NetStreams to expand after funds infusion

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NetStreams Inc. has raised $18.2 million in a second round of investment that it will use to push its networked entertainment systems into new countries and new commercial applications.

The Austin company, whose products allow users to access and manage their digital audio, video, security and other systems on one network, has been focused on high-end residential sales, executive Kevin Reinis said. But with audio and video appearing more and more in places such as conference rooms, hospitals, airports and stadiums, NetStreams is looking to expand its presence in those types of environments.

"The commercial market is a huge opportunity for NetStreams," Reinis said. "By most estimates, it's at least double the size of the residential market."

With the new investment, NetStreams also will look to build a broader international presence. Though it already sold its systems in 39 countries, Reinis said, it does not have a physical sales presence outside the U.S.

The company - which employs 61 people, most of them in Austin - will use some of the money to extend its sales force and translate its products into other languages.

NetStreams technology allows users to access digital content from multiple sources and digitally distribute it to their various TVs, stereos and other devices. Because the system uses the same core language as the Internet, it can run over existing high-speed networks and is easier to set up and manage than comparable systems that require specialized programming.

NetStreams' technology also distributes content without compressing the files, a process that retains higher quality in audio and video, Reinis said.

Although many companies are developing products that allow users to access content anywhere, "they're not on the same level of performance and scalability as what NetStreams

does," said Clark Jernigan, venture partner at Austin Ventures, which supplied the entire second round of investment for NetStreams.
Basing the system on Internet protocol "is a pretty fundamental change," Jernigan said, and it takes networked entertainment system "from the arcane into the mainstream." The IP-based technology is familiar to technology managers at companies, he said, making it a natural fit for the commercial market.

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