

Coming soon: Movies on flash memory cards

By [Michael Kanellos](#)

Staff Writer, CNET News.com Published: March 3, 2008 4:00 AM PST



GALWAY, Ireland—Porto Media is probably the only start-up in the world inspired by the movie *Carlito's Way*.

Company founder Chris Armstrong explains: Four years ago, he set out to his local DVD store to rent a movie. First, he stopped at the ATM to get cash. The store didn't have *Twelve Angry Men*, the movie Armstrong wanted. He settled for *Carlito's Way* instead. He then waited in line, paid for his rental, and returned to his car.

Then he remembered another movie, *Gone in Sixty Seconds*, the title of which got him wondering why the process of renting movies, from start to finish, can take so long.

While other companies see the Internet as the answer to that question, Armstrong has another idea. [PortoMedia](#) is setting up kiosks that will let consumers download movies to a flash memory key or portable hard drive.

The kiosks will be packed with hard drives that can hold 350 to 5,000 titles. Users then plug in a memory device from the company, enter a PIN code, and buy or rent a movie. When consumers get home, they simply slide the memory device into a dock connected to a TV.

The key to the service is a proprietary USB interface that transfers data at a faster average rate than standard USB devices. A standard-definition movie can be loaded onto a memory device in 8 to 60 seconds, depending on the length and chip speed. High-definition movies, which won't be available initially on the service, can be downloaded in 18 to 45 seconds. The USB interface works just fine with the USB slots on PCs and notebooks.



Credit: Michael Kanellos/CNET News.com
Porto Media's small flash key sits in the company's discount dock. This hardware will sell for around \$50 in the U.S.

The company did a trial run in Dublin at the end of 2007, with plans to go live in four U.S. cities toward the beginning of the second quarter, though Armstrong declined to name the cities. Two retailers have signed on to put the company's MoviePoint kiosks in their stores.

More importantly, major studios have agreed to let the company rent standard-definition movies out of the kiosks, he said. Getting permission to build a library of high-quality content has been the bane of several would-be Blockbuster killers. Armstrong wouldn't divulge the name of the studios, but said they were major and well-known.

"We will have them (movies) the same day and date as DVD," he said. The pricing will be about the same.

Advantages over current models

If the company can pull it off--and that remains a big if--PortoMedia potentially can short-circuit some of the problems and shortcomings of the various methods for delivering movies. First up is cost. Delivering movies via hard drives and flash memory eliminates many of the packaging and shipping expenses associated with DVDs. Shelf space at retailers now dedicated to discs is also freed up for other products.

In addition, selection is improved. Most video outlets don't have 5,000 titles, he noted. Kiosks further let more companies into the video rental market. The kiosk version holding 350 titles will sell for around \$2,000; it could be placed near the counter at convenience stores. Retailers will also be allowed to put their own brands on the box, so it could be hawked, for example, as "7-Eleven Movie Point."

The time for viewing the rental won't kick in, he further added, until the movie is actually started, which lets the company copy the Netflix "no late fees" model but without monthly subscription fees.

Even more important, the system erodes the desirability of downloading movies. While great in theory, movie downloads have yet to become a big hit. Consumers have complained about long download times with some services, while others only let you watch a movie on a PC. PortoMedia rentals can be for one, or multiple viewings, depending on the fee and service selected. Because the company can control access to the box and makes the devices for downloading movies, viruses become less of a worry.

A physicist by training, Armstrong claims the Internet can't handle movie downloads anyway. He did the math on last year's release of *Shrek 3*. In the first three days, 11 million copies got sold. That's 66 petabytes of data.

Movies from PortoMedia can be watched on TVs or PCs. To prove his point, he transferred *Spiderman* from a portable hard drive to an iPod Touch. It took six seconds.

"And I didn't need permission from Apple to do that," he said.

But what about piracy? "It will never be perfect, but we are going to make it as hard as we can," he said. Movies rented from the service will comply with Microsoft DRM standards.

If anything, the company has lined up legitimate technology partners. IBM helped it develop the transaction system. The drives come from Seagate Technologies (which has said for about a year that we will see video rental kiosks with hard drives), while Samsung provides the flash memory. Toshiba is fabricating the chips that make up the high-speed interface. Investors include former film execs like Jay Emmett and Lindsay Gardner.

Porto Media's interface emphasizes sustained, rather than peak downloads. USB 2.0 can provide peak bandwidth at 480 megabits per second. "But I've never seen anyone achieve that and I'm in the industry," Armstrong said. Average speeds are far lower.

The company claims it can hit a sustained bandwidth of 95 megabits per second or higher. Some venture capitalists advised him to turn the company into an interface chipmaker that would license technology to other semiconductor manufacturers, but Armstrong decided to stick with movies.

The hardware will be sold in bundles with movies. The starter pack, which will sell for around \$60, comes with a flash key, a dock, and six movies. At the high end, users can spend around \$160 and get a handheld with a 1.8-inch hybrid hard drive with 240GB of storage, a fancier dock, and 12 movies.