

# LOS ANGELES BUSINESS JOURNAL

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## Moving Images

By **CHARLES PROCTOR** - 3/30/2009

**Los Angeles Business Journal Staff**

James Citron hopes that the millions of cell phone users who've been texting these past few years will adopt his company's new product: video greetings.

That's the premise behind Mogreet Inc., a company Citron co-founded in 2006 that licenses, produces and sells short video clips that can be played on most cell phones. Customers can go to Mogreet's Web site and browse a menu of hundreds of professionally produced clips for occasions ranging from birthdays to anniversaries to Mardi Gras.

Some of the clips are simple computer animations; others are from Hollywood films. For example, a person who sends a friend a message suggesting a get-together could buy a clip of Marlon Brando from "The Godfather" rasping, "I can't remember the last time you invited me over to your house for a cup of coffee."

Customers can buy and send the clips – Mogreet calls them mobile greeting cards – for prices ranging from 49 cents to 99 cents. (Some of the clips are free but play advertisements after the message.)

Analysts said they were unaware of any direct competitors to Mogreet. JibJab Inc., another Venice-based company, produces electronic greeting cards, but not for cell phones. Vringo Inc., a New York-based company, sells what it calls "video ring tones" – clips that customers can download and play on their friends' cell phones when they call.

While Mogreet is small now, its executives are banking that it will take off as video-playback technology on phones improves. Citron projects it's only a matter of time before cell phone users are swapping video messages at the same rates they trade texts. "It's how people are going to be communicating in the future," he said.

Analysts said Citron's projections are probably not far off. Harry Wang, director of mobile-product research at Dallas-based Parks Associates, said consumers are increasingly sending photo messages in addition to texts.

While the use of video messages is still relatively light, Wang said he expected it would rise, too. "It's a natural migration path we're going to see in terms of mobile use."

But that by no means guarantees Mogreet's success. A lot of consumers are simply unaware of the fact that they can buy and send video messages to each other, analysts said. And even if they were, many will likely balk at paying for video content when they could easily send friends clips from video sites such as YouTube, said David Chamberlain, principal wireless analyst with In-Stat in Scottsdale, Ariz.

"Now that we've got cell phones that play pretty high-quality MP3s, and decent video and wide availability of this stuff on the Web, we can go to other sources for that," he said. "We don't have to buy specially prepackaged content."

Citron said he doesn't see free video as competition, because Mogreet is targeting consumers looking to send a message for a specific event.

### **Avery veterans**

It's easy to spot Mogreet's offices, which are off a street corner in Venice inside a building the color of split-pea soup: A graffiti-like tag spelling the company name is splashed above the main entrance, and visitors are greeted by an enthusiastic "Mogreet!" from many of the company's 16 employees.

The interior is spacious and airy, with music blaring from speakers. The company's main room is dominated by a pair of picnic tables that have old snowboards bolted on as benches, which Citron bought from a now-defunct jeans manufacturer. "I thought they were too cool to pass up," he said.

Citron hatched the idea for Mogreet after spending four years at label-making company Avery Dennison Corp. helping oversee cell phone covers and coordinated software. (For example, customers who bought a Los Angeles Lakers cover, you could get a matching screen wallpaper and ringtones.) While he was doing that, he was struck by the keen interest cell phone users – especially teenagers – took in text messages. Citron started talking to longtime friend Norm Schifman, a serial entrepreneur and now Mogreet's chief financial officer, and the two decided to form a company based on what they projected would be the next logical step after text messaging.

But first, they had to overcome technical challenges. Recognizing the fact that not every cell phone is equipped with a video player, Mogreet engineers spent two and a half years developing technology that would allow Mogreet's messages to be played on the majority of cell phones in the United States, regardless of handset model or carrier. They also had to ensure that the company's video messages wouldn't require so much bandwidth that they would become a drag on networks.

Now, Citron said Mogreet's messages can be played on 90 percent of cell phones that are also equipped with a camera phone – about 210 million in the U.S., according to In-Stat.

In addition, he said Mogreet messages are compressed to a size where hundreds of thousands could be sent at one time without clogging wireless networks. "It's something that makes us unique."

Mogreet is running on about \$7.1 million from investors and expects to reach profitability at the beginning of 2010 – it has already caught the eye of Hollywood studios, political groups and even some churches.

The company recently signed deals with Fox Searchlight and Warner Bros. to help get out the word about new and upcoming films, and new media productions such as "Rockville, CA," a Web series produced by the creator of "Gossip Girl" and "The O.C." In those messages, recipients typically receive a short clip from the film on their cell phones, followed by an invitation to view the movie.

Citron said Mogreet is also in discussions with a handful of political campaigns and labor unions to help them incorporate video messaging into future activities. And at least one religious group has signed up Mogreet to produce video messages inviting recipients to church.

"People already send a text to wish someone happy birthday or announce their candidacy for office or let fans know about a new TV show," Citron said. "So why wouldn't you send a video message?"

Mogreet Inc.

Headquarters: Venice

Founded: 2006

Core Business: Video messages that can be sent and played on cell phones

Employees: 16 (up from 11 in 2008)

Goal: Become the leading distributor of cell-phone video messages

Driving Force: Consumers who want to send video messages to each other on cell phones

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