

With \$25M, Sezmi's TV Concept Takes On Cable, Satellite Providers

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11/16/2009

Start-up Sezmi Corp., which has just raised \$25 million in third-round financing, is publicly launching a new television set-top system that is a direct challenge to cable and satellite television providers.

The service, which will first launch in the Los Angeles market, will combine over-the-air broadcast programming and certain cable channels with video from the Internet.

"We're seamlessly integrating television and online content and putting it all in one package for the consumer," said Buno Pati, co-founder and chief executive of Sezmi.

The funding was provided by new strategic investor Legend Ventures, as well as existing investors Index Ventures, Morgenthaler Ventures, Omni Capital and TD Fund.

The company is starting a three-month pilot project in Los Angeles, where customers will be able to test out the system for free. Then it will begin rolling it out in other markets.

To accomplish this, the company has developed a wide range of hardware and software technology and established several business partnerships. It is offering a hardware package that includes a set-top box that receives over-the-air high-definition broadcast programming, and a DVR box. The price has not been released yet.

The system receives traditional network programming in high definition over the air, while it receives Internet programming via DSL. The company has leased the broadcast airwaves from unnamed television stations and has partnered with unnamed telephone companies as partners, who will bundle the television service with their phone and Internet packages. The receiver and DVR will be available to purchase or lease from "major retailers" in the next three months, said Pati.

In terms of content, Sezmi will have free access to basic television channels such as ABC, NBC, Fox and YouTube. It will also offer on-demand downloadable movies and television shows from studios such as Warner Brothers, Universal, 20th Century Fox and Paramount. In addition, it will have subscription services available for premium channels such as ESPN, CNBC, USA Network and the Food Channel.

Sezmi has spent the last few years signing up these content providers, offering them comparable prices to what they would receive from cable or satellite companies. At the same time, consumers should be able to get the Sezmi service for less cost than what they would typically get from cable or satellite, Pati said.

In addition, consumers would not have to pay for as much content that they do not want or use, as they do with cable or satellite providers, Pati added.

In addition to directly taking on cable and satellite providers, Sezmi is also implicitly in the same space as Netflix, Amazon and other companies offering

downloadable content through the television.

Pati said Sezmi is designed so that people do not need multiple content providers. Sezmi will also have more high-definition quality than Netflix currently does not have on its streaming service, Pati said.

Sezmi's personalized television interface is a complete redesign of the traditional television interface. It has buttons for each family member to "log-in" so that that person's recorded, downloaded or live content will immediately pop up. For example, a father will see a football game while a daughter will see cartoons.

In addition, instead of launching into live television, as traditional television would, Sezmi's interface emphasizes the recorded or downloaded content that each person wants to see, which shows how television has moved away from typical live broadcasts.

In November 2008 Sezmi said it had secured \$33 million in new financing from Advanced Equities, as well as undisclosed new investors and previous investors Legend Ventures, Morgenthaler Ventures, Omni Capital Group and TD Fund.

The company previously raised a \$17.5 million round in August 2007 co-led by Morgenthaler Ventures and Omni Capital, with participation from Index Ventures, Legend Ventures, TD Fund and Western Technology Investments.