

This past Nov 22nd Youtube had its first [major live event](#). A concert featuring HDNet fave Joe Satriani , Katy Perry Will.I.Am and others. Of course everyone involved in the space is chattering about whether or not the show was a success.

According to [Mogulus](#), the live internet broadcast peaked at about 700k simultaneous users. That's huge for an internet audience. I think by any traditional Youtube measure , you have to call it a success, with some major gotchas.

First the reasons why it was a success:

700k would be a great audience for a small cable network. Especially for a 1 off show.

MORE IMPORTANT than the audience size was the amount of money that Youtube had to spend to generate that audience. My guess is that they only promoted it on their site and via traditional PR.

A traditional small cable network would have had to spend several million dollars in off network promotions (radio, tv , net, mag, newspaper) in order to generate that size audience and then they would crow about how it was one of its biggest audiences ever. If Youtube can prove that it can generate this size audience on a weekly or monthly basis, it has a huge hit machine on its hands.

In particular, the audience was probably right in the 18 to 34 sweet spot that advertisers covet. More good news. They will be able to sell a ton of ads in and around their shows.

That's on the positive side. What about the negative ?

While the cost to promote was extraordinarily low, the cost to deliver was incredibly high. The marginal cost to deliver one more viewer for even the smallest cable network is the same as the largest. Nothing. Youtube had to use the services of Akamai to deliver the event. Akamai by all accounts did a great job, but as the size of the audience grows, the total cost to deliver future Youtube live shows will increase. Cable networks do not have this problem.

Some estimates had the cost to Youtube at 25k or 10c Gb. 10c a gig works for ad hoc downloading, but when you have to have dedicated servers pushing out unicast streams, those costs go up. But even if it's only 50k per hour. Extend that out for an entire day, and you are talking \$1.2mm PER DAY to deliver an 800k continuous stream to only 700k average simultaneous users. Slice and dice the online delivery costs any way you like. It's still incredibly expensive.

That's not going to cut it for any internet content source, even one owned by Google, to be able to compete with even the smallest cable network.

The 2nd issue applies to the net as a whole. Akamai could devote its full resources to nicely deliver the show to 700k users. The real question is how many of these types of events could they deliver at once ? What if Myspace or MTV came to them and there were 3 or more of these at the same time ? How many simultaneous users across multiple large events could Akamai and its competitors handle ? I would be shocked if it could handle 3mm simultaneous 800k streams reliably.

There were reports of buffering and drop outs for the Youtube Live event. That's acceptable today. It won't be acceptable as a TV alternative. It will be less acceptable if these live events are offered as alternatives to traditional TV.

So there was good news and bad news. Anytime you attract and deliver 700k simultaneous users, it's a success. Whether or not a content provider, even Youtube could ever make a profit doing anything more than 1 off events has yet to be determined.