

online video delivery and storage pricing guide

*Though price isn't the only issue,
the bottom line is still the bottom line.*

*Here's what you should pay
for delivery and storage.*

by **Dan Rayburn**



Pricing. It remains one of the topics our readers ask us about the most, due largely to the fact that service providers change their pricing from deal to deal and rarely stick to their own rate card. This can leave the customer very confused when shopping for the best combination of price and service from multiple providers, since it can be difficult to make an apples-to-apples comparison. Since some organizations need to deliver lots of video, while others—like nonprofits and small businesses—may need to deliver only a few videos, this article will cover real pricing numbers from both large, globally focused content delivery networks as well as smaller regional service providers.

To start with, what's the difference between a content delivery network and a service provider? That answer all depends on whom you ask. It seems everyone has a difference of opinion on what makes a content delivery network (CDN). Typically, most people use the term CDN when referring to the large delivery networks that focus on delivering massive amounts of

data from many locations all over the globe. These CDNs usually go after large media, enterprise, and government organizations and focus on high-capacity, high-volume needs. The term "service provider" is usually used when describing those delivery networks that offer services based on a small geographic region. That said, the term CDN is just a marketing term. There is no rule that says in order for a company to call themselves a CDN they have to have x amount of capacity or x number of locations. So the term is generic as it's used today.

So how does one compare one provider to another in an equal setting? I always use the example of how one shops for a car. Compare the features and functionality and don't shop on price alone. Shopping for a content delivery network or service provider is done in the same way. If you are a small business, small nonprofit, or just require a small amount of storage and delivery, it would not make sense for you to deal with a CDN that focuses on global delivery with a monthly minimum commitment of \$2,500—just as you would not look

at a two-seater Porsche if you needed seating for four with a large trunk.

Many factors affect the price you pay for the delivery of audio and video content via streaming and downloads. With this in mind, let's look at the two biggest factors that affect the price that are relevant to all delivery providers—bandwidth commit and storage—and what you can do to help get the best price.

Commitment Issues

For the majority of vendors, your commit—the volume of GBs of bandwidth or transfer you pay for each month, whether you use it or not—is the single biggest factor they use to determine pricing. The more you are willing to commit to each month at the start of the contract, the more the vendor will be willing to discount the pricing per GB. If you have already been delivering content online, chances are you already know the volume you do on a monthly basis and the growth patterns you are seeing. If you know these numbers, you have to decide what your growth will be and if you want to commit to

a higher delivery volume up front and get a better price. The upside is you get a better deal; the downside is that you may pay for something you don't end up using, something no customer likes.

If you are new to delivering content online and have no traffic data, it's a bit of a guessing game. Service providers typically won't cut you any discount up front, since they have no idea if you'll be a "\$500 a month" customer or a "\$5,000 a month" customer who should get discounted pricing. To a new customer, I suggest not committing to anything. Sign a three-month deal, test the waters, see what type of traffic you do, and then decide if you should sign a long-term deal that gives you a break on pricing. This also offers an opportunity to test the service provider and rate their customer service and products, such as the reporting data they provide.

Regional service providers tend to be a lot more flexible than the large CDNs in terms of your monthly commit and, in many cases, require no commit at all. It's easier for them to do this since they know that chances are you are not going to be doing a large amount of delivery to start with.

When pushed, most providers will allow you to commit to bandwidth on a quarterly rather than monthly basis. This will help level your quarterly commit rate if you have one low month and one high month in the same quarter. If you are doing more than 10TB a month, the service provider will probably be willing to do a quarterly commit contract and, if they want your business badly enough, you can get this type of arrangement for even smaller deals. Again, for smaller delivery needs, it's easier to negotiate with smaller service providers as they tend to be more flexible and many times have delivery packages you can buy for a flat fee per month that include a certain level of storage and delivery.

Your monthly bandwidth and storage volume are not the only factors vendors use to determine pricing. The length of the contract, geographic location of the content delivery, and, of course, anything unique to your business are other factors taken into account. As always, my advice when dealing with vendors is to shop around, get references, ask about customer service, and—most important—don't buy on price alone. The delivery space is so consolidated these days that you can very easily get four or five

quotes from vendors all in the same day.

It is also important that you make sure the vendor educates you and answers any questions you have with answers you can understand. If you don't understand any aspect of content delivery, such as calculating bandwidth and storage volumes or how to link to the video files you have, and the vendor does not seem like they have the time to educate you, or chooses not to, then it's time to move on, no matter how good their pricing may be.

How Much Should You Pay?

So let's jump to what you really want to know. What should you be paying for online video delivery and storage? While pricing varies based on commit and other requirements, the average going rates for a 12-month commit of delivery with CDNs are as follows. For 10TB a month the price is between \$0.80–\$0.95 per GB. For 25TB a month, typically it is in the \$0.70 per GB range. At 50TB per month, you should expect to pay roughly \$0.55 per GB. At 100TB pr month, prices really do vary widely, but the average is about \$0.29 per GB, though it can be as low as \$0.19 per GB. Again, this is for very simple and straightforward content delivery services, not for anything that has custom requirements.

That said, the pricing for regional service providers can be much different. Keep in mind that quantity does not always equal quality, and price does not equal service. Choosing the right vendor is all about what your specific needs are and what geographic regions you need to reach with your content. So don't be worried about not going with a global CDN and using a regional service provider who delivers content only in North America, if that is what your delivery requirements are. While everyone seems to know by name the large CDN players in the industry, many times new customers looking for smaller providers don't know where to start. So here's some help: Some of the regional North American service providers who focus on delivery for small and medium businesses are AudioVideoWeb.com, StreamingMediaHosting.com, UpStreamNetworks.com, and VitalStream


companies mentioned in this article

AudioVideoWeb.com LLC AudioVideoWeb.com
Streaming Media Hosting Inc. streamingmediahosting.com

Play Stream Inc. www.playstream.com
UpStream Networks www.upstreamnetworks.com

Small Business Services (formerly PlayStream.com), to name a few. Typically their pricing starts at about \$99 a month and includes some storage and delivery for that price. These providers tend to have bronze, silver, and gold delivery packages that can also be customized based on your needs. Pricing from many of the service providers can be much cheaper than you would pay to a CDN, which is great if your needs fit into their service offerings and they are more flexible when it comes to contract terms and commits.

Besides your bandwidth commit, your storage commit is the other factor delivery vendors use to determine your price. Over the past 12 months, the cost for storage has dropped so dramatically that the average price paid for storage for a 500GB monthly commit is about \$2 per GB. At levels of 1TB and above, pricing is less than \$1 per GB. Storage hardware has become so cheap and efficient to deploy that service providers tend to have an overabundance, and for the most part, storage is an absolute commodity. If you're only using 25GB per month or some other small volume, expect to pay \$10–\$20 per GB. If you use more than 500GB and are paying anything above \$4, you're being ripped off. If the service provider uses RAID storage and is replicating it in more than one location, then it's the same service offered by all the providers, unless your storage requirements are completely customized.

Service providers are getting a lot better at truly helping to educate customers but still need to remember that not everyone knows how this works, how they price their services, or what customers need to know to help their online video consumption grow. But with a little education, the process of buying delivery and storage for online video can be completely straightforward, and it's not as difficult or complicated as some want to make it out to be. Still have questions about what you should pay? Contact us for assistance. No charge. 

bio

Dan Rayburn (mailto:danrayburn.com) is executive vice president of Streaming Media. Comments? Email us at letters@streamingmedia.com, or check the masthead for other ways to contact us.