

## Photobucket Scoops \$10.5M

### ***Photo and video hosting site has won success as a tool rather than a destination.***

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Digital media hosting site Photobucket raised a \$10.5-million second round of funding Monday, primarily from Trinity Ventures.

The Palo Alto, California-based company is a rare find among young Internet startups. It is both profitable and popular outside of a select group of in-the-know digerati.

Photobucket has more than 16 million members and is growing by 2 million members per month. The free site gives users 1 gigabyte of space as well as easy access to publishing on sites such as **eBay**, MySpace, Blogger, and Neopets.

The site added video services in April and now serves over 50 billion image and video requests by other sites each month.

comScore Media Metrix ranked Photobucket second only to **Yahoo** Photos among photo sites in April, with 10.1 million unique visitors in the United States, compared to Yahoo's 10.4 million.

Facebook, CNET's Webshots, and **Kodak** rounded out the top five U.S. photo sites. Eighty percent of Photobucket's audience is in the U.S.

While Photobucket's main utility is pushing content to other sites, the company subsists on advertising. Users spend time managing their own content rather than viewing friends' collections or surfing randomly.

CEO Alex Welch contended that acting as a tool gives his company more staying power. "Some companies are fads, some are going to be around for a long time, but really we're agnostic to that," he said.

On the other hand, tools can be more easily replaced than destinations where a user's experience is intertwined with that of the community. If Photobucket falls victim to downtime or competition from a more prominent company, its users could easily transfer their files.

### **Shifting Reception**

Mr. Welch and co-founder Darren Crystal both have backgrounds in telecommunications infrastructure. They bootstrapped Photobucket for two years after founding it in 2003.

"What really happened is we went and took out a third mortgage on our house because no venture guys would talk to us," said Mr. Welch.

About a year ago, when the site was about a tenth of its current size, Mr. Welch and Mr. Crystal took \$3 million from a group of individual investors, including Jeff Lieberman and others at Insight Venture Partners.

This time around, Photobucket was able to pick from multiple VCs to take a round it doesn't need, on friendly terms. Mr. Welch said the new money would go toward new products and features as well as formal sales and marketing.

"At the rate of their growth, we could picture them doubling very quickly," said Gus Tai, general partner at Trinity Ventures and a recent addition to the Photobucket board. "This company has a lot of upside."

Though Photobucket has greatly benefited from the current jumble of online social networks and other places to post photos, Mr. Tai contended that young people will continue to want their digital media on many sites, even as the market evolves.

"It's very clear to me that at least for that cohort, they will want to have multiple forms of expression," he said.

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