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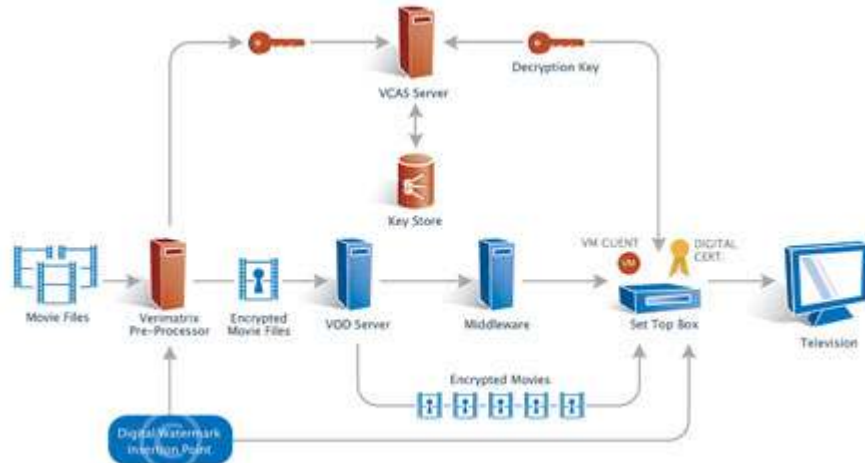
Verimatrix software aims to lock out digital pirates

By JERAN WITTENSTEIN, The Daily Transcript

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In a perfect world, all homes and valuable property would be built in a manner rendering them impervious to burglars. For digital video providers, who face an increasingly hostile assault from would-be pirates, San Diego-based **Verimatrix** can provide such a solution.

The company makes a software that prevents certain digital property from being stolen.



[ENLARGE: See a larger version of the chart.](#)

It is estimated that fifty percent of satellite service, one third of cable service and one third of Internet bit traffic video content is stolen, according to Verimatrix. In other words, companies peddling digital content need help.

Founded in 1999 by President Ross Cooper and Chief Technology Officer Bob Kulakowski, the company developed the Verimatrix Content Authority System, or VCAS, to help these companies combat piracy. The company employs 40, according to Kelly Foster, spokeswoman for Verimatrix.

VCAS increases security by encrypting video content prior to being stored on a video-on-demand server or normal broadcast channels are encrypted in real time, preventing piracy.

The company has recently developed an invisible watermarking technology which is able to trace pirated material back to its source, even if the material came from a video recording of digital content, according to David Gilby, director of strategic marketing for Verimatrix. Gilby said the technology hasn't been deployed yet but will be in the near future.

"It isn't mandated for all content but we think that it will be for all HD material," because of the quality of the content, said Gilby.

Most of Verimatrix's customers are telecommunications companies, such as **NTT** in Japan and **Consolidated Communications** in the U.S.

"Of service providers (deploying) this type of software encryption we have deployed the most tier 1 (over 1 million DSL subscribers) telecommunication customers than any other vendor out there," said Gilby.

According to Foster, Verimatrix faces competition from two Seattle-based companies: **Microsoft** (NYSE: MSFT) and **Widevine**.