

Don't Leave Home without It

Silicon Valley upstart Sling Media wants to change TV's geographic boundaries—for good

By Stewart Schley

Even in Las Vegas, a city renowned for florid neon and the constant din of machines that go "clang," the annual International Consumer Electronics Show is a spectacle to behold. During the first week of January, Sin City gets transformed into Gadget Gulch as the world's biggest electronics companies set up a hedonistic gizmo haven at the Las Vegas Convention Center. Five days, 160,000 people, 2,500 exhibitors, 1.67 million square feet of exhibit space and at least one worn-out pair of shoes later, attendees leave the place in a sort of punch-drunk stupor, having leered at everything from gigantic high-definition TV screens to an inflatable swimming pool raft rigged with motorized controls.

For sheer bravado, the 103-inch prototype high-definition TV monitor displayed by Panasonic took the prize this year. But it was a much smaller gadget at CES that left people in the television talking well after the last booth had been torn down. It's called the Slingbox. About the size of a common wall brick, Slingbox does to the traditional geography of television what the digital video recorder does to the traditional time dimension of television: bends and twists it into something new.

Slingbox lets users watch the same television channels that appear in their living room halfway across the globe. Nestled between a cable or satellite TV box and a home data network, the \$250 box exports TV content over a broadband Internet connection to a Windows-powered laptop computer, cellular phone or personal digital assistant. With a Slingbox, it's possible not only to watch the 6 p.m. hometown news from a Hong Kong hotel room, but to change channels on your home TV from your remote location, too (even if your spouse or roommate at home may not appreciate it).

Slingbox is the brainchild of brothers Jason and Blake Krikorian, both Silicon Valley engineering veterans. The two came up with idea of Slingbox out of frustration that they couldn't watch their beloved San Francisco Giants battle for the 2002 National League pennant while they were traveling. The two became convinced that in the Internet age, watching your living room TV channels over a broadband Internet connection in a distant hotel room ought to be no more remarkable than watching them in an upstairs bedroom of your home. "I was already paying \$80 a month for cable TV service. I wanted to get some more utility out of it," says co-founder and chief operating officer Jason Krikorian.

The first Slingbox prototype was as big as a refrigerator. After plenty of engineering work, Slingbox made its retail debut in the summer of 2004 and is now starting to generate real traction. Sling Media won't talk about sales numbers, but the distribution channels are starting to gel. It's now possible to spot a Slingbox on the shelves of more than 3,000 stores, and retailers carrying the device include the electronics giants Best Buy Inc. and CompUSA. The challenge now is for Sling Media to make the transition from eager upstart to serious business. To help, the Krikorians have hired a new CFO, Judy David, from a Silicon

Valley venture capital firm. She succeeds Jason Krikorian, who had been doing double-duty as COO and CFO. "We now have real revenues and lots of accounting issues," says Jason Krikorian. "We're big enough now that you can't have more than one job."

Plus, there's more money in the bank now. In January, Sling Media got a Big Media endorsement when an investor group led by Goldman Sachs & Co., Liberty Media Corp. and EchoStar Communications Corp. sunk \$47 million of fresh cash into the company. The second-round investment could deliver more than just capital. Liberty Media, which owns the premium movie channel provider Starz Entertainment Group plus interests in various interactive TV businesses, could find ways to integrate Slingbox into its offerings. So could EchoStar, which owns the Dish Network satellite TV service and has a penchant for being first to market with innovative consumer electronics features.

On the downside, there's a possibility of legal challenges, although so far there haven't been any. Blake Krikorian acknowledges Slingbox defies a longstanding TV industry tradition where program delivery revolves around concepts of broadcast station reach, signal contours and Nielsen-defined market areas, but he says that alone doesn't mean anybody's breaking the law. "We're messing with a 50-year old business model," he told a panel at CES. But he insists there's no copyright violation going on. "Copyright? We're not even making a copy," he said.

That's true. In an overarching sense, all Slingbox does is to let somebody who already receives certain TV channels enjoy them in another place. For a TV industry that seems to be undergoing convulsive techno-shock every few months, it's just another reminder that the rules of the TV game are changing. Will Slingbox become as common as the DVR or the iPod? Who knows? But at least at the CES show in Las Vegas, where Slingbox seemed to be on the minds of everybody in the TV business, the odds seemed favorable enough.

PLACEMAKER: Slingbox
sends TV channels from
home to anywhere there's a
high-speed Internet connec-
tion available.



PHOTO: Sling Media Inc.