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This Week's Stories

Snap To Raise Around \$3 Billion At IPO, With A Valuation Of Up To \$18.5 Billion

February 16, 2017

Snap has given further insight into its initial public offering (IPO) plans today, confirming that it intends to sell 200 million class A shares at between \$14 and \$16 dollars each.

This means that Snap is looking to generate up to \$3.2 billion through its IPO, though given that only 145 million of the shares are being sold by Snap itself (the rest are being sold by existing stockholders), the company expects its net proceeds from the IPO to be around \$2.1 billion.

Based on the total number of shares being sold and those outstanding after the IPO, Snap is seeking a valuation of between \$16.2 billion and \$18.52 billion — substantially less than some of the numbers that have previously been touted. Back in October, some reports suggested that Snap was looking to raise around \$4 billion at a valuation of up to \$35 billion. Reports circulated yesterday that Snap was seeking a valuation of up to \$22.5 billion, but now we have a confirmation of Snap's IPO plans through its official filing with the Securities and Exchange Commission (SEC).

It's worth noting here that these numbers are estimated for the purpose of calculating the IPO registration fee, so they may still change, but it gives us a clearer idea of how Snap is thinking about its IPO.

Snap formally triggered the process of becoming a public company in early February, and through that SEC filing we learned a number of notable nuggets about the company — including that it now has 161 million daily active users (DAUs), it made a \$515 million net loss in 2016, and public shareholders won't hold any voting rights post-IPO.

We know that Snap has chosen the New York Stock Exchange (NYSE) for its IPO, and it will operate under the SNAP ticker. We still don't have a firm date for when Snap will officially go public, but it's expected to happen sometime in March.

venturebeat.com

The Zuckerberg Manifesto: Facebook Will Save The World

February 16, 2017

The Facebook chief spells out how he hopes his company will work toward building a global community, with help from you -- and AI.

"Are we building the world we all want?"

That's the question Mark Zuckerberg used Thursday to kick off an open letter to the Facebook community he helped to build. The answer he offered was that he's hoping his company, the largest social network in the world, will contribute to shaping what he thinks will be a better one.

"Progress now requires humanity coming together not just as cities or nations, but also as a global community," he said.

"In his post, he spelled out a five-part mission for the company: building communities that are supportive, safe, informed, civically engaged and inclusive."

Naturally, the tools his teams have been putting together -- from the Facebook groups feature and the company's Safety Check system, which tells friends you're OK after a disaster, all the way to futuristic artificial intelligence -- all have a role to play in helping Zuckerberg fulfill this mission.

It's not the first time that Zuckerberg, Facebook's co-founder and CEO, has ventured into talking politics, nor will it likely be the last. Nor is he the only Silicon Valley executive using his position to discuss politics. Others such as Apple's CEO Tim Cook, Google's Sundar Pichai and Microsoft's Satya Nadella have all spoken out, particularly over the past few months since Donald Trump won the presidential election.

Over the past year, Zuckerberg in particular used his position to speak out against the nationalistic rhetoric that's become the center of British and American politics.

In a speech last year, he took a veiled shot at Donald Trump, then the Republican presidential front-runner, arguing against ideas like the proposed wall on the Mexican border.

"I hear fearful voices calling for building walls and distancing people they label as others," he said on that stage last year. "If the world starts to turn inwards, then our community will just have to work even harder to bring people together."

The Trump campaign fought back, saying Zuckerberg should move his family to a border town.

Zuckerberg has faced intensifying criticism over how Facebook wields its power as one of the world's most-visited sites, with a community of more than 1.86 billion people, which is more than half the world's online population and greater than the population of any country on Earth.

During and after the US election, Zuckerberg was criticized for stories that got shared -- or suppressed -- on Facebook. Some people argued his company was unfairly silencing right-wing political voices, while others complained Facebook's algorithm was spreading conspiracy theories and "fake news."

The New Mission

Zuckerberg used a more than 5,700-word treatise published on his Facebook account Thursday as an apparent attempt at restating the company's mission. The company will still connect people, as its old mission spelled out, but it also must help get us to a global community.

In his post, he spelled out a five-part mission for the company: building communities that are supportive, safe, informed, civically engaged and inclusive.

This doesn't mean Facebook will change, per se. But it could be the start of a more politically involved Zuckerberg, and perhaps features and tools that are built with a more political bent.

"Our greatest opportunities are now global -- like spreading prosperity and freedom, promoting peace and understanding, lifting people out of poverty, and accelerating science," he wrote. "Our greatest challenges also need global responses -- like ending terrorism, fighting climate change, and preventing pandemics."

As for what you see on your Facebook news feed, Zuckerberg said his goal is to get to create a better system that blends personal controls, community standards, local laws and a dash of artificial intelligence.

It's a work in progress requiring major advances, stretched out over many years, to get AI to the point where it can assess whether text, photos and videos contain things like hate speech, graphic violence

and sexually explicit content. At the current pace of research, he said, Facebook hopes to begin handling some of these cases in 2017.

"The approach," Zuckerberg said, "is to combine creating a large-scale democratic process to determine standards with AI to help enforce them."

[cnet.com](#)

Products & Services

YouTube To Stop 30-Second Unskippable Ads

February 17, 2017

Starting next year, YouTube will stop allowing the 30-second unskippable ad and will focus instead on shorter formats.

In an official statement, Google explained that its aim is to provide a better advertising experience for online users.

"As part of that, we've decided to stop supporting 30-second unskippable ads as of 2018 and focus instead on formats that work well for both users and advertisers," said a Google spokesman.

Ads shorter than 30-seconds, including the 20-second spots, can be made unskippable.

In April last year, YouTube introduced the six-second unskippable bumper ad format. It's understood that the platform intends to promote this format more heavily in the year ahead. This includes all formats, including TrueView.

This move is a logical one, agreed experts. "YouTube realizes that consumers don't like unskippable ads," commented Andrew Peake, managing director of integrated creative agency, VCCP. "At the end of the day, if you're doing creative work that will engage right from the start, you haven't got to worry too much."

While this move will not please advertisers, Callum McCahon, strategy director for Born Social, said it is the price YouTube is willing to pay to keep people watching.

"I'm reading this as a signal that YouTube is very worried about Facebook," he added. "We know that video is right at the very core of Facebook's roadmap. Their video offering is becoming ever more attractive to brands by the day, and YouTube is panicking."

Phil Smith, director general of ISBA welcomed the move. "The industry needs to improve the user experience of online advertising and this is one step in the right direction, based on consumer reaction and announced with sufficient notice to give advertisers and agencies time to adjust their plans."

[campaignlive.co.uk](#)

"As part of that, we've decided to stop supporting 30-second unskippable ads as of 2018 and focus instead on formats that work well for both users and advertisers."

Amazon's Chime Takes On Skype And WebEx For Video Conferencing

February 14, 2017

Amazon has been successfully pushing into businesses for years with its cloud computing services, and now it's looking at productivity apps as a new way to deepen its ties to businesses. Available as a free download for iOS, Android, macOS, and Windows, Amazon's Chime is a video conferencing app for online meetings. It's aimed squarely at Microsoft's Skype for Business or Cisco's WebEx service, and joins many startups like Zoom in an increasingly competitive market.

Amazon is tying Chime to its AWS offerings, but you'll be able to use a basic free version if all you want to do is hold a video call and chat room with up to two people. Anything more, including screen sharing, will require a monthly per user fee starting at \$2.50 and rising up to \$15 per user per month for video meetings of up to 100 people and features like Active Directory integration, custom URLs, and the ability to join meetings from a regular phone line.

Amazon's pricing means most businesses will need to opt for the \$15 per user per month option to benefit from video calls of more than two people. That's an aggressive price point for video calling if you're a business that already relies on Microsoft Office with its bundled Skype for Business integration, or Cisco's well respected WebEx service. Businesses will have 30 days to try the full pro service and decide whether it's worth the price tag.

theverge.com

Emerging Technology

HTC's Mobile VR Solution Said To Be Coming Before The End Of The Year

February 15, 2017

HTC will offer a mobile VR solution, and it'll work with the company's new top-end smartphone, the U Ultra, but it'll be more than just a headset that lets the smartphone do most of the work like the Samsung Gear VR, according to HTC CFO Chia-lin Chang, who spoke to CNET. The plan is to introduce their mobile VR product sometime before the end of the year, Chang added.

HTC is increasingly focusing on VR as one of its largest product categories, and launched the dedicated HTC Vive headset in partnership with Valve last year. The Vive is an expensive device, however, and one that also requires an expensive gaming PC to run. The overall cost is a big contributing factor in terms of its ability to reach a large number of customers – Samsung leads the pack by a wide margin in terms of overall sales, and Vive likely sold only somewhere south of 500,000 units, depending on which estimates you believe.

HTC's not going to just replicate the Gear VR or Daydream approach, however, based on Chang's comments. He told CNET that the company has "a good plan in terms of combining mobility with VR," and added that "it's not a phone slapped into a headset." Chang also reiterated the importance of VR to the company's overall efforts, adding that "we're a VR company, we're going to have something" in terms of a mobile offering.

This isn't the first time HTC has talked about mobile VR. At last year's MWC show, it admitted that a product to "unite" its phone and VR businesses "would make sense," while adding that it wouldn't comment on its future roadmap.

Some kind of mobile approach to VR that does more than just turn the phone into a small VR viewer sounds like an interesting concept, though of course we'll have to learn more about HTC's plans before we can evaluate the soundness of the strategy. But untethered VR is still a huge opportunity, so perhaps whatever HTC has in mind will aim to free up range of motion and your reliance on a large computer for high-quality VR experiences.

techcrunch.com

Your Next Home Phone May Be An Amazon Echo Or Google Home

February 15, 2017

"The Wall Street Journal has reported that Amazon and Google are exploring ways to let you use the voice-activated gadgets to make phone calls."

Amazon and Google are reportedly looking to bring speakerphone function to their smart speakers.

Smart, cloud-connected speakers like the Amazon Echo and the Google Home are finding their way into more and more living spaces. Now, the Wall Street Journal has reported that Amazon and Google are exploring ways to let you use the voice-activated gadgets to make phone calls.

It's a logical next step for the increasingly popular devices, and it's a feature that consumers have been asking for. Concerns about privacy, telecom regulations, access to emergency services and user experience are said to be the current roadblocks. However, the feature could arrive for both devices as soon as this year and could be another way to further integrate the gadgets into people's everyday lives.

The stakes are high as Amazon and Google battle it out for control of the voice-enabled smart home. Amazon jumped into an early lead with the 2014 debut of its Echo smart speaker, which features Alexa, the artificially intelligent, voice-activated assistant housed inside. Echo has enjoyed a meteoric rise, which led Alphabet-owned Google to get in on the action at the end of last year with the Google Home smart speaker.

Google did not immediately respond to a request for comment, while an Amazon spokesperson declined to comment on "rumors and speculation."

cnet.com

Mergers and Acquisitions

Verizon Buys Skyward, A Drone Operations Company

February 17, 2017

Forget about Yahoo for a minute. Verizon just announced it has acquired Skyward, a drone operations and management company based out of Portland, Oregon for an undisclosed amount. Verizon says Skyward will help developers and businesses better create and manage drones that also happen to utilize Verizon's mobile network services and infrastructure.

Skyward had raised \$8.15M since its founding in October 2012. Verizon Ventures was an investor in the company's seed round. The company will operate under Verizon's IoT portfolio.

"Last quarter we announced our strategy to drive innovation and widespread adoption for in-flight wireless connectivity through our Airborne LTE Operations (ALO) initiative, said Mike Lanman, Verizon SVP Enterprise Products and IoT, in a released statement, "a new service to simplify certification and connectivity of wireless drones. This acquisition is a natural progression of our core focus on operating in innovative, high-growth markets, leveraging our network, scale, fleet

management, device management, data analytics and security enablement capabilities and services to simplify the drone industry and help support the adoption of IoT.”

This purchase helps Verizon better position its products in the IoT space. Skyward seems well suited to assist Verizon in selling its services. The company had previously developed a platform that was FAA compliant and able to scale to small and large operations. As drones become more prolific, safety is paramount and operations like Skyward will increasingly become more in demand as operators, and providers of operators, look to insure their operations.

techcrunch.com

Visa And IBM Watson Commit To Putting Payments Inside Cars And Wearable Devices

February 16, 2017

Visa and IBM Watson today announced a partnership to use the Watson IoT platform to extend digital payments to connected cars, wearables, and other devices.

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“Visa and IBM Watson today announced a partnership to use the Watson IoT platform to extend digital payments to connected cars, wearables, and other devices.”

The announcement was made at the Genius of Things Summit in Munich, Germany as part of the grand opening of a \$200 million IBM Watson global Internet of Things headquarters.

“We share a vision of commerce-based IoT where any device, from a watch, ring, an appliance, or car, can be used to make a purchase. Our goal is to enable commerce on any connected device anywhere,” said IBM Watson general manager Harriet Green during a press conference today.

Payments will rely on the Visa Token Service, a digital identifier for payment processing that first debuted in 2014. Apple Pay, Samsung Pay, and Android Pay were version one of these tokens. The IBM Watson IoT platform will help Visa scale to the 20 billion wearable and connected devices expected by 2020, he said.

“When we think about the future of IoT, certainly from a connected perspective, we have an opportunity to extend our platform into all sorts of devices where the historic card and terminal just doesn’t work,” said Visa executive VP Jim McCarthy said onstage at Genius of Things Summit today in Munich.

Payments of this kind will require not just innovation from IBM and Visa, but what McCarthy called “the building of an ecosystem” by both governments and businesses to ensure that stores and the parking meter on the sidewalk are equipped to handle payments.

“Most of the physical services providers we see envision themselves selling a service in the future, so instead of selling your device as the only business model, we envision renting it as a service,” IBM Watson general manager Chris O’Connor told VentureBeat in an interview.

Visa and IBM envision a time when all payments at gas stations will be handled before you set foot outside your car, but they aren’t alone in this ambition.

Yesterday, Jaguar and Shell announced plans for in-car gas station payments, and at the Computer Electronics Show (CES) last month, Visa and Honda rolled out a feature that pays for gas and parking meters with a token in a Honda vehicle.

Other use cases IBM envisions include selling new shoes to a jogger after running a specific number of miles, or ordering car parts or maintenance when a warning light switches on in your car.

venturebeat.com

Industry Reports

BlackBerry Sues Nokia Over Patents For Network Gear

February 15, 2017

“The suit...alleged that Nokia knowingly violated its patents in networking gear such as its Flexi Multiradio base stations, network controllers and Liquid Radio software.”

BlackBerry reportedly filed a lawsuit claiming Nokia is infringing on as many as 11 of its patents in offerings to carriers including AT&T and T-Mobile.

The suit, which was filed in federal court in Delaware, alleged that Nokia knowingly violated its patents in networking gear such as its Flexi Multiradio base stations, network controllers and Liquid Radio software. BlackBerry is seeking compensation but didn't specify a dollar figure, according to Bloomberg, which was first to report on the suit.

The one-time king of the mobile enterprise has honed its focus on software development and licensing after being squeezed out of the handset market. Last August it filed a 105-page patent lawsuit against Avaya, then followed that two weeks later with a suit claiming Blu Products was infringing on 15 of its patents.

Some of the patents at the heart of the new Nokia lawsuit were once owned by Nortel Networks, according to Bloomberg. Some 6,000 patents were bought from Nortel in 2011 by a consortium owned by BlackBerry, Apple, Microsoft and others for \$4.5 billion, but a 2014 analysis by Elysium Digital found that many of those patents will begin to expire this year.

BlackBerry isn't looking to block Nokia's use of its patented technology, but rather is seeking to license them on fair and reasonable terms. The patents cover key components of the 3GPP mobile telecommunications standard.

BlackBerry's pivot to licensing, software and services appears to be paying dividends as the company works to recover from its cratered handset business. The Canadian firm posted adjusted earnings in its most recent quarter at a penny per share, higher than the \$0.02 per share loss expected by analysts, and it upgraded its outlook for 2017 to breakeven from its previous guidance of a loss of \$0.05 per share.

fiercewireless.com

Why Verizon Finally Caved On The Unlimited Data Plan

February 13, 2017

For the past year, Verizon Wireless has been under all-out attack from smaller rivals Sprint and T-Mobile. The two challengers have cut prices, eliminated monthly data limits, thrown in all kinds of freebies and run some nasty ad campaigns—with Sprint even featuring Verizon's former "Can you hear me now" pitchman Paul Marcarelli.

Lately, the brunt of the attack focused on one of the most hated features of wireless plans: limited monthly data allowances. Sprint and T-Mobile last summer introduced relatively cheap unlimited data plans, but Verizon stuck with its buckets, albeit moving to give customers bigger allowances per dollar a few times.

And that seemed to be the strategy, at least under the supervision of Verizon CFO Fran Shammo and David Small, head of wireless operations.

Then, over the past few months, Shammo retired and Small was replaced by Ronan Dunne, the former CEO of British wireless carrier O2. Now it seems the company's whole competitive strategy is

being replaced as well, with the surprise announcement on Sunday that Verizon will finally offer unlimited data plans, too. And after getting as aggressive as rivals giving away free iPhones at the holidays, Verizon brought back the offer this week for new customers who defect to the unlimited plan.

Although there are lingering questions about how Verizon's network will handle the surge in usage from likely tens of millions of newly unlimited customers, the shift was increasingly unavoidable, given the gains competitors were making.

Last month, Shammo's replacement, Matt Ellis, reported fourth quarter results and had to tell investors and analysts that, contrary to earlier forecasts, Verizon's revenue would not grow in 2017. The problem was tougher competition in the wireless market, which had already prompted Verizon to offer more data per plan and eliminate overage charges on newer plans. Asked if it was time to offer an unlimited plan, Ellis sounded more open minded than his predecessor.

"We continually monitor the market and we will see where we head in the future," he said.

MARKET SHARE BATTLE

That future arrived sooner than most expected. The reason is that the competitive assault, already taking market share, intensified.

Last year, Verizon added 2.3 million regular monthly phone customers, about half what it added in 2015. Smaller competitor T-Mobile added 3.3 million of what the industry calls postpaid phone customers, the most lucrative segment in the market. And Sprint, which was still losing such customers just over a year ago, managed to add 910,000 in 2016.

Then after New Year's at the CES show in Las Vegas, T-Mobile announced it would stop adding surcharges and taxes as add-on fees to its unlimited plan. The \$70 one-line price would be the price customers actually paid, an effective 10% or more price cut given the level of extra fees being eliminated. And Sprint got even more aggressive, first cutting the price of one line of unlimited to \$50 from \$60 under a limited time offer, then adding a promotion of just \$90 for up to five lines.

In the end, Verizon was backed into a corner and couldn't avoid unlimited any longer, analyst Jonathan Chaplin of New Street Research tells Fortune. "I suspect subscriber trends have deteriorated further from the fourth quarter," he says. "Bottom line, they are having a hard time competing for (subscribers) without it."

Verizon's competitors took different tacks after the announcement. T-Mobile CEO John Léger, among several critical tweets, went poetic in one of his responses. "Roses are magenta. Unlimited is too. You don't know what you're doing. Customers realize it, too." But Sprint CEO Marcelo Claure was complimentary, tweeting to Dunne: "good move. Recognizing what consumers want is a step in the right direction. Look forward to competing at another level."

The prospects of increasing competition and lack of growth have spooked Wall Street. Verizon's share, which had lost almost 7% since Ellis's fourth quarter report, lost another 1% in morning trading on Monday.

And there remains the question of network capacity. Verizon has less airwave spectrum per customer than the smaller carriers—about half what AT&T and T-Mobile have and far less than Sprint.

"There will now be increasing focus on how Verizon's network can handle the likely traffic surge," Morgan Stanley analyst Simon Flannery noted obliquely, pointing out that even before the new unlimited plan the carrier's high-speed data traffic was already growing 49% in the fourth quarter versus the prior year.

However, Verizon has spent far more than Sprint and T-Mobile on high-tech upgrades and additional cell sites to boost efficiency. Verizon laid out over \$11 billion last year on wireless infrastructure, compared with \$5 billion at T-Mobile and under \$3 billion at Sprint, as Dunne pointed out in a blog post on Monday.

"We're committed to investing in everything you'll need to connect to the promise the digital world offers - no matter how many times you stream your favorite cat video on YouTube or how many hours you spend texting your best friend about the things that matter most in your life," Dunne wrote. "Our network isn't just ready for what's next. It's ready for anything."

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