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CEO Spotlight – Lon Troxel, PlayNetwork, Redmond, Washington State

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This month, in the CEO Spotlight, we welcome Lon Troxel, Executive Chairman and CEO, **PlayNetwork**, Redmond, Washington State.

1. **I believe PlayNetwork now has 65,000 locations in 60 countries. Prior to acquiring Channel M in Oct./09, how many locations did you have worldwide and in how many countries? What did each company offer in services in this acquisition?**

Prior to the Chanel M acquisition, PlayNetwork had more than 60,000 locations and was operating in over 70 countries. However, the majority of these accounts were audio based customers combined with a small number of video accounts. By acquiring Channel M, PlayNetwork added the largest video account base in North America to its Brand portfolio. The combined company now supports over 190 Brands with a complete package of media services including audio, video, and new media solutions for online and on device applications. The vision is to be able to deploy creative assets across all platforms and consumer touch points so that consumers can engage the Brand whenever, however, and wherever they choose. The combined companies allow PlayNetwork to fulfill this vision creatively, driving Brand relevance and ultimately consumer behavior for the benefit of our clients.



2. **There have been other mergers or acquisitions in PlayNetwork's past as well – Crows Nest Entertainment among them. Are there more coming in the future? What would you look for or like to add?**

PlayNetwork is always looking for strategic opportunities for growth in any merger or acquisition. The recent Channel M acquisition allows us to gain greater scale in the media marketplace by acquiring a business that is complimentary to PlayNetwork's capabilities.

3. **How do you choose the music geared for your locations and target audiences?**

It's all about making connections with that brand and how that extends to their customers. We first approach our process from a business and marketing standpoint before we draw any conclusions on what the brand identity will sound like.

Typically, our Producer will enter into a consultation with the client's marketing or visual merchandising department. From this session we'll assess their overall presentation and how they wish to be perceived by the public, what demographic and lifestyle is their target, and what is the extended range of who they are trying to appeal to. Are they trying to appeal to a more targeted audience or to one with a broader base? What kind of energy or vibe are they looking for with the music? Do they want to play up to people's intellect or assure a comfort level by staying mainstream?

Based on these criteria and judging by the feel of their business, our Producers then start building a Demo that will form the foundation of the branded sound. They will search for distinctive music that really stands out and portrays the brand in a very strong manner based on style, tempo, feel and energy and demographic appeal. Plain and simple, does it speak to the brand and leave an impression?

4. How important is Music to the DOOH world?

Music and video are both media elements that shape the overall brand experience to a targeted consumer. By including music we're looking to bring parity in the DOOH mindset and create the whole experience, audio and video. Music is just as complementary to the brand and to the environment as video is; they are sensory elements of the whole experience. The complimentary reinforcement they provide to create the whole experience is ultimately why we're in the media business.

Looking ahead, the relevance of music in the DOOH environment will only increase and improve with targeted, branded music as retailers look to provide more fully integrated media experiences.

5. Describe what we see on your screens in terms of visuals, informational messages and advertising. And what percentage is taken up with ads?

We first focus on developing and airing appropriate content for our consumers. We take into account the demographic profile, in-store experience. You will see any form of content on screens ranging from original content we film and edit, to music videos, news feeds, and user generated content. The key is that the content is all catered to the consumer. Advertising is typically up to 20% of the content mix and the advertising partners are always on brand.

6. Do you have your own creative department and/or sales staff?

We have a full-time in-house creative team staffed with Music Producers, Photographers, Editors, Motion Graphics Designers, Animators, Writers, and other creative roles required to develop custom music and video content programs for our clients.

Our creative staff is made of top-notch creative talent with many years of experience all coming from the entertainment industry (Music, Movies, TV, Videogames) on both sides (artists and business). This in-house team is capable of handling all aspects of content production for our clients.

Our sales organization consists of a national direct sales team focused on multiple location accounts worldwide, and we also operate a Value Added Reseller network of nearly 100 resellers who sell our services in their local markets.

7. Do you still use local system integrators even when dealing with your national or global accounts?

Yes we do. We utilize over 300 independent Audio/Video contractors who have been certified and trained to provide installation needs throughout North America and internationally. Each contractor is put through a standards based evaluation to ensure that they are delivering the best possible service that meets PlayNetwork's industry leading standards.

8. I read that you have a partner ecosystem? What is this?

We have a consortium of business relationships, contractors and manufacturers who help contribute to the success of PlayNetwork. Through these relationships we continue to be scalable, strategic, and forward thinking.

9. I believe that PlayNetwork helped in the full design of Under Armor stores. Tell us how that came about. Do you get involved with the design of many of the outlets in which your systems are present?

We had the opportunity to work in the conceptual design/build of the first, Under Armour Retail store which resulted in a Store-of-the-Year award from Chain Store Age. Under Armour was looking to create a destination experience for their customers by using compelling media as an anchor. We worked closely with their retail team from concept inception to design an integrated audio/video system that helped convey the motion and energy of their brand throughout the retail space. This resulted in the illusion of entering a sports stadium via a tunnel, immersing the customer in the brand with a multi-screen array and sound effect systems. Once in the store, the customer is surrounded by a professional sound system and 120" translucent screen that displays Under Armour commercial content and brand animatics. Based on the success of this concept, they went on to build additional Retail stores in Chicago, Baltimore and Boston. We also support their Outlet stores, tailoring the system design and approach to the audience and environment. This showcases our ability to work at the conceptual level with the design of systems. It also highlights our ability to support multiple experiences for a brand while maintaining a consistent experience for the customers.

10. I believe that you were named one of Deloitte Fast 50 fastest growing companies in 2009. Can you itemize that growth in terms of size and revenue?

Since 2006 PlayNetwork has enjoyed an average net annual subscriber growth of 38%, and an average net revenue growth of 35%.

11. What do you foresee as the future for PlayNetwork in 2010? And in five years time?

We are proud of our past and excited about the future of PlayNetwork based on our position in the marketplace and our existing brand relationships. Over the last five years we have experienced tremendous growth from a music company to a media company with a unique position in the marketplace.

This position in the marketplace creates the ability for us to continue that growth in the next five years. Specifically, PlayNetwork's focus has been on building a suite of services that allow us to create, control

and distribute brand and entertainment content in-store, online and on device. The pieces are all now in place to accomplish those objectives.

In 2010 we will focus on deploying our solutions, engaging Brands with creative content and building case studies and testimonials that prove success. Over the next five years, consumers will change the way Brands interact and tell their story. PlayNetwork will be there to support those changes with the right platforms and marketing communication channels that allow them to remain relevant to all of their consumers.

12. You worked as president and CEO of DMX Music before becoming a consultant at PlayNetwork, and you also were with AEI music network. How did you get into the music business?

I got my start in the commercial music business as a local dealer of AEI & 3M music. My success there allowed me to grow becoming a Muzak franchisee for Northern Nevada, Oregon, and Washington which then on to greater success at AEI and DMX before coming aboard PlayNetwork.

13. What did you learn at these companies that you can apply at PlayNetwork?

At every touch point in my professional career I have grown and carried that experience to the next venture. The Marine Corps taught me about teambuilding, leadership, and coaching. I learned the trade of the commercial music business and how to apply management skills to business at Total Sound Inc. and Audio Group. At AEI and DMX I learned how to grow a business from regional to national to international. Throughout my career each step builds on the previous one, and I continue to grow and learn here at PlayNetwork as our company grows and as we evolve in the marketplace.

14. What do you see as your personal strength? And your personal weakness?

I find my strengths are in team building, personnel coaching, and mentorship. My personal weakness has to be my lack of patience for accomplishing goals and objectives, which lends to my overall sense of urgency.

15. The news articles page on PlayNetwork's website seems not to have new material since 2008. Have you purposely kept out of the news – and if so, why?

We have actually continued to be featured in articles and news releases over the last year. In 2009, PlayNetwork was included in Smart Money, Retail Customer Experience, Stores Magazine, Chain Store Age, the L.A. Business Journal, and DDI Magazine among others.

16. Can you tell us a little bit about your company's work outside the U.S., and your future plans in other markets, especially in Europe?

PlayNetwork is committed to expanding our reach in all Market territories to better serve our global clients and to attract new clients. We believe that there is unique value in our suite of media services that drive business and marketing results that are beneficial regardless of the headquarter location. What Brand doesn't want to drive traffic and transactions, localize and regionalize content, speak to consumer segments in a relevant voice, and create a distinctive environment? Those objectives don't just exist in the U.S. and PlayNetwork intends to leverage those as our core competencies around the globe.

We continue to build our Value Added Reseller networks internationally and look to formulate a point of presence in Europe in the upcoming year. This commitment to expand and better serve our clients and brands is a significant reason why we're excited for the future of PlayNetwork.