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Interview with Media Entrepreneur
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Interview of Shawn Colo
Co-Founder of Demand Media
Santa Monica, California
by
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In April 2006, while traditional media was bleeding red deficits, Shawn Colo founded a new media empire that instantly became profitable. By February 2009, Demand Media ranked 31 by comScore's Media Metrix, higher than the IRS and Gannett sites. The current readership for Demand Media's properties, eHow, Cracked, Golflink.com, LiveStrong.com (Lance Armstrong Foundation) Trails.com and numerous domains, totals 77 million Unique Users a Month and 409 Million Monthly Page Views.

His story should be of interest to all media entrepreneurs because he and his company have created a new paradigm for media success.

Don't Push – Pull

Colo's philosophy seems simple, "Traditional media was push media. Demand Media is pull media." Traditional media decided what people should read, raised money, then paid sales people to sell ads and market the product. In Demand Media's case, it's about pulling information from users, search data, and advertising, to figure out what readers are looking for and provide content that will draw a profit. Traditional media was driven by relationships, while Demand media is driven by data. Colo and his team of hand-picked technology kingpins and social media innovators have created algorithms to determine what titles and types of content on websites will prosper and grow. The background that lead him to becoming a co-founder of Demand Media was founded not on journalism but on technology, operation engineering and investments.

Colo's Catapult to Capitalist

After Shawn Colo graduated from Princeton University with a degree in Engineering and Operations Research, he worked at Harley Davidson, engineering the operations for motorcycle parts and then spent a couple of years working on Wall Street. He sent out 100 resumes before he was hired by Spectrum Equity Investors, a private equity company. During his ten year tenure at Spectrum Equity Investors, he learned how to evaluate companies to ensure that they made a profit for investors. In the late-nineties, Spectrum Equity Investors invested in the dot-com explosion and then went onto buy and invest in media companies.

In 2005, Colo was charged with investing $30 million "at a clip." At the time, media companies were over-valued. If Spectrum were to buy one of the over-valued media companies, it would not make a profit. When Colo was unable to find a media company to buy, he decided to form a media company built on a synergy of technology, search engine research, domain names, and proven profitable media products.

Colo met many media entrepreneurs, whom he refers to "lifestyle" dot-com publishers, like Doug Colbeck, founder of HillClimb Media which produced Trails.com and GolfLink. Colbeck had a great lifestyle, his websites were profitable with a passionate community of readers. Colo saw that the lifestyle web publishers were the kinds of media products that Demand Media could make even more profitable with the better technology, targeted content networking and communities. Another property that had great potential was eHow.com, because there was "no limit on what it could do." eHow content could be expanded and be about anything.

Building Better Bigger More Social Media

In April, 2006, funded by a $120 Million investment from Spectrum Equity Investors Spectrum, Oak Investment Partners and Generation Partners, Demand Media was launched with the purchase of eHow.com, eNom (wholesale registrar of domain names) and a portfolio of highly profitable domains. Demand Media owned 150,000 domains at its inception that fed traffic to its media products. To co-found the venture, Colo brought in the man known for making MySpace.com profitable, Richard Rosenblatt along with Yahoo! executives.

The Demand Media algorithms showed what content and which titles would be profitable but then the company needed a way to generate the content, so they created Demand Studios, a self-serve Web 2.0 platform for managing the creation of content feeds their web products. Titles are listed in Demand Studios where content creators choose the assignment, creators deliver it multiple formats, and copy editors review the content that is placed on network sites and affiliates. Demand Studios turns out 10,000 new videos a month, 3,000 pieces of content a day, with a total of 350,000 articles.

Demand Media also syndicates content from blogs, journals and online publications. They partnered with YouTube and their Expert Village channel is currently the 3rd most-viewed YouTube channel of all time, as of March 2009.

Colo says he believes in the "passion of community". Demand Media strategically bought profitable media products and then enhanced them by adding content based on search-based research, and eventually adding social networking features which they call "social media." Social media increases user registrations, direct traffic and content contributions.

Pluck Pulls in More Profits and Traffic

For social networking technology, Demand Media acquired Pluck, an enterprise social networking platform in April 2008. Demand Media deployed Pluck to major media companies such as Whole Foods, The Guardian, USA Today, Frommer's and Conde Nast.

Although Colo did not know the exact numbers off the top of his head, he estimated that the Demand Media web products are about 50/50 Demand/ user-generated content. Demand Media has over 400 employees in house, editors and content creators are off-site while community managers culled from online gaming companies, are on-site guiding the communities.

During our interview, it was clear that Colo had a way of seeing the design of media as an engineer, he saw how structures could be enhanced, took what was good and made it better and had divine sense of crunching numbers into to more profits.

When Shawn Colo decides what media properties to buy he does not see success as something determined by background, race, nationality, or education, he said, "Some people just know how to make money."

Update from 2016 News Relase:

"***Demand Media Properties Reach More Than 46 Million Unique Monthly Visitors in the US***"

Content & Media revenue declined 43% year-over-year driven primarily by the divestitures of certain online properties including Cracked, traffic declines to eHow and lower ad monetization yields. On a pro forma basis eliminating the impact of the dispositions of the Cracked business and certain other non-strategic properties, Content & Media revenue declined 30% year-over-year.

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