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The anticipation was palpable inside Verizon in the weeks leading up to the big launch.

The forthcoming video service, to be called go90, was a quarter-billion-dollar bet that Verizon could evolve from a staid telecommunications company into a hip, Netflix-like digital native — and everybody wanted a piece of the shiny new toy.



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The top brass from Verizon's old guard jockeyed a bit with the executives at Verizon's new AOL internet business for control of go90, but it eventually fell under Verizon veteran Brian Angiolet. And while some insiders were skeptical that a millennial-focused app trying to bridge the gap between YouTube and Netflix would be commercially viable, many on the team also saw the magnitude of the opportunity. "What attracted me was the potential reach, turning on the firehose" of Verizon, a former go90 staffer told Business Insider.

But in the first few months after go90's October 2015 debut, it became clear that the video service was not getting the expected traction, and the sentiment inside Verizon shifted from who could get the glory to who would get the blame. A year and a half after go90's launch and after a series of missteps, Verizon is still trying to figure out the right chemistry to snag a massive audience for go90. The video service, however, is still a big priority for Verizon, which sees it as the foundation for a variety of new video business models that will boost its top line.

But building an internet startup within the giant telecom company is no easy task, and Verizon's struggles are a case study in what can go wrong at the start. Go90's launch was hampered by a lack of focus at a company eager to spend cash but without a clear understanding of its audience, according to more than a dozen current and former members of the go90 team interviewed by Business Insider.

Verizon has taken steps in the last year to try to rectify the situation, including hiring executives with experience in online video, as well as overhauling the guts of go90's technology, the new version of which debuted Wednesday and is intended to fix some of the tech flaws that constrained the app. That tech reboot came at a price: the firing in January of **over 150 staffers**, most of whom were the remnants of Verizon's nearly **\$200 million acquisition** of OnCue in 2014. These OnCue staffers never saw their internet-TV product go to market, but they were the force behind the original go90 tech and product. Verizon is trying to close that chapter. This, as go90 General Manager Chip Canter puts it, is "go90 3.0," and it's probably the app's last real shot to make it.

global warming

A good touchpoint to understand why Verizon stumbled out of the gate with go90 is a team of about a dozen people hired shortly after launch in New York to watch videos and input metadata. When Verizon debuted go90, it had tens of thousands of videos ready for users to watch — except they weren't exactly ready.

Verizon ran into its first big go90 tech problem immediately. It was nearly impossible for people to sift through videos on the app since they weren't tagged with enough data to make them easy to find. If the video wasn't featured on the front page, it was lost in the swamp. The triage was to hire contractors, most in their early to mid-20s, to solve it mainly with brute force data entry. That project was supposed to last for only three months but stretched on for over a year before being completed in December.

Beyond the operation's length, its nature was haphazard and confusing, according to members of the team. Partway through the metadata project, all the team's contracts were supposed to end, but it was clear the job wasn't complete. Management asked part of the team to stay on but pretended everyone was getting the ax. "We all had to act like we were all leaving," one former contractor said. "They asked us not to say anything."

Another former contractor confirmed that the half-dozen people on the metadata team who were staying on were told to lie and act as if the whole team was being let go. Between having to lie to coworkers and being unsure how long the project would last, these contractors said it was an often baffling and disjointed experience, and it reflected an organization that was not prepared for the task at hand.

Money was never the worry for the go90 team as it scrambled to create an advertising-supported video app designed to appeal broadly to "millennials." The idea was to serve up a mix of original shows and content licensed from other web and TV outlets. With a big checkbook and little oversight, Verizon spent more than \$200 million on programming for the service, according to a former employee with knowledge of the matter.

Multimillion-dollar content deals were made quickly, sometimes for big packages of shows that would run for years, another source explained. Verizon "overpaid a lot," this person said. According to one former go90 staffer, the large, rushed deals were a product of Verizon's corporate culture. There was a sense that if the budget were not used, that money could be lost. "They went in guns blazing and spent all the money," a former employee said.

The thesis was that if Verizon shelled out money for quality shows, it would attract people to the platform. But the problem was that Verizon didn't have a thorough understanding of the marketplace at the start, a former staffer said. Many go90 employees also felt there was a lack of focus on the target audience, which a former staffer said was once represented by a blue balloon and a pink balloon during a meeting. And the studios initially producing shows for go90 varied in how they viewed the platform. Some cared about viewership and the long-term prospects of the app, while others saw it as an opportunity to churn out one-off shows and grab the cash.

The initial content push was not immediately successful in attracting a lot of viewers, but it produced a few hits, former employees said. The originals "Guidance" and "t@gged," a pair of high-school thrillers by the Verizon investment AwesomenessTV that appealed mainly to teen girls, were touted as examples of what worked. Live sports, especially soccer, also proved popular. But still, the general consensus on the team about the platform was, "Why would anyone come here?"

As the months wore on, however, go90's management seemed to get a better handle on how to approach the market, insiders said. This was fueled by key hires of execs like Canter, Ivana Kirkbride, who was to run content acquisition in Los Angeles, and Steve Woolf. They had deep experience with online video at NBCUniversal, YouTube, and AwesomenessTV, respectively.

Canter agreed that, to some extent, the original go90 mandate was too broad. Based on what has worked, go90 is now doing more specific targeting in areas that have shown promise: live sports and original shows around sports; sci-fi and gaming; music; and dramas primarily focused on young women. It took some experimentation to understand that. For example, "some of the current-season TV that we thought would do really well" ended up flopping, Canter said.

Go90 is also doing fewer "output deals," which are for an entire slate of shows, looking instead at individual shows or franchises, according to Canter. This more granular view works in tandem with go90 executives' desire to program the service more like an entertainment company, with one show leading to another. Verizon also changed its thinking to not be so maniacally focused on the smartphone. "I don't think the position we will take over time is mobile-only," Canter said.

Young people are watching a ton of video on their phones, but the freedom to watch on any screen is valuable as well. It's helpful for go90 that Verizon is eyeing a 5G future, where watching TV on wireless data could be more common. But apart from the content, one aspect that has plagued go90 since launch is "discovery," or how people navigate the app to find shows. "The search functionality was very poor early on," one former employee said. "A lot wasn't searchable," another agreed. Go90 had tens of thousands of videos, but people were ignoring 90% of them, partially because of the tech.

Now Verizon hopes it will knock out a bunch of its go90 tech woes in one swoop with a new weapon: Vessel. In 2014, Verizon bought OnCue from Intel for about \$200 million, but it never launched OnCue's internet-TV service. That team in San Jose, California, served as the backbone for go90. But it was cut loose by Verizon when the company laid off 155 people in January. The reason: Verizon is betting that the tech team of another ill-fated video service, Vessel, will provide the needed spark for go90. It's a pivot for the "small, amazing" Vessel team, Canter said.

Vessel, which was founded by former Hulu CEO Jason Kilar and launched in early 2015, was widely praised for its recommendation and discovery engine. The problem was that it simply failed to find a big enough audience for its \$2.99-a-month subscription model built around YouTube stars. In October, [Verizon bought Vessel](#) — which had raised [over \\$130 million](#) from venture capitalists — for an undisclosed amount. Verizon then shut Vessel down.

In the few months since then, the Vessel team has "rebuilt the entire [go90] service," Canter said, and the tech side is now run out of San Francisco instead of San Jose. On Wednesday, go90 debuted the new tech, which Canter said would not only serve go90, but help fuel an entire suite of video apps Verizon is planning to launch in the future. And while go90 looks different on the surface, many of the changes are features on the back end. It's a "platform we can build upon," Canter said.

With "3.0," go90 is at a crucial point in its existence. It has to distinguish itself — soon — as something that has long-term viability, as opposed to something Verizon tried for a few years that didn't work out. One former go90 staffer described the cynicism of some veteran Verizon content people on the go90 team who felt they had been burned before. They thought that after its initial stumbles, go90 would "slog around for two to three years and then die" when the money ran out, this person said.

"If you try to do everything, you don't really do anything," one former go90 team member said. There's no point in spending hundreds of millions of dollars if people can't watch it or don't develop a love for your brand. Now Verizon is hoping to shift that vibe back to optimism, clarifying which audience niches it's serving and providing a way for those audiences to easily find shows they'll like. The tech and the content are finally coming together with specificity and personalization, Canter said. At least, that's the hope.

Go90 had over 2.1 million monthly active users in the US, on iPhone and Android, in February, and it increased in size by a factor of 2.2 year-over-year, according to the app-analytics firm App Annie. (Verizon does not disclose user numbers.) But it will have to get a lot more than that to be considered a success. This "3.0" reboot could be go90's last chance to get that right. — *Business Insider*

Apple will be a hardware partner for the Xfinity Mobile phone service that Comcast expects to launch midyear. Uncovered by FierceWireless.com, a list of carrier bundles compatible with the iPhone's next generation iOS includes "Verizon_Comcast_LTE US" and mentions the service "Xfinity Mobile." And in-house product testers already have a Xfinity Mobile support number to call, found the industry tracker.

In January, Comcast CEO Brian Roberts told analysts "our offering will give customers access to a world-class wireless network benefiting from our Wi-Fi, with the best mobile devices and a simple transparent experience, all for a great value."

Comcast's 16 million Wi-Fi hot spots (public and hiding inside Xfinity internet customers' modems) will handle much of the service's traffic, with Verizon supplying the signal in Wi-Fi dead zones. That's akin to Google's Project Fi service, which mixes Wi-Fi where available with wireless from Sprint, T-Mobile, and US Cellular to attain very competitive pricing. Will Xfinity Mobile launch in tandem with the much anticipated, tenth anniversary iPhone 8? That would be auspicious. — *philly.com*



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