participation on our crowd-sourced broadcasts increased 300%. Now it represents more than 50% of our total listenership.

## A reviewer once called Jelli a high-tech gimmick that wouldn't grow past a small subset of listeners.

[Laughs] We believe the social Web is transforming so many channels, and the Web itself has already transformed so many segments, such as how you buy music today. We view radio as going through massive evolu-

tion powered by the Web and social Web. I don't believe that's a fad or something that's transitory. The request show that is a model for Jelli may evolve. We are looking at 24/7 experiences—where we can have times of day where people vote and others where the songs are selected from more of an algorithm.

## So in other words what Jelli is today is just the start of the broader plan?

Absolutely. The idea that we started as a syndicated program was really just a go-to-market strategy for our alpha and beta version. It was a way to get on the air and start seeing how users reacted to the radio for the first time. But what's powering all of that is a platform connected to the cloud that enables us to transform in real time the broadcast using the Web. We believe there will be other opportunities to create other user experiences with that platform.

## Such as?

In 2010, in addition to the iPhone, we connected to Facebook. In 2011,

we're going to come out with a major upgrade to the iPhone app, roll out to Android and do more with Facebook.

## So do you compete with terrestrial radio or with Pandora?

We believe the world is a channel mash-up. It shouldn't be just one or the other. So I guess in that sense we align with some of the more forward-thinking radio groups that have invested heavily in streaming and mobile, like Clear Channel and CBS.

But we believe that social is an underinvested area, with most of the investment in streaming being in personalized music. There's a social aspect of music that is cool. So we're partnering with terrestrial. Eventually we'll all be competing for the time people are spending on these devices. The iPod, Pandora and radio all compete for your time.

## You once said you have an aspirational goal to achieve one big win a week. What was your last win, and why was it important?

This last week we learned we had taken a radio station to No. 1 in a small market. It's a station that uses our Jelli Pop product owned by Townsquare Media and it's located in Montana. We also had some other wins we can't talk about yet related to existing partners who have gotten great ratings so they're expanding, giving us more hours a day.

## Any new year's resolutions?

To be on more than 100 radio stations by the end of 2011 and to release what we're calling the second version of our game. And if I was going to say a third thing, it would be to have our first 24/7 Jelli station. . . .

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