

Imation unit forms online services alliance

Webs That Work aims to build sites that improve a client company's bottom line

Imation Internet Studios is attempting to bolster its online services presence by forging a "long-term business alliance" with a Cincinnati-based promotion and design company.

Scheduled to be announced today, the Webs That Work alliance of WBK Marketing & Design and Imation Internet Studios — the Minneapolis-based Internet services unit of Oakdale-based Imation Corp. — represents an attempt to build a Web site firm with technological and marketing savvy.

The alliance with WBK "allows us to use the power of the Internet to make it significantly easier for our customers to communicate with their customers, helping to increase revenues and lower their cost of doing business," said Scott Litman, founder and director of Imation Internet Studios.

Litman argued that many Web sites serve as mere "electronic brochures" when they could be having a much greater bottom-line effect. In forming the alliance, Imation hopes to generate new revenues by combining WBK's promotional and direct marketing experience with Imation Internet Studios' site engineers.

Webs That Work combines the efforts of 86 marketing and Web-wise executives through the alliance, which the two companies hope will expand to serve major advertisers and product manufacturers on their respective client rosters.

WBK's clients include Procter & Gamble, Florida Power & Light, Imation, Tropicana, Ceridian, Pepsi and Frito-Lay. Imation

Internet Studios has handled work for Goodyear, Pillsbury, ValueRX, Chronimed, National City Bank and 3M Co., which spun off Imation in a restructuring in 1996.

Imation spokesman Ken Kadet said there is no time limit on the business alignment, which teams Imation Internet Studios with a company whose 1997 fee income was \$4.8 million. Those combined revenues outpace New Brighton agency Risdall Linnihan Advertising, which trade journal Adweek recently ranked as the country's 49th-largest online services firm.

While online services represented \$3.8 million of Risdall's total 1997 fee income of \$7.8 million, the fee potential of Webs That Work is not as clear. Litman, who headed Minneapolis Web site firm Imaginet before Imation acquired it in 1997, said Webs That Work hopes to generate \$50 million in client fees over the next five years.

Discussions began late last fall. The geographic distance between the two companies posed no obstacle because WBK had handled marketing projects for Imation and has a 12-employee Twin Cities-area office.

To reach the five-year fee goal of \$50 million, Webs That Work will have to start generating projects. Litman said some are in the works, including a product introduction from an undisclosed client slated for this fall.

Beer wars

After two years, Minneapolis agency Carmichael Lynch has bowed out of the running for the \$12 million Boston Beer Co. ac-

Advertising and marketing

Bob Geiger

count.

Whichever agency is chosen, New York City-based ad holding company Interpublic Group of Companies will be the winner: it owns the remaining two finalists, Hill, Holliday, Connors, Cosmopolos of Boston and McCann-Erickson Worldwide of New York City. A decision is expected early this month.

Paper Warehouse's pick

St. Louis Park-based Paper Warehouse has picked Minneapolis agency Peterson Milla

Hooks to provide "strategic concept development" for its estimated \$3 million ad account.

St. Louis Park-based LaBelle Advertising had created most of the advertising for the 140-store chain, which is concentrated in the Midwest. LaBelle will continue to handle project work for the company, said Brent Schlosser, executive vice president of Paper Warehouse.

Peterson Milla Hooks prevailed after a pitch that included Risdall Linnihan Advertising. Schlosser said its work could include creation of broadcast and print advertising.

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Investing

Piper Jaffray Interest Rate Index

	Yield to maturity week ending 7/31/98	Previous week	Net change
Short-term interest rates			
Prime rate	8.50%	8.50%	—
3-month Treasury bills	5.03	5.05	-.02
3-month bank certificate of deposit	5.25	5.25	—
6-month Treasury bills	5.18	5.20	-.02
1-year Treasury bills	5.33	5.31	+.02
Intermediate-term interest rates			
2-year certificate of deposit	5.60%	5.50%	.10
5-year certificate of deposit	5.80	5.80	—
5-year Treasury notes	5.50	5.44	+.06
10-year Treasury notes	5.50	5.44	+.06
5-year zero coupon bonds	5.43	5.36	+.07
10-year zero coupon bonds	5.70	5.62	+.08
5-year finance company notes	5.96	5.90	+.06
10-year finance company notes	6.15	6.09	+.06
U.S.-backed GNMA bonds	5.75	5.75	—
Long-term interest rates			
20-year zero coupon bonds	5.81%	5.78%	+.03
30-year Treasury bonds	5.72	5.65	+.07
30-year A-rated industrial bonds	6.62	6.55	+.07
30-year A-rated utility bonds	6.72	6.65	+.07