



## Inside This Issue:

### This Week's Stories

[Why You Should Update Your iPhone Immediately](#)

[Facebook Takes First Step Toward Making Money From WhatsApp Deal](#)

### Products & Services

[Next Year's iPhone Won't Have A Home Button, Report Says](#)

[YouTube Just Created A New TV App For Cord-Cutting Viewers](#)

### Emerging Technology

[Twitter Said To Work On Anti-Harassment Keyword Filtering Tool](#)

[Robot Octopus Uses Chemicals In Its Body To Crawl On Its Own](#)

### Mergers & Acquisitions

[Rackspace To Go Private In \\$4.3 Billion Deal](#)

[TripAdvisor Scoops Up Social Mapping Service Citymaps](#)

### Industry Reports

[Amazon Will Open Physical Bookstores In Chicago And Portland](#)

[Verizon Reigns Supreme In Latest Wireless Test](#)

## This Week's Stories

### Why You Should Update Your iPhone Immediately

August 26, 2016

Especially if you have something to hide.

Apple issued a patch Thursday to fix a dangerous security flaw in iPhones and iPads after researchers discovered that a prominent United Arab Emirates dissident's phone had been targeted with a previously unknown method of hacking.

The thwarted attack on the human rights activist, Ahmed Mansoor, used a text message that invited him to click on a web link. Instead of clicking, he forwarded the message to researchers at the University of Toronto's Citizen Lab.

The hack is the first known case of software that can remotely take over a fully up-to-date iPhone 6.

Experts at Citizen Lab worked with security company Lookout and determined that the link would have installed a program taking advantage of a three flaws that Apple and others were not aware of. The researchers disclosed their findings Thursday.

"Once infected, Mansoor's phone would have become a digital spy in his pocket, capable of employing his iPhone's camera and microphone to snoop on activity in the vicinity of the device, recording his WhatsApp and Viber calls, logging messages sent in mobile chat apps, and tracking his movements," Citizen Lab wrote in a report released Thursday.

The researchers said they had alerted Apple a week and a half ago, and the company developed a fix and distributed it as an automatic update to iPhone 6 owners.

Apple spokesman Fred Sainz confirmed that the company had issued the patch after being contacted by researchers.

The Citizen Lab team attributed the attack software to a private seller of monitoring systems, NSO Group, an Israeli company that makes software for governments which can secretly target mobile phones and gather information. Tools such as that used in this case, a remote exploit for a current iPhone, cost as much as \$1 million.

NSO chief executive Shalev Hulio referred questions to spokesman Zamir Dahbash, who said the company "cannot confirm the specific cases" covered in the Citizen Lab and Lookout reports.

Dahbash said NSO sells within export laws to government agencies, which then operate the software.

"The agreements signed with the company's customers require that the company's products only be used in a lawful manner," he added. "Specifically, the products may only be used for the prevention and investigation of crimes."

Dahbash did not answer follow-up questions, including whether the exposure of the tools use against Mansoor in UAE and a Mexican journalist would end any sales to those countries.

### Low Profile

NSO has kept a low profile in the security world, despite its 2014 sale of a majority stake for \$120 million to California private equity firm Francisco Partners. That company's chief executive, Dipanjan Deb, did not return a call Thursday. In November 2015, Reuters reported that NSO had begun calling itself "Q" and was looking for a buyer for close to \$1 billion.

Sarah McKune, senior legal adviser to Citizen Lab, said Israel tries to follow the strictures of the Wassenaar Arrangement, which puts controls on the international sale of nuclear and chemical weapons technology and more recently cyber intrusion tools.

NSO may have had to apply for an export license, she added, saying that raised questions about "what consideration was given to the human rights record of UAE."

The Israeli embassy in Washington did not respond to an email seeking comment.

NSO marketing material says that it also has capabilities for Android and BlackBerry devices. No version of the software has been exposed, indicating it remains effective.

Citizen Lab did not directly accuse UAE of carrying out the attack on Mansoor with NSO gear called Pegasus, but it said other NSO attacks on critics of the regime were connected to the government.

### Others Targeted

It also said a Mexican journalist and a minority party politician in Kenya had been targeted with NSO software and that domain names set up for other attacks referred to entities in Uzbekistan, Thailand, Saudi Arabia, Turkey, and other nations, suggesting that other targets lived in those nations.

A call to the UAE embassy in Washington was not immediately returned.

The market for "lawful intercept," or government hacking tools, has come under increased scrutiny with revelations about authoritarian customers and noncriminal victims.

Two popular vendors, Hacking Team of Italy and Gamma Group of the United Kingdom, have had their wares exposed by researchers or hackers.

Mansoor had previously been targeted with software from both of those companies, according to Citizen Lab.

"I can't think of a more compelling case of serial misuse of lawful intercept malware than the targeting of Mansoor," said one of the Citizen Lab researchers, John Scott-Railton.

[fortune.com](http://fortune.com)

## Facebook Takes First Step Toward Making Money From WhatsApp Deal

August 25, 2016

Facebook Inc. is laying the groundwork for its free messaging service WhatsApp to begin making money, easing its privacy rules so data can be used for Facebook advertising and allowing businesses to message its more than one billion users. It's the first step toward monetizing the platform since the social network's Chief Executive Officer Mark Zuckerberg paid \$22 billion for the app in 2014.

*"Facebook agreed to buy WhatsApp for \$19 billion in 2014, but the deal price ultimately rose to \$22 billion because of the social networks' rising stock price."*

Connect with us    

Visit our website [www.ksrinc.com](http://www.ksrinc.com)

WhatsApp announced the change to its terms of service policy today. It allows businesses to communicate with users, including appointment reminders, delivery and shipping notifications and marketing pitches. In a corresponding blog post, WhatsApp said it will be testing the features over the coming months.

The policy shift may help WhatsApp generate revenue, but also could irk users drawn to its strong stance on privacy. After it agreed to be purchased by Facebook in 2014, co-founder Jan Koum pledged the deal wouldn't change how the company handles user data. Now WhatsApp says it will begin sharing more information about its customers with the "Facebook family." The data, including a person's phone number, could be used to better target ads when browsing Facebook or Instagram, WhatsApp said.

Facebook agreed to buy WhatsApp for \$19 billion in 2014, but the deal price ultimately rose to \$22 billion because of the social networks' rising stock price. Investors have been anxious to see how Zuckerberg makes money from the deal. Several services in Asia, most notably WeChat in China, have successfully opened up their platforms so businesses can interact with customers. It's a strategy Facebook has also been taking with the communication app, Messenger.

In its blog post, WhatsApp also reiterated its commitment to encryption, saying no outside parties are able to see what its users are saying to each other. The policy has put the company at odds with government authorities in the U.S. and Europe who want an ability to intercept the communication of potential terrorists.

"Our belief in the value of private communications is unshakeable," the company said.

Facebook shares, which have gained almost 20 percent this year, rose less than 1 percent to \$124.16 at 1:24 p.m. in New York.

[bloomberg.com](http://bloomberg.com)

## Products & Services

### Next Year's iPhone Won't Have A Home Button, Report Says

August 26, 2016

It's telling that, days before the expected launch of iPhone 7, we're seeing more rumors about the next year's iPhone. The consensus among the reporters and leakers who follow Apple is that the iPhone 7 will only bring minor upgrades compared to last year's model, while the iPhone that comes in 2017 will be a far more revolutionary upgrade.

A new Bloomberg report reiterates this notion, saying it's likely that the 2017 iPhone will undergo a major redesign that shuns the home button and "focuses more heavily on the display."

We've seen the rumor about the home button being replaced by a touch-sensitive button in June, and Bloomberg itself corroborated that report in August. But that was for the iPhone 7; the new report claims the next year's iPhone won't have a home button at all.

A recent report also said the iPhone that'll come out next year will have a curved screen, possibly similar to the ones on Samsung's Galaxy S7 Edge and Galaxy Note7.

Apple did not confirm any of this — not even the launch date (reportedly Sept. 7) for the iPhone 7 has been officially confirmed yet.

It's hard to say whether the onslaught of rumors about a heavily redesigned 2017 iPhone are real or just a reaction to the lack of (interesting) rumors about the iPhone 7, whose main features will likely be the absence of a headphone jack, an upgraded processor, more RAM and storage memory, and a dual rear camera.

[mashable.com](#)

## YouTube Just Created A New TV App For Cord-Cutting Viewers

August 24, 2016

YouTube's smart TV views have doubled since 2015.

YouTube has revamped the services it offers on its standalone smart TV app to better accommodate users watching on devices like Apple TV and Roku.

The Google-owned web video site today released its new smart TV app with a simpler, more streamlined interface to help viewers more quickly find the videos they love to watch on the Tube.

"We are investing to deliver a lean back experience through recommendations," the company told Fortune via email. "This will be available today in the YouTube app in smart TVs, game consoles, and streaming boxes in the US, but we plan to roll out to more countries in the future."

The company points out more than half of the 18-to-49-year-old users it recently surveyed in the U.S. said they have watched YouTube videos on their televisions. And since 2015, Tube viewers have doubled the amount of time they spend watching videos on the app.

Some of the most popular video categories include late night TV shows, comedy, and animated shows, as well as movies and gaming-related content, according to the company.

Some of the site's most popular web stars are reportedly being tapped to promote, "Daydream," Google's new mobile phone virtual reality software, which is due to launch within weeks.

*Bloomberg* reported earlier this week that YouTube celebs Justine Ezarik, a.k.a. "iJustine," and the Dolan twins, Ethan and Grayson Dolan, will be featured in Daydream promotional videos that will stream on Hulu later this year.

[fortune.com](#)

## Emerging Technology

### Twitter Said To Work On Anti-Harassment Keyword Filtering Tool

August 26, 2016

Twitter Inc. is working on a keyword-based tool that will let people filter the posts they see, giving users a more effective way to block out harassing and offensive tweets, according to people familiar with the matter.

The San Francisco-based company has been discussing how to implement the tool for about a year as it seeks to stem abuse on the site, said the people, who asked not to be identified because the initiative isn't public. By using keywords, users could block swear words or racial slurs, for example, to screen out offenders.

.....  
*"By using keywords, users could block swear words or racial slurs, for example, to screen out offenders."*

Twitter has struggled to find a technological solution to the turmoil that can result from the product's core feature: anyone can publicly say anything to anyone else. Abuse has led to many high-profile departures of celebrities and journalists, who say they can no longer stand to be attacked. There was a New York Times reporter who quit after enduring a spate of anti-Semitic tweets, for example, as well as an actress Leslie Jones, who faced a similar barrage of racist and sexist attacks.

Twitter needs to attract and retain users as the growth in their numbers slows. The company has spent the past few months consulting with an outside council of anti-harassment groups about its strategy for addressing the issue, which has become one of Chief Executive Officer Jack Dorsey's top priorities. Twitter took some small steps this year, such as making it easier for people to report abuse by letting them identify multiple offending tweets while filing their complaints. But the keyword tool, if implemented, would be the first to give users more control over what they see instead of blocking individual users after they attack.

The filtering tool could eventually become a moderator for any kind of content, the people said. For example, users could block a hashtag about an event they don't care to read about.

Identifying keywords would be similar to the comment moderation tool recently adopted by Facebook Inc.'s Instagram app for business users. Celebrities put it to work immediately, with model Chrissy Teigen tweeting that she was blocking certain words, such as "whore" or "slut." Still, trolls could attempt to outsmart the filter by deliberately misspelling words or coming up with new ways to deliver their insults.

A spokesman for Twitter declined to comment, although the company has said it soon plans to release more substantial updates about its plans to combat harassment.

[bloomberg.com](http://bloomberg.com)

## Robot Octopus Uses Chemicals In Its Body To Crawl On Its Own

August 25, 2016

Researchers at Harvard have come up with an innovation that may eventually give us the terrifying organic-style automatons we've always feared: a robotic octopus.

Nicknamed the Octobot, the mechanism was created using a combination of 3D printing, molding and soft lithography. To make the Octobot move autonomously, the developers used a microfluidic logic circuit, which directs the flow of its chemical reaction of hydrogen peroxide that's converted into gas when it comes in contact with its platinum components.

According to the researchers, the robot has no rigid parts, which means that it would essentially feel like an organic construct to the touch. There are no plans to release the robot commercially, but the researchers hope the innovation might one day be used for rescue efforts that require more malleable robotic devices.

[mashable.com](http://mashable.com)

## Mergers and Acquisitions

### Rackspace To Go Private In \$4.3 Billion Deal

August 26, 2016

Cloud-computing provider Rackspace Hosting Inc. RAX 4.37 % is being taken private by private-equity firm Apollo Global Management LLC for \$4.3 billion.

*"Nicknamed the Octobot, the mechanism was created using a combination of 3D printing, molding and soft lithography."*

The deal's per-share price of \$32 represents a 38% premium over the company's stock price before The Wall Street Journal reported Aug. 4 that a deal was imminent. Rackspace's stock rose 4.3% to \$31.49 in afternoon trading.

Rackspace provides cloud services to customers, allowing them to use remote servers for data storage and computing power. The company has shifted its business model in recent years from primarily running its own cloud-based servers in its 11 data centers to also helping to manage services from larger technology companies, such as Amazon.com Inc. and Microsoft Corp.

Rackspace said going private provides the company with more flexibility to take on shifts in customer demand. Chief Executive Taylor Rhodes said Apollo's ownership will help inform the company's strategy as it develops fresh IT products and seeks out new markets.

"Apollo has done a ton of homework on our space and they really understand the opportunity," he said.

Rackspace's sales growth slowed in recent years as large corporate clients moved their websites and applications from privately owned computer servers to massive cloud systems. The San Antonio, company's own cloud gained a fledgling customer base but was eventually outpaced by AWS, a competing offering from e-commerce giant Amazon.com Inc.

"Rackspace was early into the public cloud game...but what we realized over the past three years is that AWS has really become dominant in the market," Mr. Rhodes said. All of Rackspace's services are now designed to complement cloud systems run by Amazon, Microsoft and Google rather than compete with them.

Mr. Rhodes declined to say whether the company would be open to another takeover under private ownership. He said the company would also be on the lookout for opportunities for its own acquisitions.

"Anything is possible," he said. "Those things do tend to happen in the market."

The deal is expected to close in the fourth quarter and is subject to antitrust-waiting periods in the U.S., EU and Israel; stockholder approval; and other closing conditions. The deal's value of \$4.3 billion includes the assumption of \$43 million in cash and the acquisition of performance-related equity awards.

As of December, Rackspace had 6,189 employees and annual revenue of \$2 billion.

[wsj.com](http://wsj.com)

## TripAdvisor Scoops Up Social Mapping Service Citymaps

August 25, 2016

New York-based Citymaps, a social mapping application backed by \$12 million in venture funding, has been acquired by TripAdvisor, the companies have announced.

The service, which serves both as a mapping and navigational tool as well as a travel guide of sorts, will continue on as a standalone business at TripAdvisor, following the deal's close.

Deal terms were not disclosed.

Co-founded by Elliot Cohen and Aaron Rudenstine in 2010, the startup began as an app that aggregated business information from third-party sources, including social networks, before turning into the more fully-functional tool for travelers it is today.

Though most consumers today are content with using standard mapping applications like those from Apple and Google, Citymaps was still able to carve out a niche for itself by offering a feature set that the big guys' didn't have.

While most maps can get you from point A to point B, Citymaps' most notable differentiator is that it focuses on points of interest. You can certainly find things like museums, shops, and restaurants in traditional mapping applications, of course, but Citymaps really highlights these things – it puts their logos right on the map's interface itself, so you can navigate by looking for places you recognize, instead of just street names.

When you tap on a point of interest, you can view more information, see photos, read reviews and more – something that's akin to a Yelp-like experience in the app. But what makes Citymaps useful is that you can also save these places to your own personalized collection.

These custom maps – like one featuring your favorite local restaurants, for example – can then be accessed at any time or even shared with friends or the wider Citymaps' community.

Earlier this year, the company rolled out offline maps, built on its own proprietary technology, and introduced CityGuides.

These curated guides include places of interest that can be downloaded as maps and used when internet access wasn't available. The content for the guides came from WikiTravel, and was paired with customized maps that Citymaps's 200+ publishing partners had produced. That group includes partners like BuzzFeed, Travel + Leisure, or the New York Times' 36 Hours column, for instance.

In addition, the Citymaps app integrates with a variety of services that offer booking features and deals, like OpenTable, Groupon, Travelzoo, Viator (event tickets), Ticketmaster, Songkick and others.

As of March, Citymaps reported having around 1 million users. That's a decent number – especially considering the competition in the mapping and travel space – but perhaps not one large enough to sustain the business. It generated revenue through partnerships, advertising, licensing and booking deals.

TripAdvisor, meanwhile, is one of the biggest brands in the travel space, and today operates in 48 countries around the world. Its sites reach 350 million average monthly visitors, and feature 385 million reviews and opinions on 6.6 million hotels, vacation rentals, restaurants and attractions. The company has its own mapping features which focus on helping travelers find and book things at their destinations, and this is where it plans to leverage the Citymaps acquisition.

"The Citymaps team understands how people experience their day through a maps lens," said Adam Medros, SVP of global product at TripAdvisor, in a statement. "We are excited to welcome the team to the TripAdvisor family of brands to help TripAdvisor ensure its mapping features best address the needs of its users who are increasingly accessing the site on mobile devices."

Citymaps is available on iOS, Android, plus mobile and desktop web.

[techcrunch.com](http://techcrunch.com)

## Industry Reports

### Amazon Will Open Physical Bookstores In Chicago And Portland

August 25, 2016

Amazon has plans to open more physical bookstores, further expanding its brick-and-mortar store footprint. According to the Financial Times, Amazon spokeswoman Deborah Bass said yesterday that the retail giant is opening locations in Chicago and Portland, with the Chicago store due to open next year. That brings the total number of stores nationwide to five, including the already-opened location in Seattle, and planned shops in San Diego and New York City.

Amazon opened its Seattle location last November, and has slowly revealed plans for more stores since. While the company has up until recently done much to undermine physical retail stores, opening its own allows it to sell Amazon books and Kindles while marketing its other lucrative services. "In these early days, it's all about learning, rather than trying to earn a lot of revenue," said CEO Jeff Bezos at a shareholders meeting in May.

Of course, having a physical presence in several US cities only intensifies Amazon's ubiquity. Services like Amazon Fresh and Prime Now are already spreading globally, providing groceries and one-hour delivery to customers, and it just launched a hub for car buyers in Amazon Vehicles. Having stores to replace the Walmarts of the world certainly doesn't hurt.

[theverge.com](http://theverge.com)

### Verizon Reigns Supreme In Latest Wireless Test

August 23, 2016

*"RootMetrics said it conducted 3.7 million tests, drove 265,386 miles and tested 4,249 indoor locations to get its results."*

RootMetrics once again has Verizon dominating in every category of its test, which ranges from speed to reliability and overall quality.

The back-and-forth over which carrier has the best network continues, with Verizon Wireless taking the latest win.

The nation's largest carrier also proved to be the best, according to the results taken from the first half of the year from testing firm RootMetrics. Along with the best overall performance, Verizon took the top spot in reliability, speed, data, calling and text message. AT&T finished second in every category except for calls, where Sprint edged out its rival.

The results, which didn't differ much from RootMetrics' second-half 2015 test, give Verizon further ammunition as it touts the superiority of its network. These tests are critical to carriers as they sell you on the strength of their service. That's particularly the case for Verizon, which needs to justify the premium it charges its customers.

But RootMetrics isn't the only game in town, and the results differ radically. Rival testing firm OpenSignal has declared T-Mobile the best overall network, and Speedtest.net regularly crowns T-Mobile the fastest network to boot.

The differing results come down to how each firm conducts its test. OpenSignal and Speedtest relies on tests run by regular people, which they argue offer vastly more results in real-world situations. RootMetrics uses a fleet of test vans and professional testers with a consistent set of phones.

RootMetrics said it conducted 3.7 million tests, drove 265,386 miles and tested 4,249 indoor locations to get its results.

T-Mobile has previously knocked that methodology, noting that the results tend to be months behind the actual network quality.

On the state level, Verizon dominated by winning or tying in 48 states. AT&T, perennially second banana behind Verizon in the RootMetrics tests, won or tied in only eight states. T-Mobile tied in New Jersey, and Sprint didn't win any states.

RootMetrics also tested the coverage in metro areas, where T-Mobile tends to do better. Verizon, however, dominated by winning or tying in 98 areas. AT&T came in second with 51, while T-Mobile had 40 and Sprint had six.

"Obviously, we are thrilled with the results, and that we continue to improve our leading network performance," said a Verizon spokesman.

A Sprint spokesman said he was pleased with the improvement, and that the company had closed the gap between all of the carriers.

T-Mobile declined to comment beyond noting the improvement in the number of metro areas that it won this time. AT&T declined to comment.

[cnet.com](http://cnet.com)



120 Madison Street, 15<sup>th</sup> Floor  
Syracuse, New York 13202  
[www.ksrinc.com](http://www.ksrinc.com)  
(315) 470-1350  
1-888-8KSRINC