



COURTESY OF THINKVINE

Damon Ragusa, ThinkVine's founder, said the firm's Emerging Marketplace software helps companies find out if their marketing strategies will work, rather than spending the money up front and then trying to figure out the results.

'SimCity on steroids'

ThinkVine helps firms plot 'what if' strategies

BY ANDY BROWNFIELD
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When ThinkVine's software, The Emerging Marketplace, was compared to "SimCity on steroids" by the media, CEO Damon Ragusa wasn't at all pleased.

"When I read that, I cringed," Ragusa said. "It sounded diminishing."

But over time, he came to realize that there is some truth there.

Ragusa started Montgomery-based ThinkVine 10 years ago as a custom shop, providing marketing software to clients. But the turning point came in

ThinkVine's software attempts to help marketers answer the question, "What would happen if I employed this marketing mix over the next 12-24 months?" It provides a simulated environment to allow marketers to gauge the impact of different marketing plans on different groups of consumers.

Let's say Pepsi wants to invest in advertising on emerging platforms such as Twitter or Facebook or other digital media. Traditionally, it would have to play a game of chicken, Ragusa explained. It would blindly invest some of its media spending in the new venue and try to figure out whether or not it's working.

"That creates a system where companies waste a lot of money because they don't know if it will work," Ragusa

THINK AHEAD

Blue-Ash based

ThinkVine hopes to help firms make smarter marketing decisions.

Its software uses avatars to produce sophisticated simulations.

and his team bring to the table. ThinkVine's program isn't just limited to new media. Traditionally, and even with most firms today, when looking at media spending, marketers will

sumers: little avatars mathematically derived to behave like real consumers. For example, if they happen to see a message from Pepsi on Twitter when they're thirsty, they might just walk to the nearest vending machine.

Of course, there are differences between The Emerging Marketplace and the SimCity video game. For one, the digital consumers won't die if you forget to tell them to eat. But the real difference comes from the theoretical underpinning on how people behave in a market and the scientific expertise Ragusa

aggregated data about the past and try

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THINKVINE: With 'Emerging Marketplace' software, Blue Ash firm hopes to optimize market spends

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level approach, ThinkVine works at the consumer level, from the bottom up.

It's called agent-based modeling, and it isn't anything new. The military and social scientists have been using it for years. ThinkVine is just one of the first to apply it to marketing and the area of market optimization.

Market optimization is a hot topic. "In tough economic times, marketing budgets are among the first to be cut," said Julie Katz, an analyst with Forrester

Research, an independent technology and market research firm. "Optimization helps marketers do more with less - it lets them know it's OK to invest in areas they haven't traditionally."

Katz said ThinkVine's approach allows marketers to more quickly adapt to changes in the market or consumer behavior. A lot of companies are becoming more interested in this approach. Though ThinkVine is only in its startup phase - it began its current incarnation in 2007 - it already has contracts with companies such as PepsiCo, MillerCoors, Colgate-Palmolive

and Kellogg. Ragusa said that in the last six months, four companies, including Sunny Delight Beverages and Del Monte Foods, have tested ThinkVine with a brand or two and expanded their contracts before the original 12 months were up.

Sydney McHugh, communications director for Sunny Delight, said it went with ThinkVine because it's interested in the next-gen approach ThinkVine is taking to marketing, as well as deepening its bond with customers. She said Sunny Delight is happy with the service ThinkVine provides, but for competitive reasons wouldn't

discuss any details.

Ragusa said that's not uncommon. "When we walk through the door, it's usually because they're ready to do something fundamentally different in the way they spend money."

Despite shaking up the marketing scene, ThinkVine is a young company.

ThinkVine's office is fairly modest - it shares the bottom floor of a small office building with two other companies - but comfortable. The reception room houses a cozy leather couch and a table displaying some of its clients' products. A Matisse hangs on the wall and nestled between the *Journal of Marketing Research* and *Business Economics* are *The Week* and *Climbing*. However, it plans to move to a larger office by April, and is currently looking at a Blue Ash facility.

Ragusa wouldn't discuss employment numbers, but Cincinnati USA Regional

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COURTESY OF THINKVINE

ThinkVine founder Damon Ragusa, seated, talks with Vice President Scott Frondorf.

Chamber data from 2008 puts it at five employees. Ragusa said the company had more than doubled in size in 2009, and plans to increase by another 50 percent in 2010.

Privately held ThinkVine has been attracting a lot of attention. In the last two years, a group of investors, including CincyTech, Draper Triangle, Draper Portage and Fort Washington Investment Partners has invested close to \$3 million with ThinkVine. Ragusa expects to turn a profit in the early part of 2011, but if its performance keeps up, that could happen even earlier.

Mike Venerable, a member of the investment committee at CincyTech, helped advise ThinkVine. He said what attracted CincyTech was the adaptive advantage ThinkVine offered large corporations. ThinkVine has also gotten the attention of the media. *Consumer Goods Technology* named it a 2010 editor's pick.

"We think they're growing pretty rapidly and we think they're a firm to keep an eye on in 2010," said Alarice Padilla, assistant editor at *Consumer Goods Technology*.

So about the comparison to *SimCity*: "We're a little softer about that now," Ragusa said. "Some of the people we work with, they get that immediately."