

WSJ: AOL Buys Patch Media Corp. and Going Inc. in Local Push

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Time Warner Inc.'s (TWX) AOL unit has acquired local online media companies Patch Media Corp. and Going Inc. as part of a broader strategy to build the company's position in the relatively fast-growing local online advertising market.

The acquisitions come as Time Warner moves to split off AOL into an independent company and AOL Chief Executive Tim Armstrong, who joined the company in April, is working on putting together a new structure and strategy, in which local content is one major push.

Patch creates technologies and operates Web sites to help local communities publish news and information. Going lets users share information about local events.

Armstrong wrote in a note to employees that the two companies will help build on the local efforts AOL now has in place, such as its MapQuest mapping site.

The acquisitions are priced at less than \$10 million each, according to a person familiar with the situation.

AOL is also stepping up its efforts in publishing premium online content, expanding its advertising business, focusing on communications with its email and instant messaging services and creating a ventures business group to house some of its acquisitions, such as the social networking site Bebo that it acquired last year.

"Our vision isn't just about optimizing what we have - it's about overhauling how we approach this space, drawing on our legacy of connecting communities," Armstrong wrote in his note. "It's about taking one of the most disaggregated experiences on the Web today and making it truly quick and easy for consumers to find the local information they need."

Armstrong was an early investor in Patch. In the note, he said he had recused himself from the acquisition process and decided to forgo any profit from his investment. Instead, he will receive his initial seed investment in AOL shares once the company separates from Time Warner. Armstrong's investment is valued at less than \$5 million, according to the person familiar with the situation.

The news comes as other Internet companies are making more-concerted efforts to invest in the local online ad market. In March, MySpace struck a deal with IAC/InterActiveCorp's (IACI) Citysearch to collaborate on a local-business project. (MySpace is owned by News Corp., (NWSA) which also owns Dow Jones & Co., publisher of The Wall Street Journal and this news service.)

The recession has greatly slowed the local online ad market's growth. Online spending by local U.S. advertisers, which grew by 45% in 2008 to \$12.7 billion, is expected to see growth fall to 5.4% in 2009, according to media-research firm Borrell Associates.

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