Research as a Service

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VoiceByte

Re-inventing social media engagement

VoiceByte is the next generation audience content generator that enables media audiences to record and share their voice and topic sentiment to interact with programs to become part of the show in real time. The company, created in 2010 by brothers Michael and Stephen Fenech, is targeting radio stations, TV networks and podcasters who are keen for emotive content which can be amplified via social media. In 2015, VoiceByte raised $0.55m through a convertible note and the company is about to close a US$6.5m Series A round to take its application to the United States. The cornerstone investor in this current round is iHeartMedia (IHRT) which is investing US$4m in kind to rollout VoiceByte to more than 200 of its 800+ stations. IHRT will take a 13.79% stake for its US$4m investment, which implies a post money valuation of US$29m.

Background

Brothers Michael and Stephen Fenech founded VoiceByte in 2010 after realising that text-based social media posts failed to capture the tone and emotion of the human voice. They set out to find VoiceByte's best product market fit in the Australian market and discovered that their technology could impact the global media industry. They created the smartphone application and the content dashboard to enable media producers to access audience generated content 24/7 to play on air. On top of this, the dashboard provides valuable audience information such as sentiment and location data. VoiceByte also has developed patent-pending technology called VoiceTagging which allows users to geo-locate VoiceByte content in a specific geographical location so it can only be accessed in that location.

Business model and strategy

VoiceByte is pre-commercialisation but plans to provide its service on a monthly subscription basis with three tiers, Enterprise, Professional and Podcaster. These subscriptions will give the station or podcaster access to VoiceByte's dashboard to capture audience content and insights such as sentiment and location data. Essentially, audiences will be able to create content in real time to become part of the program using the app and the show can play the content on air as it happens. Longer term, VoiceByte hopes to extend its business model to other applications such as proximity marketing and live sporting events.

Market size and Competition

Social media ad spending is expected to hit US$35b in 2017 and rise to US$50b in 2019, according to global media buying group Zenith Optimedia. Zenith Optimedia is also predicting social media ad spend will surpass newspaper ad spend by 2020. There are social media apps such as Voxer, VoicePing and Zello but these are more aligned to walkie-talkie style solutions for enterprises rather than a broadcast application.

Share details

Investment to date (convertible note)	$0.55M
Number of shareholders	<10

Shareholders include founders, Trevor Folsom and Tony Surtees

Market size

Global media buying group Zenith Optimedia is predicting that social media ad spending will account for 20% of all internet advertising by 2019.

Upside Case

- Latest capital raising underpinned by iHeartMedia (IHRT)
- Strong management and advisory team with expertise in developing online businesses
- Focused business model with scope to extend beyond the radio industry

Downside Case

- Commercial rollout yet to take place
- Crowded marketplace dominated by global players
- Risk of other technologies getting first to market or overtaking VoiceByte's position.

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