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He's Got Your Number

Israeli emigre connects with telephone books

By Katia Hetter

STAFF WRITER

When Capt. Assaf Ran completed his service in the Israeli military, he started a publishing company to compete against the telephone directory monopoly in Israel.

With the company successfully publishing independent telephone books in three Israeli cities by 1989, Ran moved to the United States to create a new company. Using his knowledge of his country's religion and culture, he decided to publish a bilingual Hebrew-English yellow pages for New York's Jewish community.

Success in that arena led him to believe he could compete in the broader yellow pages market. He created DAG Media, which became Queens' newest publicly traded company May 13 when it raised more than \$7 million and was admitted to the NASDAQ SmallCap Market System. Ran owns 47.5 percent of the Kew Gardens company's shares, which sold last week for \$3.31 per share.

Ran, 33, still has a stake in the Israeli company he founded and travels to Israel every three months for business and personal reasons. However, his focus is on launching NewYellow in March to compete with Bell Atlantic for Manhattan's \$300 million telephone directory market. Ran said customers of his niche publications who can't afford Bell Atlantic's prices asked him to publish a mainstream yellow pages directory.

Across the country, independent publishers such as Ran grabbed about \$1 billion of the \$12 billion telephone directory industry last year, according to the Kelsey Group, a Princeton, N.J., consulting firm.

There are many businesses in the metropolitan area, from butchers to bookstores to dentists, who cater to the area's various Jewish communities, but few have financed their dreams of expanding beyond their neighborhood base into the city's mainstream market . . . and the stock market.

Ran started the Jewish Israeli Yellow Pages in his Flushing basement in February, 1990, not for religious or cultural reasons. "It was a pure business decision," said Ran, still standing with a military bearing in his Kew Gardens office. "It doesn't have any ideology behind it."

The Hebrew-English publication has been published biannually since 1991, according to company filings with the SEC. The company prints nearly 400,000 copies of the directory in Israel, which, Ran said, saves on printing costs. The guide serves New York City, Long Island, Westchester and Rockland Counties and parts of New Jersey.

Ran, now living in Forest Hills, started publishing the Jewish Master Guide, a directory serving the Hasidic and ultra-Orthodox Jewish communities, in September, 1998. It is distributed mostly through synagogues, kosher restaurants and other Jewish organizations in New York and on Long Island. In February, the company launched the Portal, www.porty.com, a Web site that links to other sites maintained by directory advertisers, with news for the Jewish and Israeli communities.

"This community accounts for about 200,000 people in New York City, and they will only use our yellow pages," Ran said.

Still, only one representative of more than a dozen interviewed at synagogues and Jewish organizations across Queens and Manhattan had heard of the Jewish guides.

The Jewish guides are appealing to people who want to use Hebrew or want to be reminded of Israel, Ran said. "The book makes them feel something," he said. NewYellow will appeal to those Jews who use Bell Atlantic's Yellow Pages instead of his Jewish alternatives, he added.



Newsday Photo / Jatinder Marwaha

Assaf Ran, CEO of DAG Media, is sitting on top of the world with the success of his Hebrew-English telephone directories.

Dentist Menachem Darwish has offices in Flushing and Great Neck and has run advertisements in both Jewish telephone directories since the early 1990s. He has a fullpage ad in the current Master Guide.

"A good percent of my patients are either Israeli or Jewish with an Israeli background," said the Israeli-born Darwish, who came to the United States in 1967. With his name listed in English and Hebrew, his advertisement "has worked well as a draw for Israeli patients."

The Master Guide excludes advertisements that would offend Hasidic and ultra-Orthodox users, such as nonkosher restaurants, escort services or pictures of scantily clad women. (The Jewish Israeli telephone directory lists advertisements with pictures of models for escort services).

The guide attracts advertisers such as Northport kitchen remodeler Judith Reidel, who is devoutly Christian but wants Jewish customers.

Reidel, owner of the Northport-based Kitchen Lady, ran a half-page ad in the current edition of the Master Guide. Though she has not gotten any new business from the ad, she already has many Jewish customers. She has designed their kosher kitchens "with two sinks, two dishwashers, everything in twos, keeping dairy and meat separate," she said.

"I really felt strongly about doing kosher kitchens, because I'm very biblical myself," she said.

The Jewish Israeli directory has grown from 118 pages in its initial February, 1990, edition to 1,696 pages in the 18th edition published in February, 1999, according to the company's SEC filings. The number of ads has increased nearly 15-fold, to more than 3,200 in the most recent edition.

The publicly traded company will continue to publish its Orthodox and bilingual Jewish telephone directories, but it has already begun accepting advertising for NewYellow — claiming rates of one-third of the page rates charged by Bell Atlantic. Ran says that DAG Media's online advertising, referral services and consumer discount products are also attracting customers.

The company's plans to expand beyond its Jewish and Israeli roots are being reflected in its donations.

Though DAG Media donates "tens of thousands of dollars" to Jewish charities, Ran said, he also directs money to the Red Cross, Feed the Children and other causes.

Pre-expansion, about 80 people worked for DAG, directly or through contracts with employment agencies. An additional 35 sales people have been hired, mostly through agencies, to staff the company's four offices in Kew Gardens, Brooklyn, Manhattan and Fair Lawn, N.J.

There was a time when the local telephone companies had a monopoly on yellow page directories, but passage of the Telecommunications Act of 1996 forced the industry to open up its listings to competitors.

Competition in the Manhattan market will be stiff, with major independent publisher Yellow Book USA of Rockville Centre planning to publish a Manhattan telephone directory in March. With British Telecom's acquisition of Yellow Book for \$665 million in August, Yellow Book executive vice president John Beaver said the company will be "even more aggressive" about market expansion than ever before. For the long-term, Beaver said, British Telecom's technology expertise will help Yellow Book expand its presence on the Internet (www.yellow-book.com).

"I wouldn't want to go against Yellow Book," said Kelsey Group president John Kelsey. "I'd pick a town where there aren't two [other] books."

Ran shrugged off news of the deal, replying that Yellow Book was an aggressive competitor before it was acquired by the British telephone company. "I don't think British Telecom is stronger than Bell Atlantic," he said.

There was a time when the local telephone companies had a monopoly on telephone directories, but passage of the Telecommunications Act of 1996 forced the industry to open up its listings to competitors. The Federal Communications Commission has yet to write specific rules to guide the telephone industry and its competitors.

The company plans to offer telephone directories in Queens and the city's other boroughs in 2000, and Ran hopes to have telephone directories in Boston, Baltimore, Miami and other major East Coast cities in 2001.