

Orb Launches With \$4M In Series A; Digital Content Service Set For Nov.

By VentureWire Staff Reporters

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Union City, Calif. - When a start-up's sales pitch is described by seen-it-all venture capitalists as going "on and on and on," that's typically not a good sign. But in the case of Orb Networks Inc., Morgenthaler Ventures General Partner Gary Little was referring to the parade of music, video files, digital pictures and television broadcasts that you can view and program using Orb's media service. Orb, which lets you access content on your home PC or the Internet over a cellphone, PDA, laptop or other Internet-connected device, has raised \$4 million from Morgenthaler in its Series A round. In addition, the company says it will announce a number of consumer electronics and other partners later this year. Following the first quarter next year, it also may raise a Series B, VentureWire was told. Morgenthaler was the sole investor in this round and is the company's first institutional backer. Both Little and fellow general partner Gary Morgenthaler have joined Orb's board. To date the company had been funded by an individual, Joe Costello, who also was the seed investor for Catena Networks, a provider of broadband access systems sold to Ciena Corp. in May. This round will be used to introduce, market and support the company's service, a so-called personal media portal, according to Little. The launch will be in mid-November, with an initial price of \$9.99 a month. According to Behrens, the fee is as low as it is because Orb has only two operating expenses. One is the Orb Web site that authenticates users' logins and passwords to the service and connects them with their home computers. The other is the Orb software, which can be downloaded and creates a user interface on the portable device. "We obviously spend development dollars on that," Behrens said. Establishing marketing and support services for Orb will mean hiring additional staff and developing relationships with content providers and data carriers, said Little. The Morgenthaler general partner also said Orb's operations and marketing services will receive some of the capital. The Orb service uses a "regular Internet browser," Little said, meaning the same type of browsers already used on laptops, cellphones and other devices. Orb's technology packages the content - say, a digital photo album - for the display, network speed and bandwidth particular to a user's device and connection. The processing required by this formatting is done on the user's computer. The content is then streamed, but not downloaded, onto the device. The streaming obviates copyright issues, said Behrens, who added his company verifies your rights to any and all content you try to view on your device. Orb has plans to go sell overseas in about a year. More immediately, the company will make its first public demonstration at the DigitalLife 2004 conference in New York later this month. Employees at the Union City, Calif., company number 23.

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