Alternatives to Youtube catch on with mobile crowd

Gerry Shih, Reuters

(Reuters) - Like many musicians looking for that big break, 24-year-old Angeleno Felice Lazae turned to YouTube for years to promote her songs -- with modest success, at one point getting more than 100,000 views on her cover of an Alicia Keys hit.

But this month, the Los Angeles singer plans to premiere her newest music video not on YouTube but on Socialcam, a barely one-year old video-sharing social network that allows users to record, upload and view videos straight from their iPhones.

"YouTube is so inundated with singers and artists and people trying to become the next big star, it's really difficult to get noticed on there," Lazae said. "But the reaction I'm getting on Socialcam is amazing. It feels immediate."

Lazae is among millions of users -- and viewers -- increasingly seeking alternatives to YouTube, fuelling a boom in smaller and nimbler websites like Socialcam and Viddy that cater to more niche audiences -- especially in mobile.

In one month, Lazae's channel amassed more than 9,000 Socialcam followers, who view and comment on uploads from clips of her belting out R&B numbers to video journals of her daily life, recorded while out hiking the hills or shopping.

More than 36 million have signed up for SocialCam, one of two fledgling mobile-video sharing apps whose rapid-fire growth is garnering attention. Along with Viddy, they have caught fire among iPhone users and are starting to pose a challenge in a lucrative and fairly wide-open mobile market to existing social media like YouTube and Facebook.

In the past two weeks, both apps have hovered near the top of the Apple App Store's download charts, outpacing even popular downloads like Instagram, the photo-sharing service acquired by Facebook last month for $1 billion, and Draw Something, the mobile game that became an overnight smash in March. Also in that month, Farmville creators Zynga bought Draw Something-developer OMGPOP, for $200 million.

Helping to stoke the mobile-video boom are gadgets like iPhones and iPads that have just begun incorporating video recording capabilities. Meanwhile, wireless carriers are rolling out 4G technology that lets users stream and upload large video files that would have been a hassle years ago.

Viddy and Socialcam's backers say that with technology proliferating, consumers

are growing comfortable with creating and sharing video.

"The fact that we are no longer constrained by bandwidth and network limitations means greater deployment of new technologies that push the boundaries of innovation," argues Ofer Shapiro, CEO of Vidyo, the maker of videoconferencing apps for businesses that supports both Apple and Google Android mobile devices.

ACQUISITION BUZZ

Skeptics say the Internet arena is littered with startups that begin with a bang but go out with a whimper. To circumvent that, many startups and their backers hope to get acquired.

Also, since Socialcam and Viddy have eclipsed Instagram and Draw Something — a game title that has seen its user numbers plummet this past month — speaks to how fickle users can flock to a hot new app and abandon stale ones.

Socialcam and Viddy outpaced Instagram and Draw something in monthly active users, according to appdata.com.

But Socialcam and Viddy already face competition from other start-ups like Klip and the latest manifestation Color, an app that launched two years ago as a photo-sharing service.

But industry observers say mobile video sharing will likely have some staying power as the underlying technology matures.

At a time when start-ups with little revenue but a huge user base can get acquired in a mega-deal, the buzz machine has begun to churn around Socialcam and Viddy. Both apps have been nicknamed the "Instagram for video" and attracted big-name backers from Silicon Valley and Hollywood.

Last week, Socialcam unveiled a list of investors that included Ron Conway; several partners from Y Combinator, the startup incubator; Tim Draper of Draper Fisher Jurvetson; Shane Battier, the Miami Heat basketball player; Ashton Kutcher, the actor-cum-ubiquitous tech investor; and WME, the Hollywood talent agency headed by Ari Emanuel.

Viddy, with more than 26 million users, has an all-star cast that includes singer Shakira and actor Will Smith, as well as Biz Stone, Twitter co-founder. Techcrunch has reported that the company is in the midst of raising a round of financing that could value it at more than $350 million, a sum that echoes Instagram's $500 million before it was scooped up by Facebook.

A key difference between the two services seems to be length. Viddy limits user uploads to 15-second clips that can be paired with soundtrack to make sleek, brief vignettes.

Dana Settle, a partner at Greycroft Partners and early Viddy investor, said that

helps users focus on the basics.

"There are some parameters, the 15 seconds helps create structure for people to have platform for self expression," said Settle, who met Viddy's team last autumn and decided to invest.

Socialcam has no time constraints, and its bright interface seems to emphasize viewer comments and social interaction.

"When that special moment comes, you don't know if it'll take 15, 16, 60 seconds or 10 minutes," said Michael Siebel, founder and CEO of Socialcam. While competition between the two apps is fierce, the two could co-exist, he added.

"Other products have shown that you don't necessarily need one to dominate. Facebook and Twitter co-exist," he said. "I'm willing to admit there could be four, five products like that."

As mobile video-sharing apps have soared in popularity, the discussion in Silicon Valley has turned inevitably to whether it would make sense for one of the large players — Facebook, Google or Twitter — to snap one up.

It could make sense for Google to acquire one of the companies to integrate the mobile product more closely with YouTube, if it chooses not to build such an app of its own, said Rebecca Lieb, a mobile analyst at the Altimeter Group.

"I could also see Facebook, because it would create more media and more traffic for Facebook as people post more video," she said.

Lazae has no plans to abandon YouTube altogether. Instead, she spends hours every day maintaining her handful of social media accounts. But as YouTube matures as a repository for established artists and record labels, viewers may turn to sites like Socialcam for raw and viral content, she said.

"YouTube is still the monster" that dominates video-sharing, Lazae said. "But people are constantly wanting to get stuff no matter where they are. If Socialcam keeps going in the direction where it's easy and accessible on the go, it's definitely a possibility that it'll eat into YouTube."

(Editing by Edwin Chan [1] and Bernard Orr [2])

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