This Week's Stories

FCC Gives Initial Approval For Broadband Privacy Rules

March 31, 2016

In a 3-2 party-line vote, the FCC on Thursday gave initial approval for a set of proposed privacy regulations that would require broadband Internet service providers (ISPs) to gain consumer consent before collecting and sharing certain data.

The rules, proposed by FCC Chairman Tom Wheeler earlier this month, would separate consumer data into three categories requiring different kinds of consent (inherent, opt-out and opt-in) prior to collection or sharing, require ISPs to disclose their data gathering practices and beef up regulations surrounding ISP protection of consumer data and breach reporting requirements.

According to the FCC, the rules will apply only to broadband service providers, but not other services of a broadband provider, such as the operation of a social media website, or issues such as government surveillance, encryption or law enforcement. The rules also do not apply to apply to the privacy practices of web sites and other "edge services" under the jurisdiction of the Federal Trade Commission, the FCC said.

Wheeler said Thursday the proposed rules will "give all consumers the tools we need to make informed decisions about how our ISPs use and share our data, and confidence that ISPs are keeping their customers' data secure."

The preliminary passage of Wheeler's rules was celebrated by consumer advocacy group Consumer Action, which commended the FCC for "recognizing that consumers should not have to choose between going online and enjoying privacy protection."

In his dissent, however, Commissioner Ajit Pai said the rules "simply favor one set of corporate interests over another."

Since they won't apply to other tracking technologies from companies like Microsoft, Facebook, Apple and others, Pai argued the rules will have virtually no impact on consumer privacy. Instead, he said, the rules will simply give an advantage to those technology companies "who are already winning."

"There is no good reason to single out ISPs, new entrants in the online advertising space, for disparate treatment," Pai said. "Consumers could and should have an expectation of privacy. That expectation should be reflected in uniform regulation of all companies in the Internet ecosystem."

Commissioner Michael O'Rielly also dissented, warning the rules would likely "impede innovation" and prevent companies from developing new revenue streams.

O'Rielly's objections in particular reflected comments previously issued by Moody's Investors Service shortly after the proposal was issued. At the time, Moody's said the rules have the potential to "severely handicap" AT&T and Verizon's ability to compete with the likes of Facebook and Google.

AT&T's Senior Vice President of Federal Regulatory Bob Quinn on Thursday also blasted the rules, saying they would create an "un-level playing field that would limit or even prohibit broadband providers from utilizing any of the ad-supported models adopted by edge providers that have proven so popular with consumers." Quinn, too, warned the rules will "ultimately lead to higher broadband prices and less broadband deployment in the United States."

A public comment period on the rules will now be held, after which the commission will hold a final vote on whether or not to approve the proposed rules. During the public comment period, the FCC said it is seeking input on "additional or alternative paths to achieve pro-consumer, pro-privacy goals."

wirelessweek.com

Why Instagram's Big Change Is A Good Thing For Users

March 28, 2016

"Instagram's change is still in what spokesperson Gabe Madway characterized as a testing period."

Change is coming to Instagram.

Since inception, the massively popular photo-sharing app served up users' friends' images in chronological order. But Instagram will soon begin using an algorithm to predict which photos its users are mostly likely to like. Those pictures will then appear higher in their feeds. (The system doesn't have a release date but is being selectively tested.)

This may sounds like relatively a minor shift, but many diehard Instagram users are upset by the idea. Emotions, as they are wont to do online, range from annoyance to outrage.

Some prolific Instagrammers are going so far as to ask their followers to be notified every time they upload a new image.

Will the change actually hurt Instagram? Probably not. Facebook, the world's biggest social network (and Instagram's owner since 2012), has long used an algorithm to serve up content it thinks users will be more interested in. Changes to Facebook's newsfeed—what users see when they log in—used to elicit similarly strong objections but, lately, fewer seem to mind. And the change hasn't dinged Facebook's growth—a billion people check the site every day.

Not that Facebook's algorithmic feed hasn't yielded mixed results. On one hand, it gave the social network a sense of order missing from rivals like Twitter. On the other, there's often a nagging sense that the algorithm has missed something, leaving you in the dark on the updates you really want. But you would be hard pressed to find a Facebook user who longs for the days when the network was more chronological.

The same will be true of Instagram's update. Some of the app's 400 million users will undoubtedly be annoyed by the "new Instagram." But it's likely they will accept the shift, if begrudgingly. There is just too much good content on the platform to give up on it. Instagram's change is still in what spokesperson Gabe Madway characterized as a "testing period." The company will not offer an opt-out during that period, which he added will last "weeks, or even months" before it's rolled out more widely.

Other users, myself included, will welcome the new Instagram. Instagram is already my favorite social network because it's a calming babbling brook compared to Twitter's raging rapids. But I don't check my feed more than a couple of times a day on average. Instagram's claim that the average user misses 70 percent of their friends' photos rings true to me. That's unfortunate. I would rather see all of my friends' posts, even if out of order, rather than miss them entirely. That's what the site's algorithm promises.

time.com

Products & Services

Peter Chernin Aims New Streaming Service At Social Media Users

March 31, 2016

Peter Chernin, who has made a career of beating Hollywood at its own game, is moving deeper into a crowded corner of the entertainment industry: streaming services.

Mr. Chernin and AT&T unveiled plans on Wednesday to turn their jointly owned Fullscreen, a YouTube-based video supplier, into a subscription-based streaming service. For $5 a month, the Fullscreen channel will offer 800 hours of advertising-free programming, including new scripted and unscripted series and episodes of throwback television shows like “Dawson’s Creek” and “Saved by the Bell.”

The service, which will be available worldwide and have a user interface designed for viewers to interact with one another in real time, will debut on April 26. It will focus on what is sometimes called the “social-first generation,” or people 13 to 30 years old who spend significant time on social networks like Snapchat and Instagram.

“There are a lot of broad-based SVOD services,” Mr. Chernin said by telephone, referring to streaming video on demand, “but none that target this audience — it’s one of the great white spaces out there.”

Although Mr. Chernin’s company already operates several niche streaming services, including the anime-focused Crunchyroll, Fullscreen is more akin to the cable television networks of the past: MTV for the social media age.

Referencing his extensive experience in traditional television — he helped build the Fox network in the late 1980s and introduce the Fox News Channel in the 1990s — Mr. Chernin added: “I certainly see this as a better opportunity than creating the fourth broadcast network or yet another cable channel. People thought we were out of our minds.”

Still, Internet-based streaming services have proliferated in recent years. To some extent at least, Fullscreen will be battling the likes of Netflix, HBO Now, Hulu Plus, Go90 from Verizon and NBCUniversal’s digital comedy service, Seeso — not to mention YouTube Red, an ad-free paid video and music offering, and a profusion of free online video.

Mr. Chernin, whose company, the Chernin Group, has been behind films like “Dawn of the Planet of the Apes” and “Spy,” said he believed that the “liveliness” of Fullscreen’s programming, which will be updated daily, and its “extremely rich” user interface, would make the service stand out from the pack. “It needs to feel like a destination, and it will,” he said. Mr. Chernin declined to say how much money the long-in-the-works service cost to create.

The participation of AT&T also gives Fullscreen a formidable lift. The communications giant will support the service with a major marketing campaign, including promotion of Fullscreen to its mobile and broadband customers. “We look at this as a fundamental and crucial building block as we transition to a premier mobile entertainment company,” said David Christopher, AT&T’s chief marketing officer.

The Fullscreen service will heavily feature Internet personalities like Grace Helbig, who has 2.9 million followers on YouTube and will be a co-star in a remake of the 1970s-era “Electra Woman & Dyna Girl.” Other new series will include “Filthy Preppy Teen$,” which essentially needs no further description; a docu-series called "My Selfie Life," which will deal with topics like gender transition; and "Shane and Friends," a comedic series starring Shane Dawson.

"These are creators who have already used the social web to develop an audience, which is now eager to see them do more," said George Strompolos, Fullscreen's chief executive.

Mr. Strompolos founded Fullscreen in 2011 as a type of agency, production company and incubator for YouTube stars, or "video creators." The company now has a roster of 75,000 of them. Their video output generates five billion views across the web each month, Mr. Strompolos said. Otter Media, a company created by Mr. Chernin and AT&T and funded with $500 million to invest in video services, bought Fullscreen in 2014.

The arrival of Fullscreen's subscription offering reflects the way that this corner of digital media is trying to mature into more meaningful businesses.

AwesomenessTV, which started as a collection of YouTube channels aimed at teenage girls, now has merchandising, TV and film divisions and is majority owned by DreamWorks Animation. And Disney is trying to turn its Maker Studios, a YouTube-based network that has struggled with management upheaval, into a supplier and distributor of Disney-themed short-form content.

"With this step," Mr. Strompolos said, "Fullscreen is becoming a true brand."

nytimes.com

Postmates Starts An Amazon Prime-Like Service For Delivery

March 31, 2016

"Subscribers get free same-day delivery on orders of $30 or more from Postmates's stable of partners."

On-demand delivery startup Postmates is taking a page out of Amazon.com's book and offering a subscription service it hopes will hook customers by charging a monthly fee for free delivery.

The program, called Postmates Plus Unlimited, costs $9.99 a month. Subscribers get free same-day delivery on orders of $30 or more from Postmates's stable of partners—some 3,000 stores and services in the U.S. Subscribers also avoid paying the 9 percent service fee that Postmates usually charges customers on each order.

When Postmates was launched in 2011, it made money from the service fee and steep delivery charges, which were often $10 or more. But in the past year, the company has focused on expanding its merchant partner program, Postmates Plus. Once restaurants or retailers sign up as partners, their delivery fees drop to a flat rate of $3.99, which makes customers more likely to order. To make up the difference, the restaurants pay Postmates a commission on each order, anywhere from 15 percent to 30 percent.

The company hopes its subscription service will create a virtuous cycle in which customers order more often, luring in new merchant partners. "The great thing about Amazon Prime is it centers everyone's default e-commerce to Amazon, and on Amazon, you default to products on Prime," said Sean Plaice, co-founder and chief technical officer at Postmates. "That's the same thing we're looking to have here. Why use any service but Postmates to get your food delivered? You have a subscription. It gives you the best, most affordable delivery."

Subscriptions could allow Postmates to negotiate higher commission rates with new partners. Postmates's average margins on partner orders are lower than on nonpartner orders, said Kristin Schaefer, the company's vice president of growth and strategy. Merchants typically sell more than three times as much volume through Postmates after they become partners, Schaefer said. About 40 percent of Postmates's orders are through partner merchants, according to the company.

While many other on-demand services are eager to show how they're increasing their profit margins, Postmates said the move will cut into its margins at first. "We're willing to sacrifice a bit on our margins to give our customer a much better experience," Plaice said. "We know that—ultimately, strategically—this is the business we want to build, something that's affordable to everyone."

Postmates can do this because it is making more than it's spending in 15 of its 40 markets, Schaefer said. The business is "contribution margin positive" in those markets, she said. Costs in that calculation include courier pay, office rent, salaries for local operations teams, and the cost of courier and customer acquisition, as well as parts of marketing and customer service that serve that market. They don't include most employees at headquarters, such as coders, executives, and designers.

"Postmates has always had strong unit economics and strong gross profit margins," Plaice said. "I know there's a lot of doom and gloom around the on-demand apocalypse, but we get lumped in with that, and it drives me crazy."

bloomberg.com

Will Americans Like Blendle, The iTunes For News?

March 29, 2016

Americans pay to download music. They pay for TV episodes. Will they pay a few cents for news articles to escape ads and bypass subscription requirements?

The news service Blendle launches Wednesday in the U.S. with 20 news outlets, including The New York Times, The Wall Street Journal and Bloomberg Businessweek. You pay 9 cents to 49 cents to read a story (with a refund if you don't like it).

For news outlets, it means a new source of revenue and a potentially younger audience. Readers can cut through the sludge of online content and get higher-quality stories from human editors and software formulas.

Although Blendle has more than 100,000 paying, active users in the Netherlands and Germany, it could be a hard sell for Americans used to free stories online.

For one, there's more online news available in English than in Dutch or German, and a lot of it is free. And news outlets that block almost all stories from non-subscribers are more prevalent in Europe, said Rick Edmonds, a media business analyst for the Poynter Institute, a journalism teaching organization.

In addition, Americans also haven't warmed up to past micropayments efforts. Subscriptions with set monthly fees tend to be more popular than something that requires watching the tab. In music, for instance, Americans are increasingly spending more on subscription services like Spotify while revenue slips from downloads of individual songs and albums.

Edmonds is optimistic about Blendle, though, saying its payments technology is simple to use and could make it succeed where other pay-by-story efforts have failed. "I get pitched frequently about new ideas, and this is one that I think stands out as having a high potential of success and of impact," he said.

And any payments, however small, are better than nothing.

"If a customer chooses to buy just one article a day from The Wall Street Journal, then I'm happy they're choosing to do that," said Katie Vanneck-Smith, the chief customer officer for Journal owner Dow Jones.

She says it's not likely someone reading just an article a day would have subscribed anyway. But at the Journal's price of 39 cents a story on Blendle, that's $100 a year for the newspaper..

mobile-tech-today.com

Emerging Technology

Mission 360 As A VOD Platform For Yoga, Meditation, Fitness Classes

March 31, 2016

We all want to be in better shape, but the commitment of going to a gym or a yoga class can be costly and time-consuming. Mission 360 is looking to eliminate all of the friction involved with working out, letting users do it from their homes through on-demand video classes.

The model is similar to Classpass, in that users get unlimited access to Mission 360’s entire store of videos for a flat monthly fee of $35.

These video classes include fitness courses, meditation, yoga and pilates.

Beyond the pre-recorded video classes, users can also set up individual one-on-one virtual courses with trained coaches and professionals for anywhere between $30 and $250, depending on the experience of your coach and the length of your session.

These a la carte sessions cover a broad range of practices, such as nutritionists, life coaches, crystal healers, meditation experts, career coaches, sex/relationship therapists, and more.

techcrunch.com

Year Later, Amazon Goes Bigger On Dash Order Buttons

March 31, 2016

It’s been a year since Amazon unleashed its first batch of Amazon Dash Buttons, the hockey rink-shaped instant order buttons tied to popular brands for baby formula, coffee, detergent, paper towels, razor blades and other products.

And now, on this first anniversary, Amazon is tripling the number of available Dash Buttons to more than 100.

The latest brands include Brawny, Charmin, Clorox, Doritos, Energizer, Lysol, Peet’s Coffee, Playtex, Purina, Red Bull, Starbucks, Trojan, and Vitamin Water.

Among the existing Dash participants are Bounty, Gatorade, Gerber Formula, Gillette, Huggies, Kraft Mac & Cheese, Maxwell House, Tide, and Ziploc.

You still must be an Amazon Prime member to take advantage of Dash. The program is built around the idea that you’d stick a button near products that you frequently need to replenish. Then, when you’re about to run out of the item, you press and release the appropriate Dash Button to automatically place an order through Amazon, with products shipped for free through Prime. The buttons work via Wi-Fi.

Amazon says that most customers who've embraced Dash so far have multiple buttons. To avoid ordering the wrong product, the product name and/or logo is imprinted directly on the appropriate Dash button. And to avoid trouble should your hungry kid, say, keep pushing the Mac & Cheese button, only the first press is recognized until the order is delivered. (You do get the opportunity to cancel orders.)

Amazon Dash director Daniel Rausch says that over the past three months, Dash Button orders have grown by more than 75%. And he says that customers are using Dash Buttons more than once a minute.

The program engenders loyalty not just for Amazon the retailer but for the brands themselves. Energizer Chief Consumer Officer Michelle Atkinson says that by getting an Energizer Dash Button into the hands of a customer, the competition is removed when that given customer needs to order batteries. Atkinson added that Energizer will looking to see what kind of sales impact there'll be and to learn whether consumers with the button order batteries more frequently or sooner than those without the button.

In an Amazon press release, Taryn Mitchell, the global vice president for digital sales at RB, says the "Dash Button makes shopping easy, and fun…(and we) are excited to bring more brands to the Dash Button lineup, including favorites like Lysol, Airborne and Air Wick."

Amazon charges $4.99 for Dash Buttons though for now your first order is credited back by that same sum.

usatoday.com

Mergers and Acquisitions

IBM Acquires Cloud Consulting Specialist Bluewolf

March 31, 2016

"Bluewolf will join IBM's existing Interactive Experience (iX) practice of its Global Business Services to form a deeper consulting capability for clients adopting Salesforce technologies."

IBM is acquiring global strategic Salesforce consulting partner Bluewolf Group in an effort to extend the company's cloud services capabilities.

Bluewolf, a consulting firm and a Salesforce Global Strategic Partner with operations in five countries, has been an expert in Salesforce for over 15 years and the firm boasts of completing over 9,500 successful Salesforce projects.

IBM, which has been struggling in the cloud market as Amazon Web Services continues to dominate, made the announcement March 31. The two companies did not disclose financial details, although the acquisition is expected to close by the end of the second quarter of this year.

However, Re/Code quoting an unnamed source, estimates the deal is close to $200 million. Bluewolf will join IBM's existing Interactive Experience (iX) practice of its Global Business Services to form a deeper consulting capability for clients adopting Salesforce technologies.

IBM's iX is a hybrid consultancy and digital agency dedicated to creating experiences that connect data with design, and that develop personalized customer experiences. The agency's services span industry strategy, creative, design, scalable digital, commerce, mobile, and wearable platforms.

As part of iX, Bluewolf will continue to develop solutions around Salesforce industry implementations, with a foundation based on Bluewolf's library of industry-specific assets, accelerators, and expertise in the financial services, healthcare, manufacturing, higher education, public sector, and new media sectors.

"There is no question that the consumer-grade experience has emerged as a fundamental element in modern business strategy," Bridget van Kralingen, senior vice president of IBM Global Business Services, wrote in a statement about the acquisition. "Meeting that expectation defines next-generation differentiation and competitive position, and with Bluewolf we add expertise to scale that capability to the cloud-based capabilities of Salesforce."

The acquisition follows more consolidation in the cloud market as companies such as Amazon, Microsoft, Google, IBM, and others continue to look for a competitive advantage. In October, Accenture bought Cloud Sherpas, a specialist in cloud advisory and technology services focusing on Google, Salesforce, and ServiceNow.

For IBM, the acquisition will marry its own software and infrastructure capabilities to Bluewolf's unique position as a provider of Salesforce services to businesses. It's yet another attempt by Big Blue to get away from its traditional spheres and move deeper into cloud.

"In 2001, Bluewolf became Salesforce's first consulting services partner and today continues to occupy a unique position within the Salesforce consulting ecosystem as one of its most strategic and successful pure-play partners," Eric Berridge, Bluewolf's CEO wrote in a statement.

"We have since expanded our business model, market experience, and incredible talent across the world for companies of all sizes and industries. Now, I believe we have the perfect alliance as part of the IBM iX team -- equally sharing our passion, discipline and desire to be a global leader in the Salesforce partner ecosystem with the scale, skills, and expertise of IBM iX to catapult us there."

informationweek.com

Industry Reports

BlackBerry Reports Annual Loss, Despite Rise In Software Revenue

April 1, 2016

Ending its fiscal year, BlackBerry made progress in its plan to re-emerge as primarily a software company, and said on Friday its net quarterly loss had fallen in line with its drop in revenue.

Driven in part by the acquisition of a competitor, Good Technology, the company said that its software revenue rose 113 percent in the year. Over all, annual revenue for the once prominent smartphone maker declined by a third to $2.16 billion, and its net loss also fell by a similar ratio, to $208 million.

John S. Chen, the chairman and chief executive of BlackBerry, which is based in Waterloo, Ontario, has concentrated on software and services that allow businesses and governments to control their employees’ smartphones and tablets, and also increase their security.

QNX, a branch of the company based in Ottawa, is trying to expand its business with automakers, many of which it now supplies with software for tasks like in-car entertainment systems. Some parts of that business are facing new competition from Google and Apple.

In final quarter of the fiscal year, revenue at BlackBerry fell to $464 million, from $548 million in the year-ago quarter. The quarterly loss of $238 million was up from $89 million in the previous quarter, and included a $127 million write-down in the value of assets.

The company did not report the sales of its new line of phones, which are based on Google's Android operating system rather than BlackBerry's own software. Some analysts have suggested that if the shift to Android does not reverse BlackBerry's decline in the smartphone market, it should abandon what was once its signature business.

nytimes.com

Windows 10 Is Now Running On 270 Million Devices

March 31, 2016

"Windows 10 was off to a strong start with 14 million upgrades in the first 24 hours."

Less than a year after the launch of Microsoft Windows 10, more than 270 million users have upgraded or purchased the latest PC software, the company announced on Wednesday.

Microsoft announced during its annual Build developer conference in San Francisco that Windows 10 was "the fastest growing version of Windows for both consumers and enterprises."

This news is a major milestone for the company, after its previous version Windows 8 was considered a failure by many and virtually ignored by businesses. In fact, Windows 10 skipped a number in its sequential order (many believed it would be called Windows 9) to distance itself from its predecessor.

Windows 10 was off to a strong start with 14 million upgrades in the first 24 hours. Growth continued through the holiday season — about 40% of Windows 10 devices were activated on or after Black Friday — and by January, Microsoft reported the latest version of Windows was on 200 million devices. At that time, the company said Windows 10's adoption outpaced Windows 8 by an incredible 400%.

Windows 10 was an important update for Microsoft. Microsoft is bringing back the popular card game Solitaire to Windows 10 after pulling it, along with Hearts and Minesweeper, from its ill-fated Windows 8 edition.

Microsoft also announced an update to Windows 10 called Windows 10 Anniversary Update. Other new features discussed during the event include Microsoft's Windows Insider Ring (a platform for early beta testers), an update for Windows Hello, allowing users to log in with facial recognition technology, and Windows Ink for digital pen input.

mashable.com

Death of Desktop: 65% Of Digital Media Consumed On Mobile

March 31, 2016

It's common knowledge that digital media has seen explosive growth, but an interesting picture emerges when you look at just where the increased consumption has come from.

The numbers, as laid out in a new report from comScore, read like a funeral dirge for desktop.

According to the report, total usage of digital media has nearly tripled since 2010 and is up more than 30 percent since 2013. But the distribution of that growth is hugely skewed.

The report said smartphones alone have contributed to more than 90 percent of the total increase in minutes spent on digital media since 2013 and now account for just over 54 percent of digital media usage. As of December 2015, the report said consumers spent just over 13,125 hours consuming digital media on smartphones.

When smartphone usage is combined with time spent on tablets, the proportion of time spent consuming digital media on mobile devices rises to 65 percent. That figure is up 12 percentage points from 53 percent in 2013 and represents around 15,805 hours of digital content consumed on smartphones and tablets.

By contrast, the number of minutes spent consuming digital media on desktop devices has actually dropped by one percent since 2013. Further, as mobile's proportional share of time spent has increased since 2013, desktop's has decreased, dipping 12 percentage points from 47 percent in 2013 to just 35 percent in 2015. Desktop now accounts for only around 8,336 hours of digital media consumption.

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