Trashing the Tube

Is Internet TV finally here? Flip open your laptop and find out. The Lassie Channel is only the beginning.

By Steven Levy

Disruption isn’t what it used to be. Niklas Zennstrom and Janus Friis are known for marching into an industry and turning its business model into chopped meat. They made deadbeats of the music business with tune-sharing Kazaa and rendered telcos speechless with call-for-free Skype. Then a funny thing happened. After selling Skype to eBay for $2.6 billion, the pair paid more than $100 million to the record labels for Kazaa reparations. “That litigation meant we have a huge amount of understanding for [a big industry’s] issues,” says Friis, a 30-year-old Dane. This set the stage for a different approach in their next venture—a kinder, gentler sort of disruption.

The current target: Television. Their new project is Joost (pronounced like “juiced”), and the point is “to change the way people consume TV,” says Swedish native Zennstrom, 41. This time around, it’s more lovestruck than war. Joost wants to be as safe as milk for studios, an ace sales tool for advertisers and a permanent addiction for anyone with a broadband connection.

Let YouTube fight off Viacom in a copyright lawsuit; Joost has signed Viacom as a content partner.

Load the free service, which went public last week, and your screen fills with video, essentially making your computer into a TV. It’s not DVD quality, but it’s watchable. The reason it looks better than similar ventures is that, like Kazaa and Skype, it makes the most of peer-to-peer technology, a fast and economical way to distribute bits. Everything on Joost is on-demand: no worrying about schedules. Since it’s on the Internet, Joost has interactive features like chatting with friends while watching.

But the key to Joost’s future is programming, and that’s where the founders’ newfound respectability is making a difference. The 100-plus channels that Joost carries include the mundane (MTV’s “Laguna Beach”), the retro (The Lassie Channel), the brutal (Fight Network) and the cutting edge (Indie Flix). And better stuff is coming. New deals include the Turner Network (Adult Swim cartoons, CNN stalwarts like “Larry King Live”) and Sony Pictures Television (library gems like “Charlie’s Angels”). Newsweek has also learned that Warner Brothers Television is the next big-foot shoe to fill; WB president Bruce Rosenblum says he’s starting a Joost science-fiction channel (with choices from “Babylon 5” to “My Favorite Martian”) and a “Before They Were Megastars” channel (example: “Growing Pains” with a then unknown Brad Pitt).

CBS is onboard—by summer, expect to see “CSI” on Joost, along with lots of other Tiffany offerings. “Niklas and Janus are proven maestros in online distribution,” says CBS’s Quincy Smith, who, like other content execs, appreciates its security. It’s reasonable to expect the other networks—which are already streaming their shows on their own sites and selling them on iTunes—to follow. Joost expects everyone to follow. “My job will be done when I have acquired the rights for every channel, every avant-garde French film, every soccer match ... every piece of professional content the world has to offer,” says Joost’s head of content Yvette Alberdingk Thijm.

Like old-style TV, all this will be paid for by ads—with only three commercial minutes per hour. “We can charge more because we’ll target ads to users, and marry ads with interactive elements,” says Joost’s ad czar David Clark. Joost claims that 32 blue-chip advertisers, including HP, Coca-Cola and Nike, have already signed on.

In their ruffle-no-feathers mode, the founders are reluctant to talk about the day when there’s enough programming on services like Joost for people to stop paying the monthly cable bill. “You have to take it step by step,” says Zennstrom, who notes that Skype has yet to end traditional long-distance service.

Joost, of course, is only one of dozens of companies striving to make Internet TV so prevalent that one day you will just refer to it as TV. Since its content deals aren’t exclusive, there’s no assurance that the Skypers (who still have day jobs at eBay) will prevail. “We tend not to look at how we position ourselves against those competitors,” says Zennstrom. “We focus on executing our vision, seeing what our users want and getting as much content as possible.”

Even if Joost does upend the video world, don’t expect its founders to retire and channel-surf the infinite spectrum. “I don’t watch TV myself,” says Friis. More likely they’ll be figuring out the next big business to disrupt—gently or not.

The point is to change the way people consume TV, says Joost co-founder Zennstrom.

With Emily Flynn Venca in London