

Verizon Go90

Over-the-Top Mobile Video Services



EXECUTIVE SUMMARY

COMPANY OVERVIEW

- **Customer Name:** Verizon
- **Industry:** Telecommunications
- **Location:** United States of America

BUSINESS CHALLENGE/OPPORTUNITY

- Deliver an over-the-top (OTT) mobile video service freely available to everyone and funded by advertising.

NETWORK SOLUTION

- The Go90 services are provided by a mobile application available on Google Play and the App Store. There is no charge for access to the content; however, there is a fee for the data usage generated by consuming the content.

BUSINESS RESULTS

- As of January 2016, Verizon's Chief Financial Officer (CFO) Fran Shammo said Go90 apps have been downloaded 2 million times and that Go90 beat its launch.

Overview

Go90 is Verizon's ambitious attempt to reinvent television for the mobile-first generation. It is an over-the-top (OTT) mobile video service freely available to everyone and funded mainly by advertising.

Service Innovation

Go90 is part of Verizon's strategy to invest in new high-growth markets to maintain growth as its core connectivity business matures (see Figure 1). One of the most unique aspects of Go90 is that it is building a new mobile advertising platform. Go90 also helps Verizon address one of the key challenges of its core connectivity business—monetizing mobile video.

Verizon launched Go90 on Oct. 1, 2015, with the aim of providing mobile access to a host of quality content for Millennials and others of the mobile-first generation, with revenues coming primarily from mobile advertising. Go90 has its own distinct brand and is available to all mobile users, not just Verizon customers.

To access Go90 users download the free app from Google Play or the App Store, and register to use the service. Go90 does not charge for access to content, though mobile users typically have to pay their service providers for using the data by watching the Go90 content.

At the launch of Go90, Verizon attempted to differentiate the service by offering the most-watched content (whether on TV or the web) and by using its mobile expertise to enable users to view, follow, share, and comment on content from anywhere with their smartphones (see Figure 2).

Figure 1. Verizon Strategy

3-Tier Strategy

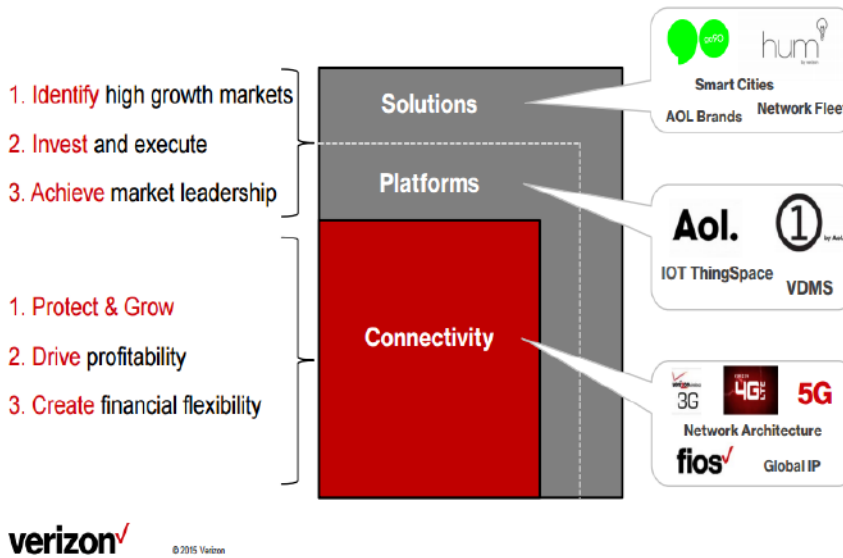


Figure 2. Verizon Differentiating Features

WATCH

Primetime shows, live music & sports, plus best of the web. At anytime. From anywhere.

FOLLOW

Follow your favorites. Like that show you can't stop quoting. Or that actor you want to stalk, but legally shouldn't.

CUT & SHARE

Send must-share moments with the tap of a finger. Because relationships need to be nurtured.

Opportunities

Mobile Internet advertising is a new and fast-growing segment where Verizon has made significant investments to strengthen its position. Ovum forecasts that U.S. mobile Internet advertising revenues will nearly double from US\$10 billion in 2014 to US\$19 billion by 2018.

In addition to targeting mobile Internet advertising revenues, Verizon is developing a mobile video platform and mobile Internet advertising systems, which it can potentially market to other content providers. This may be the larger opportunity for Verizon in the long term, particularly if it offers these technologies globally.

Verizon has several key assets it is using to support Go90, including existing agreements with major content providers through both its mobile and FiOS fixed businesses. Verizon is also mining usage and other data from its base of 112.1 million wireless customers to create mobile advertising systems for Go90.

Challenges

One of the key challenges for Go90 is to create a new and differentiated service given the number of OTT offers already available. The notable success and large user base of major global OTT players like Google's YouTube and Netflix represent a high bar for Verizon to reach.

The mobile advertising market has consolidated rapidly over the last 5 years and is now dominated by a small group of powerful players that between them generate the biggest share of revenues. Google and Facebook between them have acquired most of the mobile advertising market with a collective share of between 60 and 70 percent. This figure still leaves a significant share of the fast-growing mobile advertising market still available. Competition is fierce and Verizon will have to work very hard to win more of the segment that remains. To succeed, Verizon needs to execute as well as, if not better than, the market leaders.

“We believe there is a significant opportunity in using the programmatic platform with the data from the wireless customer base to connect consumers and advertisers in a very targeted and scaled way with relevant and engaging ad experiences, while protecting individual privacy. The Go90 application that we launched in 2015 is one element of this broader video strategy that will allow us to capture and aggregate audience, deliver mobile-first content, and generate incremental revenue via advertising.”

— Fran Shammo, Executive Vice President and Chief Financial Officer (CFO), Verizon

Strategic Partnerships

Verizon made a series of acquisitions to move in to the mobile content delivery and advertising segment and support the launch of Go90.

- Acquisition of AOL in May 2015 for US\$4.4 billion
- AOL in turn acquired mobile advertising group Millennial Media in October 2015 for US\$238 million
- Acquisition of content delivery networks provider EdgeCast Networks in December 2013 for US\$350 million
- Acquisition of video delivery provider UpLynk in November 2013

Verizon has also partnered with a host of content partners to provide content for Go90 including:

- Dreamworks, ATV
- Defy Media, Smosh
- IGN, Elite Daily
- National Football League (NFL), National Collegiate Athletic Association (NCAA), 120 Sports.
- Discovery, Comedy Central, Food Network

Monetization

Verizon plans to monetize Go90 primarily through mobile advertising revenues. Go90 also plans to charge subscription fees for some exclusive content, though the vast majority of content will be free.

Success Metrics

Verizon says it is too early to share metrics on Go90, which launched on October 1, 2015.

However, as of January 2016, the Go90 apps have been downloaded 2 million times.

In January 2016, Verizon also said that Go90 had exceeded its targets for 2015 and that it was raising its 2016 targets. Go90's main focus is to increase its number of viewers, and particularly repeat viewers, to attract advertisers. The company has bolstered its lineup of original series, live sports, concert streaming and primetime TV shows through new licensed content agreements with IMG, Viacom, ESPN, CBS Sports, Univision and Disney's Maker Studios.

“We’re at an amazing inflection point that is going to create a genuine revolution. When we moved in the 1950s from movie theaters to TV, it reinvented what entertainment means and how it’s delivered and how we received it. What we will see in the next handful of years is a revolution in the types of content we consume, and it’s all going to be made for mobile. Mobile is going to be the platform for the next decade or two.”

— Jeffery Katzenberg, Chief Executive Officer (CEO), Dreamworks

For More Information

For more information about Verizon, visit www.verizonwireless.com and go90, visit www.go90.com.



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