

As it closes AOL deal, Verizon teases new video service

June 23 2015, by Tali Arbel

Verizon is launching a mobile video service this summer that would show sports, concerts and other types of content.

The country's largest wireless provider teased a few details of its upcoming offerings Tuesday while announcing it had completed its \$4.4 billion purchase of AOL Inc. The deal is designed to help Verizon Communications Inc. expand in mobile video and advertising as more hours are spent watching video, reading and shopping on phones and tablets.

"We see the world shifting very quickly to mobile and we believe that mobile will represent 80 percent of consumers' media consumption in the coming years. And the Verizon-AOL partnership will allow us to capture that shifting opportunity," said Verizon CFO Fran Shammo on a conference call.

There has been a proliferation of online video options in recent months. Many are aimed at people who have canceled or never signed up for cable, like Dish's \$20-a-month Sling TV—a mini cable bundle that streams over the Internet—and HBO Now, which gives you the premium cable channel's movies and TV shows without the expense of the cable bundle. HBO Now costs \$15 a month.

Verizon's mobile video service will work on competitors' networks as well as on Wi-Fi and will include ad-supported data, says Verizon executive vice president Marni Walden. That could mean an advertiser

pays for some of the data required—video is a data hog.

Walden said Verizon believes it is able to do that under the Federal Communications Commission's new net neutrality rules, which are meant to keep Internet service providers treating content equally.

The service will also have a "premium" component, Walden said. That could be pay-per-view content.

Verizon is securing deals for live and on-demand content, Walden said. The company currently has the rights to the Live Earth concert, a partnership with the NFL that lets wireless phone subscribers pay \$5 a month to watch live football games and a deal for exclusive content with AwesomenessTV, an Internet video network.

AT&T, Verizon's wireless rival, has gone in a different direction with video. It's buying satellite TV provider DirecTV for \$48.5 billion. Regulators must still approve that deal.

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