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YOLA: MANAGING MULTIPLE CHALLENGES

Dr. Helena Barnard wrote this case with assistance from Bryan Muir solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

INTRODUCTION

Vinny Lingham unclipped his seatbelt. Finally the end of yet another flight between San Francisco and Cape Town! Travelling across hemispheres and clocking up a 10-hour difference in time zones was not easy. As he picked his laptop out of the overhead compartment, Lingham reflected that becoming one of the World Economic Forum's Young Global Leaders[1] of 2009 presented no escape from the 30-hour-long trips marking his life — they just meant that some of the flights were in business class! As the CEO of a start-up company with one foot in South Africa and the other foot in the West Coast of the United States, you just had to make your peace with the travel.

Company Background

Yola,[2] the company that Lingham had founded, provided simple website creation software to provide people with, in Lingham's words, a "voice online." Yola's primary goal was to provide the opportunity for anyone anywhere to build a website to achieve their unique goals, whether starting a small business or showcasing their achievements. The service was designed to be user-friendly even to technophobes — people simply chose a template, and then dragged and dropped text, images and other content on the site.[3]

In the young world of online marketing, Lingham was a veteran. His first business, incuBeta, was started in 2003. By 2006, the non-profit Endeavor Global (Endeavor) recognized Lingham for his work at incuBeta. Endeavor identified and supported high-impact entrepreneurs from emerging markets, and it was through interaction with the Endeavor network that Lingham crystallized his idea for Yola. When incuBeta needed a website, his team was tech-savvy enough to build the website themselves, but Lingham realized that there was a market for a service that would allow businesses to build their own websites cheaply. In 2007, Lingham led a management buy-out at incuBeta to develop that concept.

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[1] *www.weforum.org/docs/ygl/YGL_Honorees_2009.pdf, accessed October 2009.*
[2] *Yola was first named "Synthasite," but the name was changed to "Yola" in April 2009.*
[3] *See an overview of how the service works on www.yola.com.*

Yola designed the product with user-friendly characteristics such as "desktop-like" features, widget capabilities[4] and a drag-and-drop interface. It was decided that Yola would use an Ajax-based platform for its Software as a Service (SaaS) delivery model, enabling the product to run on any browser and any operating system. The features on the site provided the average web user with the ability to create powerful, customized and highly functional websites.

Lingham initially ran into trouble getting funding for his business. Potential funders from South Africa struggled to understand the business concept, while U.S.-based venture capital funds were hesitant to invest in a South African company. Lingham used his personal funds while he investigated and set up businesses in both South Africa and the United States, and spent nine months negotiating the complex visa process to allow him to work from the United States and presenting business plans to possible investors.

In the end, it was a South African, Johann Rupert, who invested in Yola. The Rupert family empire[5] had its roots in the tobacco industry, but had branched out to a wide range of luxury goods and a range of locations across the world by the early 1970s. Although they continued to live in South Africa, their luxury goods company, Compagnie Financière Richemont, was based in Switzerland. The cosmopolitanism of the Rupert empire was unusual during the inward-looking apartheid years, but Johann Rupert was always unapologetically South African and indeed Afrikaner.[6]

Lingham was concerned that his business could not make the leap to the next level without greater visibility at the core of the industry, to other players and potential partners. Given his understanding of the dynamics of business globally, Rupert agreed, and when the Reinet Fund[7] gave Lingham his first US$5 million at the end of 2007, Rupert also provided the funding to shift the headquarters of Yola (then called Synthasite) from Cape Town to Silicon Valley.

When news of the move broke, South African bloggers commented disparagingly about Lingham's lack of patriotism (see Exhibit 1). While bloggers almost unanimously praised Lingham's business acumen, there was a sense that he was using his expertise selfishly rather than in the interest of the South African industry. There was a local perception that the South African industry was somewhat marginalized from the global IT industry, and that it would benefit the country if Yola remained anchored in South Africa. One blogger argued that Yola's success could beget success, and thus help the cycle to begin to spin in a positive way.

Even in the Cape Town office itself there were some concerns. In the web-based business, Silicon Valley was a "sexier" location than Cape Town. Moreover, many of the more glamorous jobs in Yola were in Silicon Valley rather than Cape Town. The San Francisco office housed functions such as marketing and business development functions, while the Cape Town office primarily provided a variety of support functions, such as systems engineering and user support. The Capetonians were frustrated that they were missing out on lunches with partners and instead had to go into the office at 2 a.m. when the platform that they were running broke down.

Although Lingham had never intended to communicate a message that Cape Town played a less valued role in the business, there were simply no guidelines about how to manage a small company with two

[4] Widgets are micro-components that can be inserted into websites without any need for custom integration with the service that is supplying the content.
[5] The empire was founded in the 1940s by Anton Rupert, father of Johann Rupert.
[6] When the British design magazine Wallpaper described Afrikaans as "the ugliest language in the world" in its September 2005 edition (in reference to the Afrikaans Language Monument), Rupert responded by withdrawing advertising from the magazine for his companies' brands such as Cartier, Van Cleef & Arpels, Montblanc and Alfred Dunhill.
[7] Reinet, at the time termed Columbus Venture Capital, was created in the restructure of Richement. See www.reinet.com for more information.

"centers of gravity." The entire management team (except for the vice-president of engineering) was based in Silicon Valley, and it was easy to feel that decisions were taken without input from the Cape Town-based employees.

It was policy to take decisions at formal meetings where the Capetonians (via video conference) were present, but many of those decisions built on discussions around the proverbial water cooler in Silicon Valley. The Capetonians were often surprised by what seemed like substantial changes — but that had simply evolved in small increments over numerous informal discussions. The 10-hour time difference between Cape Town and Silicon Valley meant that a lot of effort was needed to create some overlap in the workday, and it was very hard to involve people in informal discussions!

By the end of 2008, Yola had brought all of the Cape Town-based employees to Silicon Valley for team building and strategic planning activities. It was expensive, but given the need for a close relationship between the mainly Cape Town-based back end and the partner-facing team in Silicon Valley, Lingham felt that it was critical to strengthen relationships amongst his employees.

The visit was a big success, but Lingham was aware that his strong leadership also created a sense of energy and connectedness among the people close to him. The further people were from him and his sphere of influence, the less important they felt. This was one of the main reasons why Lingham had been travelling back and forth between South Africa and the United States so regularly, but it was an exhausting undertaking, and he was hoping that a more sustainable solution could be found.

Yola was learning how to be more transparent in decision-making. Email traffic between Silicon Valley and Cape Town was dramatically increased, video recordings were routinely made of meetings, and videoconferencing was used as frequently as possible. In spite of the challenging economic conditions, by mid-2009 Lingham was also convinced that the appointment of a human resources official (a "keep people happy guru" in techie speak!) was financially justifiable.

Many of the tensions were not specific to the Cape Town office. At the beginning of 2008, there were just eight people working at Yola, and work was organized very informally. People had quite a bit of freedom to get involved in projects according to their interests. But by the end of the year there were 40 employees, and plans to add at least 20 more people by the end of 2009.

With the extremely rapid growth, it was important to introduce a bit more structure to how people worked. In order to develop his company into a world leader, he had to develop his generalists into specialists that were themselves world leaders in their areas of expertise. However, Lingham was aware that the free-spirited people working for him would probably resist any type of structure. He had been experimenting with an organization chart to clarify key tasks and reporting relationships (see Exhibits 2a, 2b and 2c), but he was increasingly wondering not just about the structure per se, but also about the role of the Cape Town office.

The pressures to reduce costs that had been building since the economy started to weaken had made it increasingly attractive to hire to the Cape Town office. If Lingham could give a greater role to the Cape Town office, he could address issues of inclusiveness, and gain a cost advantage at the same time.

It was hard to find Cape Town-based employees with the requisite skills and experience — it was simply easier to find someone with experience in the support of a site with more than two million users in the larger and better connected United States than in South Africa. But Lingham could pay premium salaries to the South Africans and still spend about 60 per cent less than he would in the United States for comparable employees. In addition, he was sure that South Africans would be as proud as he was to make their mark in the very competitive U.S. market.

Leveraging his cost advantage from Cape Town was potentially an important competitive advantage, but Lingham also had to retain direct contact with partners. The role of strategic partners was critical to Yola, and Lingham needed to make sure that his people retained strong relationships with them. Yola did not directly canvas customers and did not have a traditional sales team. Rather, the most critical relationships were with partners like HP, Constant Contact, Truste and Appointments Plus.

The small and medium-sized enterprise (SME) market was Yola's core market. Although the Yola offering was available to anyone who wished to build a website, including individual enthusiasts, the most important features of the Yola sites were designed with the needs of SME owners in mind.

When Lingham and his team were compiling their business plan in 2007, the technology research house, Jupiter,[8] reported that in 2006 the total annual online spend of small businesses in the United States alone was $47 billion.[9] But only 36 per cent of small businesses in the United States had their own websites. Few providers had succeeded in capitalizing on the millions of small businesses in need of easy and cheap websites, and Lingham thought that if they could succeed in lowering the barriers to entry to web publishing, they could tap into this under-serviced market.

The SME market in the United States could be further segmented into home-based businesses (with typically one to four people operating from a house), small offices with five to 25 people, and mid size offices with 25 or more people. Lingham wanted to focus on the home-based businesses, which accounted for 90 per cent of the market and 50 per cent of its spending.

Home-based businesses rarely had their own websites — the complexity of existing web publishing tools and the perceived need for professional expertise to create websites were major drivers of the low website adoption rates for SMEs. Owners tended to have no web development knowledge, a lack of time and an unwillingness to pay more than $1000 to $2000 for a website.[10] However, they typically looked for a fairly simple informational "brochure" site with some e-commerce functionality. There was a high level of Internet literacy among owners, with the typical owner spending about 17 hours online per week. Still, because this target market operated without the support of an IT department or even an IT specialist, accessible web-based support was critical. Given the many competing demands on SME owners, the more easily accessible support options, the better.

The United States offered a very useful core market for Yola, and about 40 per cent of the Yola user base was in the United States. However, being South African, Lingham was also aware that emerging markets were being overlooked by many web-based businesses from the developed world. He realized that Internet growth rates in the Western nations, with their widespread online penetration, were expected to slow down, e.g., the United States and Canada were expected to see only three per cent annual growth between 2005 and 2011, compared to Asia, which was expected to see three times that growth.

Lingham therefore saw a long-term potential competitive advantage in developing a rapid internationalization capability into markets that Yola's competitors could not reach. The open platform for user-driven localization was developed to help drive down localization costs and enabled Yola to expand into new language markets more quickly than its competitors. For example, the technology was developed to allow new languages to be quickly deployed throughout the site and Yola was carefully monitoring

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[8] Acquired by Forrester in 2008.
[9] Sonal Gandhi, "US Small Business Market Category Forecast, 2007 to 2012," Jupiter Research, April 2007.
[10] Based on a survey of about 100 U.S. SMEs conducted by an MIT Sloan G-Lab team.

uptake in the developing world. Exhibits 3a and 3b document that although by far most of Yola users were based in the United States, Yola also had a substantial presence in a number of leading developing countries, e.g., India, Thailand, Egypt and, of course, South Africa.

Because of engineering constraints — Yola simply did not have enough people to pursue all the opportunities possible — Yola had to prioritize new developments. Users in the developing world took longer to convert to paying customers, which is why Yola had first secured a foundation in the United States. However, Lingham not only believed that there was money to be made in the developing world, but also that he had a moral imperative to serve that market. Yola was working with partners like Kiva.org to tailor-make its offering for the developing world. Following the advice of the World Bank, the firm was prioritizing first Spanish, and then French and Portuguese, with Mandarin seen as an important subsequent challenge.

Yola was aware that ease of use was the "price of entry" in this market, since any product aimed at the mass market had to be approachable and intuitive to the average Internet user. Beyond the usability of its product, Yola saw partnerships with Internet service providers and personal computer manufacturers as an important avenue for growth.

In the first instance, Yola realized that it could leverage the presence of a number of other providers on the web to help it grow its own customer base, over and above its investment in marketing strategies such as online advertisements on Google. A number of online services were available to the SME market, and having click-throughs to Yola on those sites not only strengthened Yola's own offerings, but also provided it with direct access to its targeted core customer base. For example, PayPal was integrated with the Yola offering so that users could easily add a shopping cart option to their sites, while Picnik allowed users to edit photos.

In that way, not only did the partners provide Yola with access to customers, but these synergistic relationships allowed Yola to offer a variety of SME support services on its site, and thereby to strengthen its own service. Although the firm had developed many features in-house to support the websites of small businesses, Yola saw itself also as a platform for integrating the services of a wide range of other partners, and therefore relied heavily on features developed by partners to enhance its offering.

An additional and critical function of these partnerships was to earn revenue for Yola. Many widgets, such as those from Appointments Plus and Constant Contact, offered revenue bounties for lead generation. Such payment took place upfront. Others, like PayPal, provided ongoing payments each time a user used their function.

Yola had an entirely relationship-based approach to developing partners. It was therefore critical to remain close enough to those partners to cultivate these relationships. The bulk of these partners were in Silicon Valley, and Lingham realized that whatever the cost differential between Silicon Valley and Cape Town, Yola could not afford to be seen as distant from its current and potential partners.

In addition, Silicon Valley was an easy place to test new products.[11] Lingham was very aware of the benefits of having a community of experts — developers and users — to support new product development. Many of these support communities were online — people blogged about Yola websites, and thousands of users and super-users spontaneously emerged.[12] But it was still not an entirely virtual

[11] The benefits of the open knowledge sharing in Silicon Valley have been documented in Anna-Lee Saxenian, Regional Advantage, Harvard University Press, 1994.

[12] Yola has a vibrant community on GetSatisfaction (http://forum.yola.com) with more than 10,000 volunteer users providing customer support in addition to Yola employees.

community, and Lingham recognized the value of the many other developers in Silicon Valley who could act as sounding boards when Yola's developers were trying out new ideas. For example, Lingham was able to form a board of advisors that included some big industry names — something that would not have been possible from Cape Town.

The original business plan had as its goal to first establish a large customer base, and to start pursuing revenue only once the service had reached a critical mass in its customer base. Yola had achieved its initial goal of 500,000 users two quarters early, by the end of 2008. Growth continued to be robust in the first half of 2009, and by June 2009, the firm celebrated its two millionth customer. Just about the same time, the firm started seeing slower customer growth. Yola had decreased its search engine marketing spend, which probably led to the slower user growth. In addition, the name change from Synthasite to Yola (in April 2009) meant that the firm had to rebuild customer awareness — but also that the usage data may have been less reliable. Over the long term, and especially given its global ambitions, Lingham felt that the company only stood to benefit from a name that was easy to write and pronounce. The sooner that name change took place, the better. It was unfortunate that the name change took place in the middle of the economic downturn, although it was not clear how much that mattered.

Lingham was convinced that in principle, the downturn should not affect Yola too negatively. Indeed, the downturn had the potential of facilitating an important mind shift for SME owners. Lingham's company's websites offered SMEs the opportunity to market themselves at a fraction of the cost of traditional media. Even the mainstream newspapers were starting to report on how the downturn was triggering an increase in the use of non-traditional means of marketing among SMEs.[13] But while Lingham and his team could see clearly the many benefits firms could reap from having an online presence, it seemed that those firms had to go through a learning curve to see the benefit of having their own websites. The economic crisis was placing many demands on SMEs, and the take-up of websites had slowed down.

In addition, the marketplace was heating up. Although Internet-based sites tracking traffic promised easily accessible and accurate data, Yola learnt to interpret those figures with caution. Still, some trends emerged (see Exhibit 4). Once the smaller pioneering firms — Lingham's own, as well as Weebly, Webnode and others — had proved the concept, the big players, notably Google and Microsoft, became increasingly interested. Those large players had deep pockets, and they could afford to play around with different revenue models. At the same time as a number of the original firms like Sampa and Geocities closed down, dozens of new start-ups in the industry emerged. Yola had to find a way of thriving in this volatile context.

There was still considerable debate about optimal revenue models in the online space. By the time Yola launched, almost all its competitors had already opted for a free product. The firm therefore had no choice but to offer its product for free as well, and it developed a range of potential alternative revenue sources, such as the various revenue streams from its partners. But this did not change the fact that, ultimately, Yola had to define the core of its revenue model.

One well-known revenue model provided content for free, with revenue generated by having advertisements featured on the site. The fact that Yola was targeting business owners made that model somewhat problematic — business owners had to make sure that the advertising was consistent with their own positioning, which meant that Yola had limited control over the advertisements. Sites such as Slide.com had been successful at branded marketing, where revenues could be earned through partnerships with advertisers. Branded thematic templates to promote, for example, events, movies and entertainment could also be made available to users, and Yola would earn revenue when those templates were used by

[13] *For example, www.nytimes.com/2009/07/23/business/smallbusiness/23twitter.html?fta=y, accessed October 2009.*

small business owners. However, advertising revenues were often unstable, and Yola was skeptical about the return on investment if it were to focus on that model.

Another revenue model was "micro-billing." Proponents of micro-billing held that people would be happy to pay for web services as long as payments were small, and as long as the payment process was as simple as possible, for example as was evident in the case of Amazon where payment information had previously been stored. One of the more prominent proponents of micro-billing, LMFramework.com, made use of the P-BOS licensing system to act as a "clearing house" for the micro-billing. This allowed it to limit the administration associated with micro-billing — although some opponents claimed that some "mental transaction costs" were still required in deciding whether to pay or not, even when the cost of a purchase was only 30 cents.

Unlike subscriptions that locked people into payments for a certain period, even when they no longer wanted or needed the service, micro-billing operated on a pay-per-use basis. For this reason, micro-billing was often presented as "fundamentally fair" to the consumer.

Another model, used by Flickr and others, was the "freemium" revenue model. It had a differential offering for premium customers (who paid for premium features) and regular users (who received the basic offering for free). There was typically about one premium customer for every 30 or so other users. Micro-billing proponents argued that the premium users were essentially subsidizing other users, and were concerned about the reputational risks of that imbalance.

However, the thinking behind that model was that the free access essentially served as a marketing tool — users got to see and experience the benefits of the site before deciding whether they wanted to pay for more features. Freemium was possible because the marginal cost of providing web-based services was close to zero — unlike that of tangible products.

The central challenge was to develop a free service that gave a rich enough experience of the site to attract potential users, but where the premium features still added adequate value to justify paying. Opponents of freemium pointed to the frustration users regularly faced when confronted with an inaccessible premium service. At the same time, if the premium features were only "nice to haves," no one would pay for the premium offering.

The "conversion rate," the proportion of users choosing to start paying for the premium service, was therefore a critical metric, but was estimated to represent only about three per cent of users.[14] The "penny gap" had been very well documented — people were far less likely to go from paying nothing to paying $1 than they were to go from $1 to $2,[15] even though the gap between the two is the same. The promise of freemium could be realized only to the extent that the penny gap could be overcome.

Yola was hopeful that it had found a version of freemium that could work for the firm. The default domain name for one of its websites was http://siteowner.yolasite.com. If the site owner wanted to have his or her own domain name, i.e., www.siteowner.com, the owner could purchase it from Yola. The firm also offered a variety of designer-developed templates for sale in addition to the free templates available on its site.

Rather than aggressively pursue a single type of revenue, Yola had been developing a range of different types of revenue streams. The revenue sharing and lead generation fees from partners' offerings had been

[14] http://onstartups.com/home/tabid/3339/bid/1475/Startups-and-The-Challenges-Of-The-Freemium-Pricing-Model.aspx and http://lmframework.com/blog/2009/06/freemium, accessed October 2009.
[15] http://redeye.firstround.com/2007/03/the_first_penny.html, accessed October 2009, Kopelman's famous blog post making this point.

recognized as sources of income since the founding of the original Synthasite. Was freemium becoming a stable enough revenue model so that the firm could start to focus on generating income through the conversion of its free users, or was it necessary to continue exploring even more options for revenue, like offering additional services to SMEs or benefiting from a proprietary advertising network?

Lingham could not decide whether he was lucky or unlucky to enter a growth period in the midst of tremendous economic uncertainty. He felt that the business was benefiting from the greater rigor of thought and debate that preceded every major decision. Moreover, he was hoping to set up a business for the long term, and he believed that if you were able to succeed under tough conditions, you were that much more likely to succeed when prosperity returned.

In addition, Lingham was fortunate enough to have secured an additional $20 million from the Reinet Fund in early 2009. Some of the people who most enthusiastically congratulated him were the very South Africans who had disparaged his original move to the United States. Nic Haralambous commented on his blog[16]:

> In 2007 I wrote a blog post about Vinny Lingham abandoning South Africa in a tough time, taking his money and running. I was shot down, defended and received 40 comments in total on that post which turned in to a very up-and-down debate.
>
> I was immature, I didn't understand the market I was in, and I jumped to some unfair conclusions about Vinny and Synthasite [this was written before the renaming to Yola]. I stand corrected and gladly so.
>
> Vinny needed to move to where he moved for relatively obvious reasons. Yet he maintained offices in Cape Town and fed those offices through with some of the brightest talent he could find. He did not abandon SA but did what he needed to do to make his business work. And work it did.

Lingham was glad for the support, but he was also acutely aware that it was too soon to declare victory. He had enough resources to allow him to keep on experimenting for some time. But the Reinet Fund was eager to see some tangible returns on its investment. After the excesses of the dotcom boom, many venture capitalists were cautious about promises of large user bases and very little financial return.

And importantly, Lingham realized that Yola was competing against giants with deep pockets. He had only a small window of opportunity to succeed. If he could get it right — especially the revenue model and his location choice and the associated division of work — he would be well positioned for the future.

In the furor over the relocation of the business, Lingham never doubted the wisdom of structuring his business so that he had a presence both in South Africa and in the United States. Now, with the global downturn, Lingham really stood to benefit from the lower cost base in Cape Town compared to San Francisco. But what roles could he feasibly move to Cape Town? He could not risk moving too many activities too far away from his partners — or would the role of partners become less important as the freemium model became better entrenched? The management gurus loved writing about how distance had disappeared. It was clear to Lingham that they had never had to deal with the challenges of managing a globally dispersed workplace! Was it feasible to split departments across locations, or would that create more tension than it would alleviate?

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[16] *http://nicharalambous.com/2009/02/18/i-was-wrong-about-vinny-lingham, accessed October 2009.*

All these questions were racing through Lingham's mind as he stood in line at the passport queue. First, he wanted a shower. But then he had to get ready to meet his Cape Town team for a brainstorming session.

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Exhibit 1

EXAMPLE OF BLOG DISPARAGING THE DECISION TO MOVE THE HEAD OFFICE OF SYNTHASITE TO THE UNITED STATES

nh [dot] com

onlinemobilecitizensocialmediaandmore

Nic 2:58 pm on November 20, 2007 | Permalink | Reply

Tags: Global, Investing, Investments, Lingham Capital, Local, South Africa (15), startups (3), Venture Capital, Vinny Lingham (3)

0 tweets

tweet

Vinny Lingham has recently secured $5m dollars in Venture Capital investment for his startup, Synthasite, from Compagnie Financieÿ€re Richemontâ€™s subsidiary, Swiss-based Columbus Venture Capital.

He is making waves internationally, he is doing a great job of building an empire. Unfortunately that empire is moving away from it's home.

Vinny is moving. Now most of you wont think twice about this, good for him making something of himself and moving on to bigger and better things. But I have an issue with all of this and trust me, I am not the only one.

Setting up a fund for local companies to pool resources from (commonly known as Venture Capital - VC) is great. But taking these companies to a global market, removing them from SA and garnering credit from an international market with no emphasis on the South African nature of the product is not on.

If Synthasite is anything for us to go by we can expect all of Vinny's "investments" to up and leave SA for greener, better, larger, more profitable markets. Which makes sense I suppose. But the nature of our market is one that needs nurturing and growth from the grassroots up and the inside out. Vinny could've been our man but it seems as though profit and power motivate more than development and growth for SA.

Don't misunderstand me, I am not berating Vinny's success. It is marvelous that the man is set up for at least the next well, forever. Investments are great but how about giving something back?

Vinny has the opportunity to hire local developers, train local people to become great innovators, developers and business people. He has the chance to make an impact. Instead he is fleeing SA for San Francisco. The money is greater, the market (I mean USA when I say "the market") is more appealing for him and SA is

nicharry on Twitter

RT @matthewbuckland: Ferial Haffajee, ed City Press, on two South Africas: "You ... Read More: http://is.gd/1Q632 about 2 hours ago

has any1 else been having problems receiving SMS's/calls recently? about 2 hours ago

@cluckhoff welcome to the good life. From a happy mac fanboy. about 15 hours ago

@TylerReed Been having MASSIVE issues with #Gmail today. Agree: #Fail. about 20 hours ago

Goddam IT departments. They kill me. Honestly. about 20 hours ago

RT @mikestopforth Did you know that on August 7, 2009 at 12 hours 34 minutes and 56 seconds the time and date will be 12:34:56 07/08/09? 1 day ago

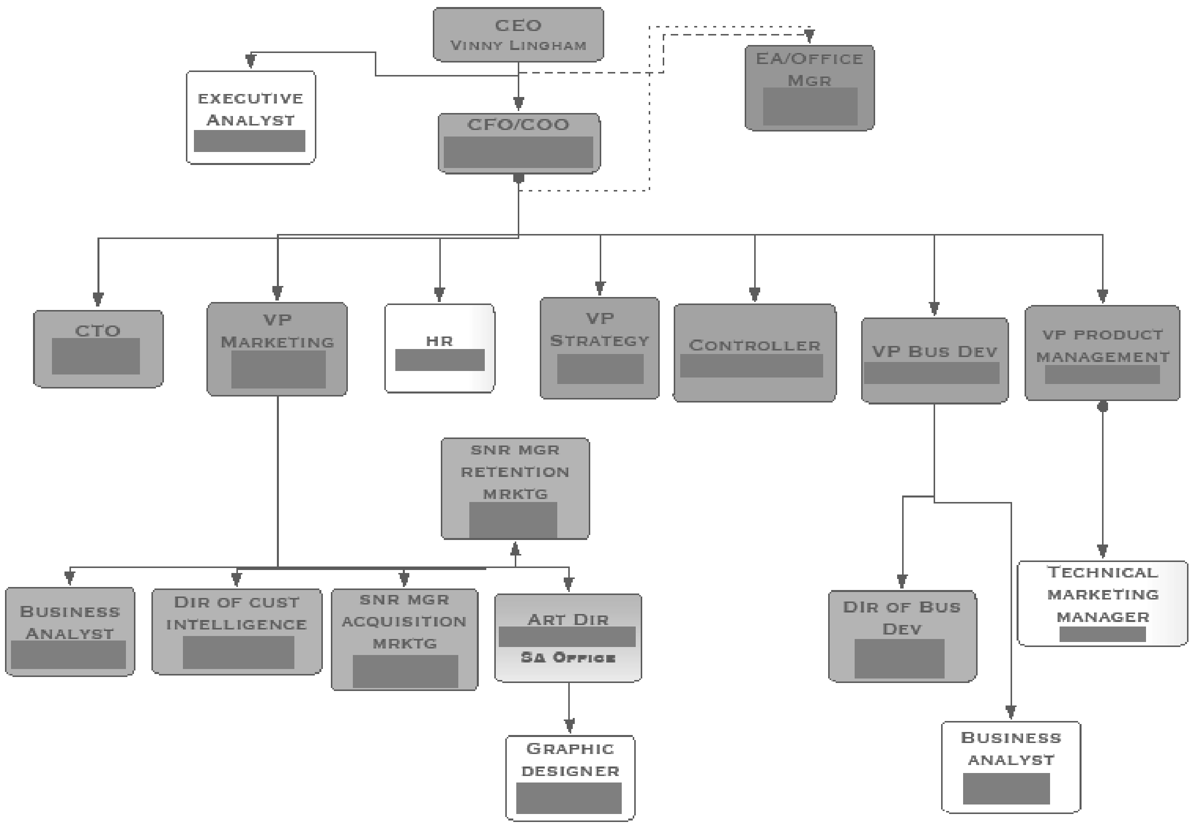
@mikestopforth @melodymaker I'm taking my name off, but will probably come later in the evening. 1 day ago

@jasonvonberg Jay-Z new track. Hotness. http://bit.ly/lzP3l 1 day ago

Source: http://nicharalambous.com/2007/11/20/is-south-africa-not-good-enough-for-vinny-lingham, accessed October 2009.

Exhibit 2a

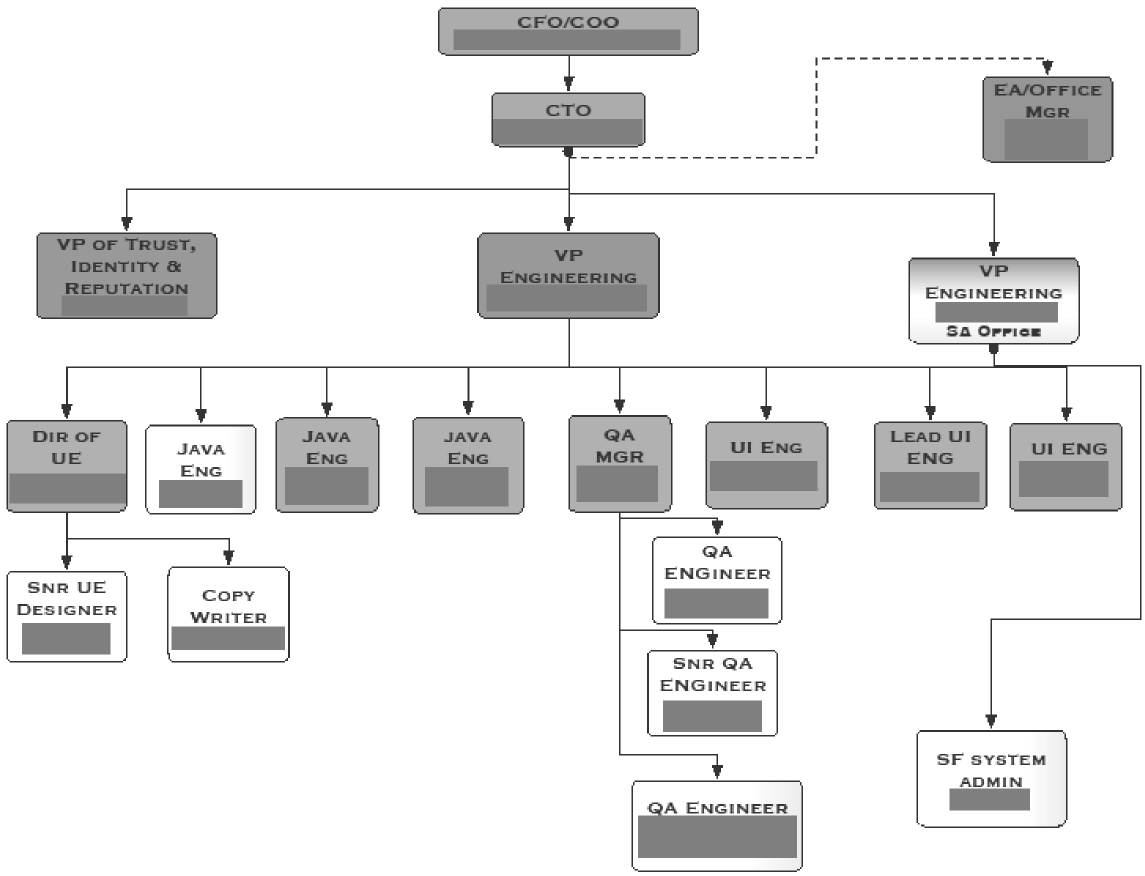
PROVISIONAL ORGANIZATION CHART, UNITED STATES



Source: Company files.

Exhibit 2b

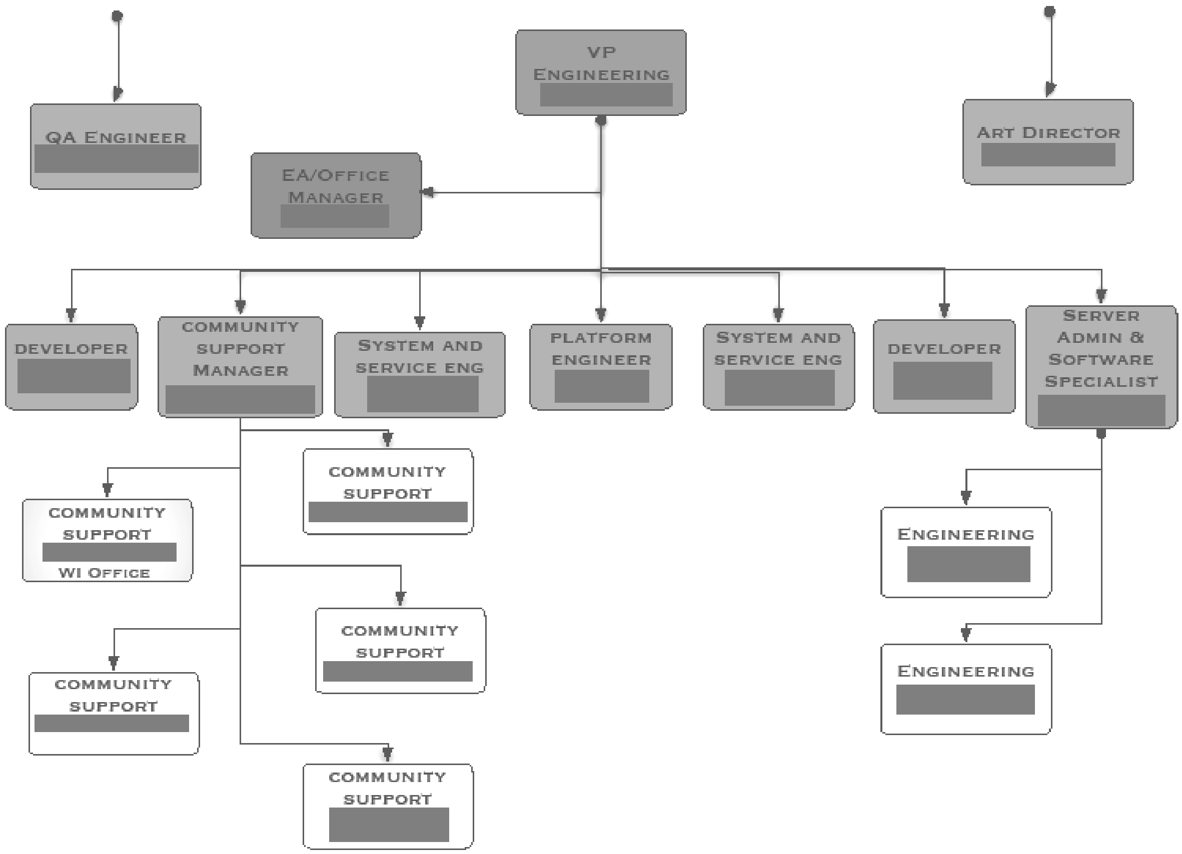
PROVISIONAL ORGANIZATION CHART, UNITED STATES



Source: Company files.

Exhibit 2c

PROVISIONAL ORGANIZATION CHART, SOUTH AFRICA



Source: Company files.

Exhibit 3a

TRAFFIC DATA FOR SIX-MONTH PERIOD (JULY 2009 TO JANUARY 2010) YOLA AND SYNTHASITE COMBINED: UNIQUE VISITS PER COUNTRY

1	United States	466,378
2	United Kingdom	100,835
3	India	63,506
4	Canada	54,144
5	Australia	33,452
6	Brazil	31,292
7	South Africa	22,410
8	Thailand	20,746
9	Germany	20,480
10	Egypt	18,030

Exhibit 3b

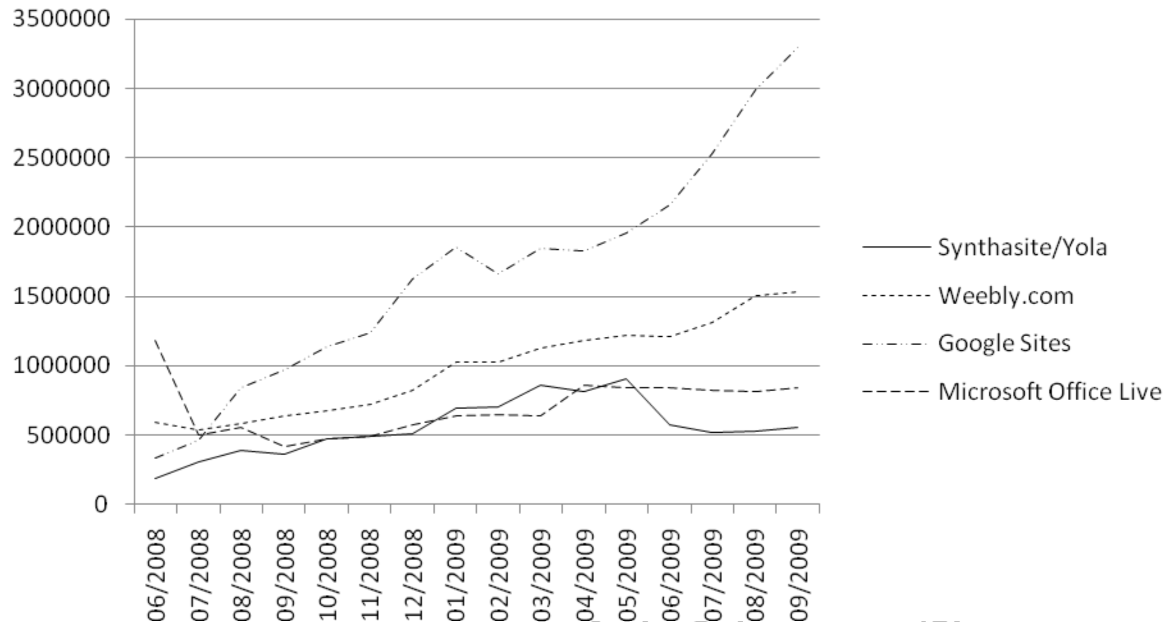
TRAFFIC DATA FOR SIX-MONTH PERIOD (JULY 2009 TO JANUARY 2010) YOLA AND SYNTHASITE COMBINED: UNIQUE VISITS PER CITY

1	Unknown (likely mainly cities in the US)	26,040
2	London (GB)	18,335
3	Bangkok (TH)	17,437
4	Johannesburg (ZA)	8,477
5	Bombay (IN)	8,187
6	Cairo (EG)	8,173
7	Sydney (AU)	7,205
8	Jakarta (ID)	6,990
9	Madras (IN)	6,150
10	Los Angeles, CA (US)	6,052
11	Toronto (CA)	5,940
12	Singapore (SG)	5,730
13	Melbourne (AU)	5,525
14	Kuala Lumpur (MY)	5,181
15	Islamabad (PK)	5,152
16	Chicago, IL (US)	5,083
17	New York, NY (US)	4,931
18	Sao Paulo (BR)	4,709
19	Houston, TX (US)	4,357
20	Birmingham (GB)	4,356

Source: Calculated from data presented on www.quantcast.com, accessed February 2010.

Exhibit 4

SYNTHASITE/YOLA PERFORMANCE RELATIVE TO KEY COMPETITORS



Source: Calculated from data presented on www.compete.com, accessed October 2009.