

Phenix rising to ‘ludicrous’ task

A tech startup is turning skeptics into believers with its ability to deliver sub-half-second latency

By Eric Prisbell

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Powering streaming horse racing in the U.K. offered a breakthrough.

Photo: GETTY IMAGES

“No one has been able to do that. What makes you think you’ll be able to?”

“Borderline ludicrous.”

“Bullshit.”

Such was a sample of the responses when potential investors, hires or clients were first told about Phenix Real Time Solutions, a Chicago-based tech startup. The cloud-based streaming platform offers a three-pronged feature that makes it, in the words of CMO Jed Corenthal, “the holy grail” for the industry.

Those features — sub-half-second latency at broadcast scale and with synchronization — could have far-reaching impact on watching and betting on sports. Latency is the amount of time between when a moment is captured and displayed, and it typically varies between several seconds to a few minutes depending on the technology and device. For years broadcasters have been trying to reduce it to as close to zero as possible, which has become increasingly important as microwagering grows more ubiquitous.

“Everyone can claim zero latency, but it’s whether they can do it in volume and with large reach,” said former longtime Turner Sports executive David Levy, now a Phenix investor and board member. “Phenix found — let’s call it — the secret sauce.”



Longtime Turner executive David Levy, once doubtful, is now on the board.

Photo: GETTY IMAGES

Initially, Levy was skeptical — he referred to it as b.s. — and he was hardly alone. For years, Keith Bank, CEO of venture capital firm KB Partners, found it nearly impossible to get potential investors, hires or clients to believe Phenix could actually do what it claimed. And Roy Reichbach, the company’s CEO since fall 2019, says he is glad his first call with Bank wasn’t a Zoom meeting or else Bank would have seen Reichbach’s “eyes roll in the back of my head” because the idea was “borderline ludicrous.”

The engineering challenge of Phenix’s technology is so formidable that Reichbach likened it almost to trying to drop a pencil from the top of the Empire State Building and

landing it on a dime on the sidewalk on its eraser end.

So far, however, Phenix has done just that. To date, the company founded in 2013 by Stefan Birrer and Scott Paseltiner has more than 30 customers spanning the sporting event, betting and media industries, including Cox Automotive. It has also streamed several projects with Disney and ABC, including unique behind-the-scenes coverage of the Oscars in 2019.



Reichbach

Levy believes the demand for its platform is on the cusp of a major acceleration. Once microwagering becomes mainstream, the benefit for media rights holders, leagues and consumers extends far beyond the amount of money wagered. As Bank explained, it increases the likelihood that viewers continue to watch games even if the score is lopsided, so ultimately “you’re going to sell more merchandise, your commercial advertising will pay more, and that will allow the league to sell the media rights for more because more people are watching. So there is an economic incentive [to real-time latency] beyond getting rid of spoiler alerts. There are real commercial dollars involved — significant dollars.”



Corenthal

Reichbach added: “Everyone in the value chain has the opportunity to make a lot more money.”

That potential has enabled Phenix to attract an impressive stable of talent, including Reichbach, the former CEO of NeuLion, and Levy, who spent 33 years at Turner. In addition, Darren Feher, the former chief technology officer at NBCUniversal, joined Phenix’s seven-member board last spring.

KB Partners has invested \$15 million since its original investment in 2017, and to date, Phenix has raised approximately \$24 million and will soon close on a significant Series B round. Phenix also developed SyncWatch, a patented technology where all viewers are synchronized within 100

milliseconds or three frames of video, which is imperceptible to the human eye.

After years of incremental growth, Phenix executives and investors say the level of excitement they have felt internally is now being met by those outside the company. Reichbach said Phenix is engaged in conversations with several of the world's largest media companies and has conducted initial testing already with two; by the end of February, they expect to have paid proof of concepts with those companies, though he declined to name them.

When asked about what this year portends, Levy said he would be disappointed if "we didn't double everything that we've done in 2020 — maybe even triple." Reichbach added that 2021 is going to be "massive. I keep telling our team — be prepared: the next 12 months are really going to be 18 months. We have at least 50% more work to do than we would expect in any given year so let's get it done."

PHENIX REAL TIME SOLUTIONS

Headquarters: Chicago

Employees: 30

Founded: 2013

CEO: Roy Reichbach

Co-founder and chief software

architect: Stefan Birrer

Chief product officer: Bill Wishon

COO: Kyle Bank

CMO: Jed Corenthal

Phenix's breakthrough occurred when it launched its platform to power the streaming of horse racing in the United Kingdom in 2020, showing it could make an impact in the sports world. Racecourse Media Group utilized the service to dramatically increase the betting access windows and enable betting to occur on every in-race turn and bets to be taken up until post. Phenix is also used by gambling operators such as Betfair, Ladbrokes and SkyBet.

"Because betting is becoming more mainstream, it is going to force zero latency," Levy said. "It is going to put the priority up higher than it was. There was no pressure for a head of a sports department five years ago to worry about a 25-second delay. There was no pressure. We weren't getting complaints. Now the complaint department is going to be crazy because now it is going to be needed."

Beyond sports, Phenix powered the first two concerts of Erykah Badu's "Quarantine Concert Series," which launched in March and was seen by more than 200,000 fans. Another achievement was a partnership Phenix signed in March with Verizon Media.

Perhaps the biggest change, after several recent use cases, is that no one tells Phenix executives anymore that they don't believe it is possible for the platform to do what it says it can do.

"Once you're in under the hood of the vehicle, and you see what the engine can do, you buy into the fact that you can win Le Mans," Reichbach said. "We are now letting people see that we are going to win Le Mans."