

Pluto.TV offers curated online videos as alternative to YouTube, TV

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Ilya Pozin's 2-year-old daughter wasn't about to abandon daddy's comfortable lap. But Pozin had to manage his successful e-cards company, so he'd entertain Paisley in his home office by playing cartoons and educational videos off YouTube on a second monitor.

It proved to be a chore. Every few minutes, he'd have to hunt for and vet a new video as antsy Paisley pleaded for more Elmo.

"As a new father, I started learning how to change diapers, but I didn't know becoming an expert of children's <u>video content</u> had to be on my list," Pozin said.

Though incredibly popular, Google-owned YouTube has frustrated many consumers who, like the Pozin clan, would prefer a more lean-back entertainment experience. Pozin's modern parenting problem led him to form a startup a year ago in Los Angeles, Pluto.TV, that aims to make Web viewing in nearly any genre as mindless as firing up cable or satellite TV.

But as Pluto took off, it turned out the website and mobile app hadn't simply addressed consumers' gripes with content discovery on YouTube. Video makers, who crave more revenue from their online creations than YouTube provides, began flocking to it as well, including digital studio Funny or Die, Walt Disney Co.-owned Maker Studios and QVC.

Pluto and the several other California companies reimagining the



experience of watching videos made for the Web are unlikely to unseat YouTube any time soon. But the competition is welcome news to the fast-growing online video community.

"YouTube has blown the door open for mainstream consumption of online video," said Pluto Chief Executive Tom Ryan. "But by curating the best of the Web and delivering that in a familiar experience across any device, we're able to become one of the preeminent video apps."

Pluto is designed as a channel guide for the Web. A video - often embedded from YouTube - starts playing when the interface is loaded, providing "white noise" during channel surfing like a TV does but YouTube proper doesn't.

Pluto.TV created more than 100 channels, and about 15 employees wander the Web deciding what to air on them. Nickelodeon might run shows geared to 3-year-olds in the morning and pre-teens in the afternoon. But Pluto.TV constantly runs a handful of children's programming channels with each one aimed at a different demographic.

Pluto's channels cover music videos, news reports, action sports and video game commentary. Channels also play just comedy skits or real estate videos or lifestyle and fashion content. To traditional regional TV providers, some of the channels might seem like they target a tiny, niche audience. But on a global basis, they're big, Pluto contends.

Temporary channels, activated for tributes to comedian Robin Williams after his death or for New York Fashion Week, have drawn "staggeringly high viewership," Ryan said.

He added that the company is seeing "great adoption" overall but declined to discuss specific usage figures. Still, content makers are excited enough about Pluto's prospects to sign direct and sometimes



exclusive distribution deals as opposed to having Pluto pull their content from YouTube.

Programs on Pluto must be consumed live or "DVR'ed." Enamored by the set programming schedule, some companies have turned to Pluto to premiere or air specials. Exclusives have included coverage of this year's Comic Con pop culture convention, the 2014 Asian Games sporting event and a marathon of online sitcom "Real Adult Feelings."

Using human curators gives Pluto, named after the underdog "planet," an elite feel that's appealing to content owners, Ryan said. He's not a fan of using just social recommendations or algorithms to unearth quality content.

"We're creating channels like a studio, and we're programming channels like a network and aggregating audience like a cable operator," Ryan said. "We can't be good at all of those things at scale, so we're focusing on one and three and partnering with the best programmers."

Last month, Pluto announced \$13 million in investment from United Talent Agency, British broadcaster Sky and Silicon Valley venture capital firm U.S. Venture Partners. Pluto is making money from advertising and shares an undisclosed amount of revenue with partners. YouTube has traditionally shared 55 percent with video makers, a static figure that has left veteran producers such as Fred Seibert feeling slighted.

Seibert, who had key executive roles at MTV and Nickelodeon in their early years, oversees online video studio Frederator Networks. He's been able to build a business off posting on YouTube. But he's been waiting for nine years for the economics to become more favorable to him.

"My hopeless optimism remains," he said, though like others he's



regularly looking elsewhere.

The "elsewhere" is growing wider.

Watchup, for instance, focuses on news videos. Adriano Farano, the Palo Alto startup's <u>chief executive</u>, said he saw an opportunity to create a "Hulu for news videos" because YouTube isn't designed to deliver a curated newscast.

"We're reinventing the traditional TV scheme with an approach truly borrowed from the Internet and millennial generation," Farano said. "We want to stick to news because every product should have a strong identity."

Last month, local media owners McClatchy Co. and Tribune Media signed on as investors and content providers.

Vessel, a video destination founded by Jason Kilar, the former chief executive of Hulu, is expected to launch soon and is reported to be an outlet for viewers to purchase early access to content that might later appear on YouTube for the masses.

Facebook is capturing market share at the expense of YouTube, and both Yahoo and AOL are trying to. Content producers have said videos they upload directly to Facebook have seen strong viewership, in part driven by Facebook's recent emphasis on promoting videos in users' news feeds and by a feature that automatically begins playing a video as a user scrolls past it. When advertising will begin is unclear.

But rather than share big chunks of revenue with YouTube or potentially Facebook, many of the top content producers on YouTube are also experimenting with delivering video through their own destinations, such as talk show host Ellen DeGeneres recently launching Ellentube.com.



To their assistance have come start-ups such as Beachfront Media and Dotstudioz. Through a system it calls dotstudioPro, Dotstudioz says, video makers can post their content anywhere, including on Facebook, personal websites or apps for the growing market of smart TVs and streaming media players. They can also air ads or lock the content behind a pay wall.

"We wanted to extend the moneymaking opportunities for creators well beyond the walled garden of YouTube," said Joe Pascual, the startup's chief executive. "This management platform is our contribution to the evolution of content distribution."

YouTube Chief Executive Susan Wojcicki, appointed in February, has said it's crucial to growth that her team keep pace with outside innovation. This fall, YouTube has advertised top content producers, including SciShow and scripted series "Video Game High School," on cable TV, buses and billboards in major cities. Highlighting some of its best content through traditional advertising has been YouTube's expensive answer to a major problem brought on by its growth: It's easy for users to get lost in a gigantic mall of video.

As the creator of what's essentially a tour guide company, Pluto's Pozin has satisfied another lady in his house too. His wife, Briana, a follower of fashion trends, had no idea that the quality of fashion-related videos on YouTube was so high, Pozin said. Now, she can get the best of the best on Pluto channels.

"It took someone like me, knowing it was her area of passion, to bring it to her," he said. "She sat there for hours."

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