



Ted Farnsworth

**EDITORS' NOTE** Ted Farnsworth assumed his current post in 2016. He is the founder of HMNY's subsidiary, Zone Technologies, Inc., and creator of the RedZone Map smartphone app.

**COMPANY BRIEF** Helios and Matheson Analytics Inc. ([hmny.com](http://hmny.com)) provides information technology consulting, training services, software products and an enhanced suite of services of predictive analytics. With its client roster including Fortune 500 corporations, HMNY focuses mainly on the BFSI and Technology verticals. HMNY's solutions cover the entire spectrum of IT needs, including applications, data and infrastructure. HMNY is headquartered in New York.

### As you began your career, did you know that you wanted to build companies?

That desire started when I was 13. My parents had a restaurant in Upstate New York and after they would close the restaurant each day, I would open my chicken wing business.

One summer, I made a little more than \$7,000. That's when I realized I would never work for anyone, and I haven't since.

I moved to Florida where I owned parking lots. I took the money I made with that business and moved it into other businesses along the way. The largest of those was a call center business for infomercials, commercials and direct response on TV. From there, I was able to become an angel investor, so I started investing in other companies in my early 20s. Later, I realized I would be better off investing in my own companies.

I always liked businesses that I could build from the ground up. Over the years, those have been in the beverage sector and real estate, as well as in brand building, such as what I did when I started RedZone. RedZone was a huge success right away and led to us doing a deal with Helios and Matheson. Once I took that over, I focused on looking at other companies to acquire from a consumer-centric standpoint, using technology as the vehicle.

This is how I came across MoviePass, through which we have figured out how to disrupt the whole theater scene.

# Building Businesses From the Ground Up

An Interview with Ted Farnsworth,  
Chief Executive Officer, Helios and Matheson

### Is the focus for you more about innovating or disrupting?

Disruption cannot happen without innovation. We look at ways to innovate the sectors. MoviePass had the platform set up and a lot of data, but they didn't have the big data. Based on some of the early tests they did, I knew that once they launched, they would be totally disruptive, which they have become.

For Hollywood in general, if the studios and movie theaters at the top of the food chain are leading a healthy ecosystem, it will be healthy in several other areas as well.

Over the past five years, more than 20 percent of millennials have not been to the theater. More than 75 percent of MoviePass customers are millennials, so we're bringing them back to the theatre with a flat subscription model – I call it social re-engineering – to help them fall in love with the cinemas again.

### How does MoviePass work?

MoviePass was started six years ago in New York City. It costs \$9.95 per month and people can go to unlimited movies with the pass – 30 movies per month.

One of the largest investors in MoviePass is Chris Kelly from Facebook. It's the only sector in the entertainment world that Facebook hasn't been able to penetrate. His theory was that if we could penetrate that market, meaning that we know that if someone hits a trailer on our app, then they will go to the movie.

We know what snacks they will get while they're in the theater and where they like to sit. We also know if they left in the middle of the movie. We will also make money via joint ventures with vendors for concessions inside the theater and we'll get discounts on the seats.

Additionally, we offer the advertising side for the studios and trailers. We know when we push an opening night at a theater out to the MoviePass fans, we will be able to raise traffic anywhere from 18 to 22 percent at the theater.

Our guess is that as we add millions of subscribers, the power the consumer will have through MoviePass will determine where studios will stand at the box office.

### Did the theaters come onboard quickly in support of this concept?

The theater business has made huge strides electronically over the past few years, not to mention the fact that people can now go to some theaters and have dinner while watching a movie.

AMC, the number one theater, came out against us right away, but they weren't able to actually block us. Regal and Cinemark, number two and number three, called us that same day and said they were interested but wanted to take a wait-and-see approach. AMC has since tried to meet with us.

The current model is broken pretty severely so it's ripe for disruption and innovation. If we can increase attendance at a theatre on a weekend by literally 2,000 percent, that is pretty astounding.

### Is the value MoviePass provides more about price or about the experience?

We wanted to bring the consumers an unbelievable value. Everyone says we can't make money with our model, but Netflix was told the same thing by Blockbuster.

It's absolutely a value from a consumer standpoint because we're going to bring more people to the theater at an affordable price point.

Over the past 10 years, prices have doubled in the theaters, and there is no difference in the value. The theaters have to be innovative to get people back.

### What role does the parent company play for MoviePass?

Helios and Matheson was a technology company with big data, artificial intelligence, computer learning and social listening, and I saw that they were under utilizing what they had. When I took that company over, it was about taking those platforms into the consumer world via our own products and helping accelerate the consumer side of it.

With MoviePass, we had to worry about things like how to prevent fraud by someone giving their phone to someone else to use the pass at the theater.

However, the technology we have right now makes it necessary to have the phone at the movie theater with the debit card to make it work. We also have facial recognition on the app so no one but the owner can open the MoviePass app.

### Are you seeking an entrepreneurial spirit when it comes to attracting talent?

Culture fit is the number one focus, especially in the technology world, but for this particular company, we seek those that are very entrepreneurial spirited because we're disrupting. ●