

Rocky Mountain News

To print this page, select **File** then **Print** from your browser

URL: http://www.rockymountainnews.com/drmn/tech/article/0,2777,DRMN_23910_4784814,00.html

Snapshot hot shots

Entrepreneurs Alex Welch and Darren Crystal turned a hobby into the most popular photo-sharing clearinghouse on the Web

By Joyzelle Davis, Rocky Mountain News
June 19, 2006

The Web's most popular photo-sharing site started as Alex Welch's hobby.

The then-Level 3 engineer was frustrated with most online picture sites, which thwarted his efforts to swap pictures with friends. So he wrote a program during his off hours that created Photobucket, a clearinghouse that allows users to post their images to social-networking sites such as MySpace.com and e-commerce sites like eBay while storing all of their photos in one location.

Denver-based Photobucket hit the Internet just as cameras became commonplace in cell phones and the creation of a MySpace profile became an adolescent rite of passage, turning Welch's pastime into a building block for the explosion of Internet blogs. Today, nearly two-thirds of all links to the top social networking sites such as MySpace, Blogger and Neopets come from Photobucket.

"We had the right service at the right time," said Welch, a Colorado State University graduate who is now Photobucket's chief executive officer and co-founder. "After that, it was all about execution."

Photobucket has about 19 million members and is growing at a clip of more than 65,000 new users each day. Members upload more than 4 million photos and 30,000 videos each day, accounting for nearly 2 percent of all U.S. Internet usage.

In April, Photobucket operated the Web's most-popular photo-sharing site with 7.8 million viewers, ahead of Yahoo! Photos and Hewlett-Packard's Snapfish, according to the most recent statistics by Nielsen//NetRatings Inc.

Most traditional online photo sites require visitors to register before they can look at a friend's photos. Photobucket differs by letting users store photos on its hub and link to them from multiple sites on the Internet, eliminating the need for viewers to register first.

"We think of our site as a utility and not a destination," said Darren Crystal, Photobucket's co-founder and chief technology officer.

The traditional photo sites also tend to skew older, attracting users interested in higher quality photos or printing services. About 75 percent of Photobucket's users are 18 to 25 years old, a demographic that "may have never owned a film-based camera or known life before instant messaging," said Gus Tai, general partner of Trinity Ventures, a Silicon Valley venture capital firm that led a \$10.5 million investment last month.

That age group "connects and expresses in a fundamentally different way" than older generations by communicating via digital images on social networking sites, said Tai, who is on Photobucket's board.

Photobucket isn't the only company with this idea, although it's nearly three times as large as the nearest competitor, ImageShack, based on direct links to the top 50 social networking sites. Larger companies such as Hewlett-Packard or Microsoft could easily emulate the idea but haven't shown an interest.



Ahmad Terry ©
News

Former Level 3 engineer Darren Crystal co-founded Photobucket, which supplies images to sites such as MySpace.com and Facebook. The company now has about 35 full-time employees.

Even if well-established Internet brands don't get into Photobucket's space, their mere presence is an obstacle in the battle for online users, analysts said.

The company's biggest challenge is "the fact that Google exists and the fact that Yahoo exists," said Andrew Schroepfer, president and founder of Tier 1 Research. "So much use of consumer media is likely to go through one of those players."

Photobucket is free, giving users up to 1 gigabyte of space - enough to store about 10,000 videos and images - and 10 gigabytes of monthly bandwidth. For a \$25 annual subscription, premium members receive 5 gigabytes of space and no bandwidth limitations. The company generates the bulk of its revenue by posting ads, targeting users by the types of sites they link to. Photobucket doesn't disclose its financials other than to say it's profitable and funded largely by earnings.

As Photobucket has grown, so has its overhead. Welch, 29, recruited Level 3 colleague Darren Crystal, 36, after the popularity of his software program soared. The two worked for more than a year out of the garage of Crystal's Broomfield house, financing the company by taking out third mortgages on their homes.

Crystal and Welch are no longer bootstrapping the company themselves. Last year, they raised \$3 million from individual investors before the \$10.5 million financing from Trinity. Now the company has about 35 full-time employees and is preparing to move out of its shared office space on the 16th Street Mall and into permanent quarters.

Photobucket's biggest hiring splurge came after it decided to institute a formal content screening process earlier this year to weed out obscene and offensive images, beefing up a process that Crystal and Welch had done themselves since the company's inception.

Photobucket's managers opted to add a dedicated staff around the time MySpace was under fire from authorities and parents who complained that the site exposes children to risqué content.

The decision was driven both by Photobucket's own moral sensibilities and business sense, Welch said.

"We're saving our partners from having to do this themselves," he said. "We can say that if you link to Photobucket, it's clean."

Only about 1 percent of all uploaded content violates Photobucket's terms of service, but it takes a lot of eyeballs to survey the landscape. The company hired about 30 screeners in Iowa who review postings for offensive content such as nudity or Nazi memorabilia. Once a photo is flagged, the user's entire album is kicked over to a team in Denver that checks if other naughty photos slipped through or a habitually offensive user should be banned.

It's a job that involves an unflinching eye. But after awhile, a few trends start to emerge: Japanese girls in Catholic school uniforms generally lead to trouble, and some borderline images appear with numbing repetition.

"We're cybercowboys on the digital range," said Jeff Gers, a Photobucket employee who reviews some 150,000 photos during his shift.

Last week, Photobucket announced a free plug-in feature called Jwidget, which allows any Web site to provide free image and video hosting for its users. It's typical of the services that Photobucket intends to offer with its new \$10.5 million cash infusion, said Mike Clark, vice president of engineering.

"We want to keep it a real simple service," he said.

By the numbers

1 gigabyte: Free space available to any registered user. For \$25 a month, premium users get 5 gigabytes of space and no bandwidth restrictions.

4 million: Number of photos uploaded every day by more than 19 million members. Videos total about 30,000.

150,000 How many photos Photobucket employee Jeff Gers reviews during each shift for appropriate content.

Photobucket facts

Most common video images: "Boys doing skateboard tricks and girlsinging karaoke," said Mike Clark, vice president.

Average video length: 1 minute

Biggest day of photo uploads: Right after Easter. Mother's Day, Halloween and St. Patrick's Day are also heavy usage days.

Copyright 2006, Rocky Mountain News. All Rights Reserved.