

HomeMovie.com Goes In-Network

by Geoff Daily

An application provider begins marketing to network operators, expanding on its original strategy of direct-to-consumer marketing.

When we wrote about HomeMovie.com last year, the company was marketing its services directly to consumers. Customers mailed in tapes of their old home movies; HomeMovie digitized the tapes; customers used HomeMovie's software to edit the footage, and then uploaded the results to share with friends and family.

Today, the consumer service has been rebranded as StashSpace.com. And the new HomeMovie.com has begun a journey out of the cloud and into the network.

"We've taken our Web application for consumers and turned it on its ear to bring additional benefits to users by working with network operators," says Lars Krumme, EVP of HomeMovie.com.

The new offering allows network providers to run HomeMovie.com inside their networks and then either resell it to subscribers to drive profit or give it away to reduce churn.

Faster Uploads and Downloads

Going in-network allows for much faster uploads. Uploading files over the open Internet – not three-minute, low-quality YouTube-type videos but hours of high-quality footage – is tedious and time-consuming. But if the application resides in the access network, users' uploads are limited only by the bandwidth of the last-mile infrastructure.

In a fiber-to-the-home network, uploads may be extremely fast. Even cable networks, which typically limit upload speed more strictly, may be able to "open the throttle a bit," as

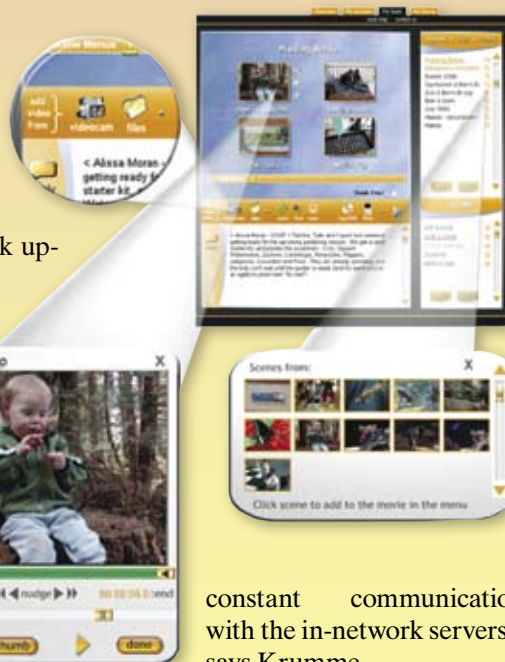
Krumme puts it, for in-network uploading.

On the download side, users watching the videos can also benefit from in-network speeds – as long as they're on the same network as the HomeMovie.com server, of course. "Instead of watching a 350 Kbps video over the Web, they can actually watch up to a 2.5 Mbps full-frame video feed in-network," says Krumme.

HomeMovie.com sells its software installed on a redundant server set – that is, two servers bundled together. The redundancy guarantees that the service won't go down and data won't be lost. "If there is any drive failure, there's an immediate swapper so that the level of service continues uninterrupted," Krumme explains.

But since this redundant hardware may make the solution prohibitively expensive for networks with fewer than 1,000 customers, HomeMovie.com is exploring the possibility of leveraging network operators' existing hardware. If network operators have servers with excess storage capacity or underutilized processing power, they may not need to purchase hardware to run HomeMovie.com.

HomeMovie.com's primary role, in addition to developing the application, is managing the servers where its software is installed. The company monitors in-network boxes 24/7, just as it does with its own servers. "We



constant communication with the in-network servers," says Krumme.

If a problem does occur, the first level of technical support is typically handled by the network operator, which can troubleshoot problems related to the network or the user's computer setup. Problems that can't be resolved at this level are escalated to HomeMovie.com's support system.

In addition, network operators who have deployed HomeMovie.com receive automatic software updates so they will benefit from any improvements to the user experience.

Sizing Up the Business Model

HomeMovie.com's fees are based primarily on the size of the network. The software license fee is scaled to the total number of network subscribers, rather than the number of people actually using the product. Krumme says this arrangement gives network operators

Lars Krumme demonstrated HomeMovie.com at the Killer App Expo and Conference in Fort Wayne, Indiana.


an incentive to market the service aggressively, since they put more “skin in the game” in exchange for the promise of higher per-subscriber revenue.

Some larger network operators have expressed interest in offering all of their Internet subscribers a basic HomeMovie.com account, and then driving revenue from premium accounts with higher levels of storage space. HomeMovie.com’s per-subscriber business model would also encourage this kind of arrangement.

In addition to charging for storing high-quality video, network operators can share in revenues by referring customers to HomeMovie.com’s digitization services, which take old home movies on analog tape and transcode them into a digital format.

Krumme also emphasizes that HomeMovie.com’s “stickiness” is attractive to network providers. Consumers with hours of high-quality video stored on the network’s servers are less likely to jump ship to another broadband provider.

From HomeMovie.com’s perspective, marketing through network providers is an “exciting morphing of our business” that allows the company to focus on its core strengths. “We’re great at making cool technology and forever making it easier to use and adding additional features. Now, we’ll be able to continue our focus on technology while working with network operators, who know their customers and are already marketing to them,” says Krumme.

HomeMovie.com has been talking with network operators about possible deployments ranging from 300 to millions of customers. The company’s first test deployments, this summer, are with a greenfield fiber-to-the-home provider. 

About the Author: Geoff Daily is the assistant editor of Killer App Magazine. He can be reached at geoffd@killerapp.com.

IN DEMAND: VIDEO ON DEMAND

A Killer App Staff Report

Scheduled television programs? That’s so 20th century.

In the last several years, television viewers have begun bypassing “linear TV channels” for on-demand channels that show the programs they want to see, when they want to see them. Many of them are willing to pay for the privilege, creating a significant new revenue stream for cable, telco, broadband and even mobile video providers.

In a recent Webinar for the Fiber-to-the-Home Council, John Smith, senior vice president of sales for TVN Entertainment (www.tvn.com), gave FTTH providers some pointers about creating successful VoD lineups. TVN, a digital content aggregator, provides content to every VoD distributor in North America today.

While no network providers offer all of TVN’s 8,000 hours of content, the successful ones balance their offerings among several content categories:

- **Hollywood movies:** Consumers are willing to pay to see new movies, which studios are releasing to VoD faster than ever. The average time between DVD and VoD releases fell from 45 days last year to 38 days this year, and some studios now issue the two simultaneously – a model that Smith thinks all studios will follow eventually. To show mainstream movies on VoD, providers must demonstrate adequate security measures.
- **Local content:** “We’re bullish on local content,” Smith says. Providers build goodwill in their communities with on-demand coverage of local sports, elections, cultural events and even local advertising. What they can’t do is charge for it.
- **Premium networks:** HBO, Cinemax and other premium networks offer their content on VoD after showing it on their linear channels. Access to VoD is part of the subscription to

the premium network.

- **Major television networks:** The linear networks have all extended their brands to VoD. Providers do not pay for this content, but they must carry the linear channels to have access to the corresponding VoD channels. Some networks, like MTV, have been extremely successful in VoD format.

- **Minor television networks:** The Weather Channel, Independent Film Channel, Bloomberg News, Music Choice and many others have free-to-consumer VoD channels.

- **VoD-only networks:** Launching a linear channel is becoming more and more difficult for independents, Smith says. Companies that don’t belong to a conglomerate like Viacom or Fox increasingly bring their new channels straight to VoD. Karaoke, music, children’s programming, news and niche content have all succeeded as VoD-only. Network providers have to pay for this content, but usually can’t charge consumers for it.

- **TVNow content:** TVNow is a service that TVN provides to its content partners, allowing time-sensitive material to appear on VoD within hours. Twenty-minute highlight reels of major NFL games and Major League Baseball playoffs; daily updates from film festivals, the Olympics, the Tour de France and NASCAR; and major addresses by government officials are examples of TVNow content.

- **Adult content:** This is probably the most profitable of all of the content categories.

Network providers need a mix of paid and free content, Smith says. While free content may not seem desirable, studies show that good, free branded content brings in new users, reduces churn, and ultimately leads to higher user bases, higher buy rates and more transactional revenue. 