



SUN RELIABILITY AND SCALABILITY HELP LAUNCH STARTUP ZADSPACE

Industry

Advertising: Direct Marketing

Partner Profile

Zadspace is a high-tech direct marketing startup. Their proprietary analytics system generates personalized promotions based on demographic and geographic data. These promotions are printed onto labels and placed on the outside of shipped packages within the Zadspace partner network.

Partner Challenge

Zadspace needed a technology partner that could provide both reliable and scalable solutions for quickly processing large amounts of exponentially growing data as well as printing functions for their shipping network. They also wanted to partner with a company that valued their vision and could help further their marketing efforts.

Sun Solutions

- Solaris™ 10 on Sun Fire™ X4500 and Generic x86 Hardware
- Solaris 10 ZFS – Dynamic file system delivers virtually unlimited capacity, provable data integrity, and near-zero administration

Reasons for Choosing Sun and Solaris

1. Stability
2. Scalability
3. Wide variety of open source tools
4. Sun support and online community
5. Sun Startup Essentials™ Program: co-marketing and technology support
6. Sun™ Partner Advantage Program: co-marketing and technology support

Sun technology and marketing-muscle helped Zadspace launch its innovative direct response marketing solution and build a successful track record with high profile customers.

Zadspace is a Sun startup partner with a new direct advertising system that prints full-color targeted promotions onto labels placed on the outside of shipped packages. Its proprietary algorithm analyzes data from an e-commerce or mail-order transaction to determine the geographic, psychographic, and demographic profile for a given consumer. That data is used to generate a personalized and relevant promotion for the recipient.

Zadspace provides one-to-one marketing that takes the Google AdWords/AdSense model to physical advertising mediums.

Zadspace labels are printed alongside postage labels at partner fulfillment and shipping warehouses. Shippers that print Zadspace ads onto their packages share revenue with Zadspace.

“It’s like a personalized billboard for the package recipient,” said Zadspace’s president Todd Outten. “That’s what’s seen by the consumer. Yet behind the scenes we employ extensive analytical processes to determine which label to print.” The Zadspace network, which is built on Sun Solaris™ technology, processes millions of computations per transaction.

The Need for Stability and Scalability

Zadspace customers – often frustrated with high cost/low response rate direct mail – recognize the value of Web advertising like Google AdWords, but also see the advantages of being in the physical mail stream.

“Like the major search engines, we look at the contextual data surrounding consumer actions.” said Outten. “Our system takes this information, meshes it with demographic data, then performs rapid analysis to get the right ads onto the right packages.

“Platform stability is key,” continued Outten. “Our back-end systems have to scale, and they have to be extremely reliable.”

Sun Delivers the Right Technology Solution and More

Zadspace explored several OS, database, and application development options before aligning with Sun. “The Sun platform offers the scalability and reliability we need to be comfortable in this sector,” said Outten. The solution delivers virtually unlimited capacity, provable data integrity, and near-zero administration.



Results

Zadspace customers, including Magique Golf and a major international airline, have seen phenomenal results. Magique increased advertising response rates by ~2400 percent, and they reduced customer acquisition costs by a factor of five. Zadspace completed several market trials in 2007. New commercial pilots are launching in early 2008. A full commercial roll-out is scheduled for Q4 of 2008.

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— Todd Outten
President and Co-Founder of Zadspace

Partnership Focuses on Technology and Marketing Growth

Initially, Zadspace signed up for the Sun Startup Essentials program, taking advantage of special discounted hosting services and free Sun, Solaris, and Open Source tools. They upgraded to the Sun Partner Advantage Program to gain additional benefits and more extensive program features. “One of the reasons we chose Sun is their support for startups. Their marketing organization reaches many of the people we need to reach,” said Outten. “Sun has really helped us by opening up its Rolodex. Few other technology companies offer the same support.”

Zadspace opted for a special Solaris value package, which includes the free OS, low service costs, and scalable service that

matches load and demand growth. The promotion is perfect for a startup like Zadspace. They avoid initial software licensing investments and purchase service per-CPU as their needs expand. “The program gets us on the runway for little to no cost, then it scales according to how we grow,” said Outten.

Big Customer Wins with Proven Sun Technology

Magique Golf, America's No. 1 manufacturer of custom-fit clubs, was one of Zadspace's first customers. Zadspace paired Magique's golf club shipments with a high-profile promotion from a major international airline. The airline wanted to target specific types of travel consumers in the San Francisco and Los Angeles areas. “We targeted promotions by demographic and geographic profiles, and the response rates were phenomenal at more than 20 percent” said Outten. “That’s much higher than traditional targeted direct mail.” Magique Golf then started using the Zadspace technology on packages targeted to its own demographic. Sean Sheppard, Magique's president at the time, was ecstatic. “Early testing produced response rates as high as 24 times current delivery methods!” said Sheppard. “As a

result, cost per new customer acquisition was reduced by a factor of five.” Zadspace shares advertising revenue with the owner of the package. “It’s basically a source of found money for the shipper,” explained Outten. With a great idea and solid marketing and technology support, Zadspace is looking forward to big growth in 2008. “Sun Startup “In addition to their technology, what attracted us to Sun is their support for startups – they have this marketing arm that reaches many of the people we need to reach. Sun has really helped us by opening up its Rolodex to partners. Few other technology companies are able to support us on this dual level.”

— Todd Outten
President and Co-Founder of Zadspace

Essentials and the Sun Partner Advantage Program were key.” said Outten. “The initiative Sun is taking with startups really helps companies develop and grow—not only from a technology standpoint but also from a marketing standpoint. It’s been fantastic for us.”