

Video boom powering Dilithium

Petaluma company has raised \$10.9 million in latest round of venture funding

By [STEVE HART](#)
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Dilithium Networks' technology allows users to watch live TV on their iPhones. The Petaluma company recently raised \$10.9 million in venture funding.

A surge in mobile video traffic is driving growth at Petaluma's Dilithium Networks, which raised \$10.9 million in a recent round of venture funding.

Video sharing, social networking and smartphone use have "increased exponentially" over the past year, said Dilithium CEO Paul Zuber.

"This is only a precursor of what's to come in 2010," he said.

By 2013, nearly two-thirds of the world's mobile traffic will be video, according to a February study by Cisco Systems.

Dilithium provides hardware, software and services that help carriers deliver video over their wireless and broadband networks. The 8-year-old Petaluma company does most of its business outside the United States, where carriers are rolling out advanced wireless services.

So far this year, Dilithium has sold technology to leading telecommunications carriers in Kuwait, Saudi Arabia, Egypt, Indonesia and India.

Dilithium now has 120 customers in 60 countries serving more than 1.5 billion subscribers, the company said.

Over 700 million consumers currently have "3G" wireless service, which allows video and other advanced applications, Zuber said in a blog this month. The iPhone and other smartphones "are dramatically increasing mobile video usage," he said.

In July, the company released the Dilithium Content Adapter, which can bring live video to any 2.5G/3G mobile phone, including iPhone, iPhone 3.0, Blackberry and Android devices.

Dilithium also is getting attention from investors, raising \$10.9 million of an \$18.1 million offering in October, according to a filing with the U.S. Securities and Exchange Commission.

Dilithium officials didn't return calls seeking comment.

Dilithium's latest investors weren't identified, but its past backers include Accede Capital, CM Capital, Franklin Templeton Investments, Galleon Group, Jafco Investment, Infocomm Investments, Motorola and U.S. Venture Partners.

Since 2001, the company has raised about \$40 million in venture capital.

Dilithium has about 75 employees at its headquarters in Petaluma and 70 at a design center in India.

The company has other locations in Singapore and the United Kingdom.

You can reach Staff Writer Steve Hart at 521-5205 or steve.hart@pressdemocrat.com.

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