

Hate To Back Up PCs? This Service May Help

Automatically Does Job

Subscription service for computer backup might be a first for consumers

BY PETE BARLAS INVESTOR'S BUSINESS DAILY

Last year David Friend was mulling the idea of starting a company to help protect consumers' software files from computer breakdowns.

Then a family crisis showed he was on the right track.

"My daughter lost \$300 worth of songs from iTunes when her computer crashed and was quite surprised when she couldn't get them back from Apple," he said.

Friend's new company, called Carbonite, could keep that kind of thing from happening again. It plans to launch a subscription service next month that automatically backs up all of a user's computer files. Subscribers can retrieve any lost file through the Internet.

The service is designed for consumers and small businesses that use computers regularly but have no way to preserve valuable files.

"People are so computer-dependent, but 98% of them don't have any kind of backup systems," said Friend, Carbonite's chief executive.

Carbonite's PC Backup service will store copies of a subscriber's software files — including text, photos, audio and video files — on its computer servers. The service will cost \$5 a month or \$50 a year.

Subscribers need only download the PC Backup software to get started. Any lost files can then be replaced immediately, Friend says.

For Non-Techies

"It's cheap, solves the problem and doesn't require any technical expertise," he said.

Friend is no stranger to entrepreneurship. Carbonite is his sixth tech startup in the last 30 years.

It's the fifth Friend has co-founded with Jeff Flowers, Carbonite's chief technology officer.

Their other startups include Sonexis, which makes Internet calling and conferencing equipment, and FaxNet, a seller of fax-to-e-mail and e-mail-to-fax services. Critical Path CPTH, a messaging software company, bought FaxNet for \$240 million in 1998.

In February, Carbonite raised \$2.6 million from 3i Group, a venture fund, and private investors.

Carbonite's product isn't the first online backup service, but may be the first aimed at consumers.

Iron Mountain ^{IRM}, an information management company, sells PC backup services to companies. It got into the market by purchasing two smaller companies — LiveVault for \$50 million in December, and Connected for \$117 million in October 2004.

LiveVault charges \$1,400 a year for its small-business product. That's not a consumer-friendly price, says Mike Karp, an analyst for Enterprise Management Associates, a research firm.

"That's clearly too much for (a consumer)," he said. "The technology is viable, but it's never been effectively extended down to the consumer level before."

Doable, But . . .

People have other ways to back up data, of course. They can store software files on CDs, DVDs or a spare hard drive. But few people take the time to do that, Friend says.

"Everybody should be backing up their computers, but nobody is," he said. "It's too complicated for most mortals."

Microsoft's MSFT Windows software also has a feature that helps consumers back up their files. But it's still time-consuming, Karp says.

"Do you really want to spend two hours on a Saturday night doing this sort of thing?" he said.

PC Backup will be Carbonite's second service. The company's first product provides online backup for digital photos. That service sells for \$2.50 a month or \$30 a year. Karp says it has about 1,000 customers.

PC Backup targets a much bigger market. Worldwide shipments of desktop computers, laptops and related gear topped 208.9 million units in 2005, up 16.4% from 2004, says the research firm IDC. That means there are plenty of computers out there that need backing up.

Carbonite could cash in if it can deliver a good service, Karp says.

"How many people fit into the category of potential users?" he said. "The answer is, almost everyone with a computer."

That includes Friend's daughter, Zoe. "She already has a free subscription," Friend said.

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