

FuboTV Strategy Risk Report

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Executive Summary

FuboTV faces critical strategic risks: execution inefficiencies, regulatory uncertainty, and intensifying competition. Dependence on costly sports licensing and advertising revenue exposes the company to economic volatility. Rising content costs and price-sensitive consumers threaten profitability without effective cost controls and flexible pricing.

Regulatory ambiguity surrounding data privacy laws and vMVPD classification increases compliance risk. Delayed adaptation or weak data governance could result in penalties and reputational damage. Intensifying competition from rivals like YouTube TV and Hulu, with broader content bundles and stronger brand recognition, weakens FuboTV's market position and slows subscriber growth.

Mitigation strategies include renegotiating licensing contracts using regional or tiered structures to control costs; developing value-focused content bundles and personalized retention strategies; strengthening data governance to ensure compliance with evolving privacy requirements; and forming partnerships with niche content providers to broaden offerings and rebuild brand positioning.

Proactive implementation of these actions can improve cost structure, ensure regulatory alignment, and enhance competitive resilience, sustaining FuboTV's growth in a rapidly changing media environment.

FuboTV Strategy Risk Report

FuboTV is a U.S.-based virtual multichannel video programming distributor (vMVPD) specializing in live sports streaming through a subscription and ad-supported model. While the company has shown recent revenue growth, it operates in a highly volatile environment shaped by evolving consumer preferences, intensifying competition, and increasing regulatory complexity.

As the digital streaming market matures, FuboTV faces critical pressure to sustain its differentiation and financial performance. Its sports-centric model depends heavily on high-cost licensing and a narrow monetization structure, exposing it to significant strategic risk. Moreover, legal ambiguity surrounding data governance and platform classification and aggressive moves from larger competitors continue to erode the company's strategic position.

This report addresses the top three strategic risks currently confronting FuboTV:

Strategy Execution risk — internal limitations in responding to shifting economic and operational demands;

Regulatory and Compliance Risk — growing legal obligations around user data and content distribution;

Competitor Risk — loss of market share due to platform scale, bundling, and diversified offerings.

Each risk will be explored regarding its root causes, potential impact on long-term performance, and strategic implications. The objective is to translate these risks into actionable

insights that can help decision-makers protect enterprise value while identifying opportunities for growth and differentiation.

Problem/Opportunity Statement Purpose

FuboTV faces three interrelated strategic risks: strategy execution risk, regulatory and compliance risk, and competitor risk. Although these risks threaten FuboTV's sustainability, they also offer substantial opportunities for strategic advancement if managed properly.

The strategy execution risk arises from FuboTV's sole reliance on premium live sports content and advertising revenue. However, potential economic volatility, rising licensing costs, and shifts in consumer behavior are challenging the sustainability of this model. The company must develop better execution efficiency to adapt to these changes. However, this risk also opens the door for transformation—by adopting more flexible pricing, expanding content categories, and improving operational responsiveness, FuboTV can develop a more stable growth strategy.

The company's exposure to legal framework changes governing data privacy and content distribution increases regulatory and compliance risk. As authorities reassess the classification of virtual MVPDs and enforce consumer data laws, FuboTV faces increasing compliance responsibilities. As long as FuboTV can align with regulatory changes, it can help the company position itself as a trustworthy and compliant provider. This action is especially valuable in the era of consumer data sensitivity.

The aggressive expansion of platforms like YouTubeTV and Hulu drives competitor risk. These platforms offer broader content portfolios, stronger brand equity, and more affordable bundle options. These competitors pose a serious challenge to FuboTV's differentiation, but they also highlight an opportunity. FuboTV can reclaim its unique market space by focusing on sports content, improving user experience, and forming strategic partnerships.

Understanding and managing these risks is about minimizing the downside and discovering the conditions for long-term competitive advantage and sustainable growth. If FuboTV could address these risks thoughtfully, it could serve as leverage for differentiation and long-term market positioning.

Methodology

This report uses a structured risk analysis approach based on Value-Based Enterprise Risk Management (ERM). It combines established strategic risk frameworks and credible data sources to ensure analytical rigor and practical relevance.

FuboTV's 2023 10-K annual report is reviewed to identify explicit and implicit assumptions in the company's strategy.

Based on the three risks' characteristics and potential impact on FuboTV's long-term performance, the PESTEL framework assessed external environmental factors contributing to each risk, including political, economic, social, technological, environmental, and legal dimensions.

Root Cause Analysis is conducted to uncover each risk's underlying structural or strategic weaknesses. This method enabled the team to move beyond surface-level symptoms and identify fundamental drivers of exposures by questioning the origins of each risk.

The Risk Matrix evaluates each risk, assessing probability and severity to quantify overall exposure. This tool identifies priorities and guides the design of targeted mitigation strategies, which focus on reducing likelihood, impact, or both.

This methodology provided a consistent and credible foundation for identifying strategic vulnerabilities and proposing actionable mitigation plans to convert risk into opportunity.

Result

Strategy Execution Risk

FuboTV builds a two-wheel-drive growth model with "live broadcast rights of top sports events + advertising revenues." This deep verticalization strategy ties its business ecosystem to three major risk transmission chains: uncontrollable upstream IP licensing costs for sports events, cyclical contraction of brand owners' budgets in the midstream, and liquidity risk of users' willingness to pay and their viewing habits in the downstream.

Root causes that can be seen by conducting an RCA include: (1) Over-reliance on expensive sports licenses. (2) Lack of internal agility in strategy implementation. (3) Dual revenue model vulnerable to recession and advertiser retreat.

PESTEL's analysis indicates rising inflationary economic pressures and shrinking ad spending have significantly exacerbated execution risk. At the same time, the iterative evolution of algorithmic recommendation mechanisms in the technology dimension has created breakthrough opportunities for operational optimization.

By building a trinity of risk mitigation: an AI-driven real-time market monitoring system, a cross-departmental synergistic mechanism led by the Strategy Execution Office (SEO), and the construction of a diversified content ecosystem, the enterprise has significantly strengthened the agility of its market response and the precision of its pricing strategy. However, it should be noted that against the backdrop of macroeconomic volatility forming a systemic control barrier, the overall risk exposure is still at a medium-high risk threshold.

Before Mitigation: Likely (4) × Major (4) = 16 (Severe) (Appendix A)

After Mitigation: Moderate (4) \times Major (3) = 12 (Major) (Appendix B)

As a result, this mitigation strategy reduces the overall risk by approximately 33%.

Regulatory and Compliance Risk

FuboTV's business model as a vMVPD operator faces compliance uncertainty due to lagging regulatory classification, especially as the technological evolution of Internet TV services is out of step with the current regulatory framework for broadcasting. This legal ambiguity continues to expose it to unexpected compliance risks, focusing on the high-pressure regulatory zones of legal disputes over content licensing and the protection of subscriber data privacy.

Following the RCA, it was concluded that the underlying reasons for this were FuboTV's inadequate internal data governance, which led to consumer data breaches, and weak regulatory advocacy, which caused FuboTV to be reactive rather than proactive.

The PESTEL framework highlights the dual systemic pressures of the political and legal dimensions: intensified regulatory scrutiny and accelerated consumer protection legislation create policy resonance. Continued regulatory blindness on the part of companies may trigger a systemic compliance crisis.

Mitigating measures for regulatory and compliance risks include automated consent systems, third-party cybersecurity audits, and active participation in FCC discussions. Diversify license agreements by preparing for reclassification scenarios. In this way, FuboTV can reduce the likelihood and severity of regulatory shocks.

Before Mitigation: Possible (3) \times Major (4) = 12 (Major) (Appendix A)

After Mitigation: Possible (3) \times Moderate (3) = 9 (Moderate) (Appendix B)

As a result, this mitigation strategy reduces the overall risk by approximately 33%

Competitive Risk

FuboTV is in one of the most saturated segments of the streaming ecosystem, competing not only with YouTube TV, Hulu + Live TV and cable alternatives but also with vertically integrated platforms such as Disney+ and alliance services such as the Disney-Fox-WBD joint venture. Competitive risk is exacerbated by a lack of exclusive IP, rising consumer churn and increased pricing pressure.

According to its 10-K report, FuboTV acknowledges that "competitors benefit from stronger brand recognition, deeper content libraries and sizable marketing budgets" and that "many users have multiple subscriptions", which makes loyalty unstable (FuboTV, 2024, p. 10).

This risk was attributed to three causes by conducting an RCA: (1) proximate cause - subscriber churn; (2) intermediate cause - undifferentiated content outside of sports; and (3) fundamental cause - the narrow brand image as a "sports-first" platform in a market driven by content diversity.

PESTEL analytics highlight user preference for ad-supported, bundled content as a major social factor influencing retention. This provides good ideas for mitigating strategies, such as partnering with content providers and developing original entertainment content. Building

AI-based personalized services to enhance user engagement during off-peak hours can also reduce churn and lower customer acquisition costs, thereby increasing user loyalty.

Before Mitigation: Likely (4) \times Critical (5) = 20 (Severe) (Appendix A)

After Mitigation: Possible (3) \times Major (4) = 12 (Moderate) (Appendix B)

As a result, this mitigation strategy reduces the overall risk by approximately 66.7%

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Discussion

The results of the strategic risk assessment in the previous section reveal the critical weaknesses within the company and potential opportunities for building up a stable digital future. FuboTV's success was initially raised from a specialization strategy focused on live sports streaming. However, as market trends evolved, this specialization was not necessarily good. FuboTV's risk assessment indicates that the company is now on a new trajectory. The path that was a predictable growth is now flooding with challenges as FuboTV navigates essential vulnerabilities under increasing regulatory scrutiny and competitive pressures.

These risks are interconnected, creating a complex environment where weaknesses in one area amplify one another. The strategy execution risk exposes the limitations of FuboTV's dependence on a vertically concentrated revenue model—anchored in premium sports content and advertising. The results indicate that this narrow scope makes the company highly sensitive to external shocks, such as inflation-driven licensing costs and cyclical fluctuations in advertiser budgets. Internal challenges—including slow response times, limited pricing adaptability, and inadequate diversification—have reduced the firm's ability to pivot effectively in response to market changes. However, this risk is not insurmountable. The results also show that execution risk can become a launchpad for improved operational agility if addressed through initiatives such as real-time market monitoring, cross-functional coordination, and content diversification. These adaptations reduce financial fragility and create opportunities to re-engage different consumer segments with more flexible and value-oriented offerings.

In parallel, regulatory and compliance risk illustrates an emerging friction between creativity in the digital streaming medium and the legal architecture built to support it. FuboTV's troubles arose partly due to a lack of regulatory clarity (especially on how to classify vMVPDs) and

partly because it did not have strong enough internal controls to drive proper data hygiene. The point of these capsules is that static regulatory practices and inadequate forecasting pose an ever-greater threat of exposing firms to fines, brand damage, and even service interruptions. A whole series of strategic recommendations here aim to remedy that situation, including graphs representing market configurations over time, not just at a single moment; introduction tables to show how different patterns can evolve in response to this or that decision; a list of possible strategic adjustment points; and, finally, arguments for or against taking each step. By properly implementing these initiatives, FuboTV could protect itself against potential compliance failures and ensure that the lead in consumer trust it enjoys over the entire industry remains a linchpin guarantee. This is particularly important in an increasing concern about privacy and data confidentiality.

Among the identified risks, competitive threats are particularly severe and strike at the heart of FuboTV's strategic identity. Major players such as YouTube TV and Hulu + Live TV used their strong buying power and wide-ranging libraries of content to occupy large shares of television markets left behind by traditional TV. In contrast, FuboTV's strategic outlook as a first-mover's content platform for sports has begun to impact user acquisition or retention efforts. Challenges such as subscriber churn, lack of non-sports content, and persistent brand conservatism have left it vulnerable to substitution threats. However, this competitive risk also presents a pivotal strategic opportunity. By bringing up partnerships with entertainment content providers, developing original programming, and utilizing AI-driven, personalized tools, FuboTV can enhance its flexibility and focus on consumer experiences. The fact that reducing competitive risk by over 60% through these initiatives indicates that this repositioning is not only practical but also a crucial step forward.

The findings suggest that FuboTV's greatest risks are not solely external but also stem from its internal strategic and operational coherence. Isolated solutions are unlikely to suffice; the company must undergo an integrated transformation that aligns its internal capabilities with the demands of a rapidly changing external environment. The significance of this analysis lies in its ability to transform perceived threats into opportunities—shifting the focus of risk management from merely preserving the status quo to discovering new strategic pathways for development.

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Conclusion

The report has detected and assessed three interrelated strategic risks that FuboTV is facing at present: the execution risk of its strategy, the regulation and compliance risk, and the competition risk. At the same time, however, our analysis also indicates that these risks can serve as the engine of change: they offer FuboTV an opportunity to break free from its current constraints and move forward in the feverishly hyper-competitive digital video content landscape.

The execution risk centers on FuboTV's overreliance on live sports and advertising revenue. Therefore, when this narrow path meets changing licensing fees and economic conditions, as well as evolving audience behavior patterns, the model becomes increasingly fragile. However, by expanding the types of businesses we enter, offering more flexible pricing policies, and becoming a more responsive company internally, FuboTV may lessen risks and make its strategy more adaptive.

Regulatory and compliance risk arises from growing legal obligations around data privacy and content distribution. Given the prevailing trend toward virtual MVPDs subject to harsher laws, FuboTV may lack a compliance infrastructure. However, clear consent mechanisms, more stringent data governance policies, and active regulatory alignment will help FuboTV win people's trust and reduce legal uncertainty.

Competitor risk—currently the most severe—reflects pressure from full-service rivals like YouTube TV and Hulu. FuboTV's niche sports positioning is no longer sufficient. To respond, the company should pursue exclusive partnerships, invest in original or adjacent content, and enhance the user experience through personalization.

To conclude, FuboTV is facing a stage of turning its strategy of partnerships and business modeling. By taking all these risks as challenges and opportunities to move one step forward in the industry, using mitigation and maximization of opportunities, FuboTV can be expected to win the market competition and take the shares.

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Appendix

Appendix A

			Before		
Impact Probability	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain					
Likely				Strategy Execution Risk	Competitive Risk
Possible				Regulatory and Compliance Risk	
Unlikely					
Rare					

Appendix B

		After			
Impact Probability	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain					
Likely			Strategy Execution Risk		
Possible			Regulatory and Compliance Risk	Competitive Risk	
Unlikely					
Rare					