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## A new contender in content delivery

**L.A.'s EdgeCast goes up against Akamai in the booming business of bringing rich media to the Web audience.**

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In a tiny, two-room office on Los Angeles' Westside, a small start-up called EdgeCast Networks Inc. is seeking a better way to send movies, video clips, games and software updates over the Internet to your computer.

The so-called content delivery business isn't glamorous, but it's growing fast. Dozens of small companies are vying for a piece of the action and challenging Akamai Technologies Inc., which controls about 60% of the \$800-million global market.

The torrid growth of video, music and other data-heavy media is straining the Internet's infrastructure — no surprise to anyone who has suffered through "buffering" messages while trying to watch something online.

Yet getting online content to customers quicker and cheaper has become crucial for studios, gaming companies, advertisers and even such software companies as Microsoft Corp. that need to get updates and security patches to customers.

"I've watched the need for content delivery explode for the past seven years," said EdgeCast investor Mark Amin, vice chairman of Lions Gate Entertainment and head of its CinemaNow online film distributor.

Like DVD duplicators in the movie sales and rental business, Amin said, content delivery companies are "the one common denominator everybody needs" to get their online products to customers.

Akamai, based in Cambridge, Mass., was an early player in content delivery, launching its first service in 1999. But many competitors have sprung up recently, trying to cash in on a market that research firm IDC predicts will soar nearly threefold in the next four years to \$3 billion in sales.

"It's largely driven by huge demand for high-speed Internet connections and huge consumer demand for a lot of content, especially rich-media content," said Mukul Krishna, an analyst at consulting firm Frost & Sullivan.

Akamai's closest competitors are Limelight Networks Inc. with nearly 10% of the worldwide market and CDNetworks Inc. with 8%, according to a Frost & Sullivan study.

But that doesn't faze Alex Kazerani, EdgeCast's chief executive.

"We want to be in the top three," he said.

EdgeCast is getting quick recognition from



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**FASTER CONTENT:** Co-founders James Segil, left, and Alex Kazerani lead EdgeCast Networks as its niche in the technology industry expands. EdgeCast, Akamai and others help heavy files travel over the Web faster and look and sound better.

one of its new customers, Imax Corp. The Canadian company whose technology powers the huge-screen experience used EdgeCast computer servers to deliver trailers of "Harry Potter and the Order of the Phoenix" on Imax.com in the weeks leading up to the hit movie's premiere last month.

Imax previously had stored trailers on its own computer servers in Los Angeles. But the digital files became too large, and thousands of customers hitting the site at one time made downloading and viewing slow.

So Greg Foster, president of Imax Filmed Entertainment, was ready to get help when family friend James Segil, EdgeCast's president, pitched the new company's capabilities.

"Traffic to our site was the highest it ever was, and the technical glitches were zero," Foster said.

Content delivery networks are somewhat similar to peer-to-peer technology, which borrows bits of data stored on your neighbors' computers to help deliver the same video or song to you.

EdgeCast set up its own servers in a dozen key locations around the world where numerous phone and cable TV providers — the companies controlling the last mile of broadband to homes — have facilities.

Then it sent the "Harry Potter" trailer, for instance, to those servers. So when people went to the Imax site to see the trailer, they got the video from the EdgeCast location closest to them, giving them a faster and better view, Segil said.

Foster is sold. He said he planned to use EdgeCast for all future trailers and other online video.

What he and industry analysts also like is the pricing. Instead of long-term contracts with fixed payments for both network services and bandwidth, the new company charges for actual bandwidth costs, even as they change.

The more bandwidth the company needs, the lower the price per megabyte, Kazerani said.

"That's a new thing," said Melanie Posey, a research director at IDC. "Akamai is the market leader and the premium price leader. So the first step in differentiating yourself is to charge less."

The concept behind content delivery networks is essentially the same, but companies use customer service, reports, monitoring and other features, as well as pricing, to attract customers.

"EdgeCast emphasizes giving more usability and more control to the customer," said Lydia Leong, research director at Gartner Inc.

Perhaps more important, Leong said, EdgeCast has an experienced management team with financing, a good business plan and some of its own technology.

"They're among the ones with a better chance of success," she said.

Segil and Kazerani and three other co-founders have built and sold Internet businesses previously, but they said they had no near-term plans to offer shares publicly or build up EdgeCast for an eventual sale.

"We wouldn't mind being buyers this time," Segil said.