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Today's Headline News

Family Post launches with compelling fusion of functional and traditional hosting

The Family Post is a new web site hosting company that has come up with "family" theme hosting plans that effectively incorporate functional hosting capabilities to produce a very compelling offering. Customers get a custom-designed web site along with standard web hosting services (customers pick a design and supply the photos). The differentiator is how the sites integrate and are built around many functional hosting capabilities. The idea is to create a "virtual family room" where family and friends can view photos and videos, plan events, stay in touch, make announcements and post web messages. It's like a web site, photo album, planner and directory rolled into one (more details below). T1R is intrigued by this unique model as it has the potential to replace the need for having multiple functional services from different vendors. You can do everything here that could be done with a blog, photo hosting account and social networking site. While more hosters do offer these functional hosting services, commonly as add-ons, few have succeeded in making everything work together so well. The Family Post clearly has and we feel this could really resonate with customers once the word gets out.

- **Implications and lessons for shared hosters** T1R has warned about the functional threat to shared hosters and this type of service has the potential to blunt that attack quite convincingly. We believe shared hosters should draw lessons from this model and re-think ways to package their various capabilities. Organizing and marketing plans around themes such as family, sports teams, weddings, resumes, etc., would better target consumers, and combining functional services provides a strong value-add and creates more compelling web sites. The marketing approach of The Family Post is another strong suit. Outside of storage space, there is no excessive technical information, just a clean presentation of the core capabilities, both visually and in plain language. The family is a good theme to start with, but we envision other themes could work just as easily.

- **The Family Post: pursuing a channel distribution strategy** Launched last October and based in Irvine, California, The Family Post is the brainchild of CEO Michael Sawtell, who came up with the idea while documenting the life of his baby daughter for an extended family living in various parts of the US. The company is hosted with Intelenet out of a former Exodus facility in Orange County, California. In T1R's conversations with management, we learned that the company is engaged in discussions for a Series A round of financing (the angel round has been closed). In addition to targeting B2C, the company is pursuing distribution partnerships with photo studios or verticals that play in the "family" or "digital media" space. These companies would private label the service with their own branding. For illustrative purposes, Sears photo studios could private label The Family Post and market to its photo studio customers. The Family Post came out of beta in 02/2006 and currently has a few hundred customers. The company's first two distribution partnerships will be announced next week.
- **Password-protected; Pricing details** A password-secure option is available, enabling families to invite only family members and friends to view the site. The e-mail, e-card and newsletter functionality is very valuable for notifying other family members when content is updated or for important announcement such as anniversaries, weddings and other special events. Secure access is attractive since it addresses growing online safety concerns parents have when their children frequent social networking sites such as MySpace. It brings a "gated community" effect to the "virtual family room". The pricing is very competitive in comparison to standard shared hosting offerings. Three packages are priced at \$5.95, \$10.95 and \$15.95 per month. The Standard package (\$5.95) has storage for 1k photos. The Classic package (\$10.95) has room for 2k photos and includes an e-mail account and newsletter sending capabilities. The Classic Package (\$15.95) comes with unlimited photo storage, includes video hosting and e-card and e-RSVP functionality. A fully personalized domain name is priced at \$35. An extra 5GB of storage costs \$5 per month. Site re-designs are priced at \$50. Two-week trials are available.
- **Wiki-based administration** Qwik-Post is the administration interface and it enables different users (ie. other family members) to login and edit site content. The chat room can be used collaboratively for real-time online instant messaging. T1R reviewed screenshots and found the interface very easy-to-use and it should present no problems for non-technical users. A competitor solution T1R has tried comes from JotSpot, which offers a Family Wiki free of charge. The site is secured for private access and a wiki-environment enables editing in a collaborative model. JotSpot's Family Wiki offers similar base functionality as The Family Post (such as photo hosting, calendars, news announcements), but doesn't have some of the extra bells and whistles. The service is also ad-supported, which although not obtrusive, still takes a bit away from the overall aesthetic effect. A final comment we would make is that while the JotSpot site is not shabby, it is not as attractive as some of the designs The Family Post offers. The Family Post also has

various different designs to choose from. Go Daddy [DADY- forthcoming IPO] has the potential to do something here as well. It has taken a step in this direction with its "Personal Solutions". Go Daddy offers web sites organized into themes like weddings and sports teams, but the only functionality included is calendaring (and only with the sports team theme). We believe Go Daddy is on the right track, but would benefit from integrating some of its many functional services, or adding Wiki-like capabilities, to enhance the value-add of the service.

- **Darrin Brannan added to board of advisors** The company confirmed the addition of Darrin Brannan to its Board of Advisors. Brannan is one of the founding partners of Verio and WebSitePros [WSPI]. Brannan helped raise significant investment capital for both companies and is a former Associate with Norwest Venture Partners. T1R views the appointment as a positive and given Brannan's background, should help the company in its pursuit of capital.