

# News Corp buys stake in Web video player Roku

July 26 2012, by RYAN NAKASHIMA

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(AP) — News Corp. is taking a stake in Internet video streaming set-top box maker Roku Inc. and putting one of its senior executives on Roku's board of directors as it seeks a greater role in distributing video over the Web.

The media giant's investment, along with that of its part-owned subsidiary British Sky Broadcasting, is part of a fifth round of funding for Roku of \$45 million. It brings total funding in Roku to \$77 million since it was founded in 2002.

The capital injection puts off the need for Roku to make an initial public offering of stock.

"For us this is a lot of money," said Roku founder and CEO Anthony Wood in an interview. "There would be no financial reason for us to go public any time soon."

Roku has sold more than 3 million set-top devices this year and it hopes to expand its platform onto Web-enabled TVs. This fall, it is launching the Roku Streaming Stick, a small attachment the size of a USB flash drive that will connect to newer TVs through a high-definition port.

The company's growing role as a way to stream Internet video on televisions is part of what attracted [News Corp.](#) It seeks to use the platform as an outlet for its shows, Wood said.

Last year, News Corp. launched channels on the Roku box featuring video from Fox News, the Wall Street Journal and the TV show "The X Factor." News Corp. is also a part owner of Hulu, whose premium service, Hulu Plus, is offered through Roku.

"We have watched Roku maintain market leadership since the launch of its streaming platform four years ago and we look forward to deepening our relationship," said News Corp.'s Chief Digital Officer Jon Miller, who will join Roku's board.

According to Wood, Roku has sold about as many boxes as Apple Inc.'s Apple TV in the U.S., where the two device makers control about 95 percent of the market for standalone Internet set-top boxes.

Roku had \$100 million in revenue last year, more than double the \$47 million it posted in 2010, Wood said. It loses "a little bit of money" each quarter as it focuses on building market share, he said.

The company, which is based in Saratoga, California, makes money by selling devices that cost from \$50 to \$99. It also shares subscription and advertising revenue with its 500 channel providers, which include Netflix Inc., Amazon.com Inc., and Sony Corp.'s Crackle.

Other investors in the latest round of funding include Menlo Ventures, Globespan Capital Partners and "an unnamed strategic investor," [Roku](#) said.

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