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By Ty McMahan

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To continue pushing its tween-targeted cell phones into new retail locations, kajeet Inc. has raised a hefty \$36.8 million Series B round of funding.

New investor Draper Fisher Jurvetson Growth Fund led the financing. DFJ partner Randy Glein joined Kajeet's board of directors and partner Barry Schuler, former chairman and chief executive at AOL, joined as an observer.

"[DFJ is] a very savvy firm and they look for big markets with a big upside," Chief Executive Daniel Neal said. "We both feel tweens and young teens are a huge opportunity in the U.S."

Bethesda, Md.-based kajeet previously raised a \$27 million Series A round from Gabriel Venture Partners, Bessemer Venture Partners and InterWest Partners. Previous shareholders also participated in the Series B.

Founded in 2003, kajeet is a pay-as-you-go cell phone service made from a kid's point of view, Neal said. He said kajeet lets tweens and teens customize their mobile experience in ways that suit their world while offering their parents comfort about the role mobile technology plays in their lives.

The kajeet service and phones are available at the company's Web site as well as Best Buy, Limited Too and Longs Drugs Stores. The company's pay-as-you-go plan charges 35 cents a day, 10 cents a minute and 5 cents per text message. Ringtones and games are à la carte.

Kajeet, which launched its service in March, operates on the Sprint PCS network.

"Kids love kajeet because it's a serious phone that treats them seriously," Neal said. "It also takes into account concerns and anxiety that parents have about how the technology is used."

Neal said the recent round of funding will help the company expand its roster of retailers. He said the company will also offer new handsets, games and features within the service.

"Kids want to customize their phones and parents want to make sure they don't get hit with a big phone bill at the end of the month," Neal said. "We will continue to emphasize content in a way that meets families' needs."

Kajeet isn't the first to offer such a service. Firefly Mobile Inc. provides five-button cellphones for children. The Chicago-based company has raised nearly \$30 million since its founding. Firefly's phones are offered in Target Corp. stores. Walt Disney Co. also has a mobile virtual network operator deal with Sprint PCS aimed at kids and families.

The funding is a shot in the arm for the MVNO market, which has been reeling as of late after well-financed start-up Amp'd Mobile Inc. filed for bankruptcy earlier this year. That followed Disney's decision to shut down Mobile ESPN, and Firefly's decision to recapitalize last year.

Neal said he has faith in the pay-as-you-go model and expects 20% of the U.S. market to use pay-as-you-go by 2010.

<http://www.kajeet.com>