

Netflix suffers big outage as stock hits new peak

The Associated Press

While Netflix shareholders celebrated Thursday, the video subscription service's customers griped about a website outage that prevented them from streaming movies and TV shows over the Internet.

The breakdown occurred just a few hours after Netflix's stock price reached a new high in an ebullient reaction to the company's third-quarter results. The report was highlighted by the addition of 1.9 million subscribers and a projected gain of at least 2.1 million more customers by year's end.

Netflix's growth is being propelled by the rising popularity of streaming video over high-speed Internet connections, but that option wasn't available to many of its nearly 17 million shareholders for several hours Thursday, based on complaints posted on people's Twitter accounts.

Netflix acknowledged the trouble in its own Twitter post at about 4:30 p.m. ET (2030 GMT), but didn't explain what the problem was or when the service would be available again. In an update posted at about 7:15 p.m. ET (2315 GMT), the company said video streaming was working again on most devices, but warned some people still might have difficulty getting on the website.

Other popular Internet sites, such as Facebook, Twitter and various Web-based e-mail services, also periodically break down, but those are all free. In contrast, Netflix subscribers pay an average of \$12 per month for packages that include DVD-by-mail rentals and Internet video streaming.

The outage's timing was especially embarrassing for Netflix. It occurred the day after Netflix CEO Reed Hastings predicted that subscribers will soon be watching more hours of video on the Internet than on DVDs, which the company delivers by mail.

Netflix has been investing heavily in licensing rights to add more video to its streaming library because it wants its subscribers to use that option more frequently to lower its postage costs and eventually boost its earnings even higher. In the July-September period, Netflix spent \$115 million on video streaming rights, an 11-fold increase from the same time last year.

Thursday's outage could be an indication that Netflix will have to invest more in its data centers and other technology to ensure the streaming option remains available as subscribers try to use it more frequently.

Netflix's streaming service has become so popular that it is now the largest source of U.S. Internet traffic during peak evening hours, according to Sandvine Inc., a Canadian company that supplies traffic-management equipment to Internet service

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providers.

Streaming by Netflix subscribers accounted for about one-fifth of that peak-time traffic, more than double the volume flowing from Google Inc.'s YouTube, Sandvine said.

Few Netflix subscribers posting about Thursday's outage seemed to be on the brink of canceling their accounts, although some customers were clearly agitated about not being able to watch what they wanted. One customer even wondered if Netflix didn't fix the problem more quickly because its employees were too busy reveling in the company's soaring market value.

Netflix shares surged \$19.54, or nearly 13 percent, to close at \$172.69. That's more than three times what the company's stock was worth at the end of last year.

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