

BUSINESS

Verizon buys AOL for \$4.4 billion in mobile video bet

By **THE ASSOCIATED PRESS**

PUBLISHED: May 12, 2015 at 2:36 pm | UPDATED: April 24, 2016 at 5:21 am

NEW YORK — After selling mobile phones to millions of Americans, Verizon now wants to capture their eyeballs.

As its phone business slows down, the nation's largest wireless carrier is making a \$4.4 billion bet that it can find growth in mobile video and advertising by buying AOL, one of the Internet's oldest brands.

AOL owns Denver-based digital mapping company MapQuest, which was once the go-to map for desktop PC users researching how to get from Point A to Point B. MapQuest, which employs about 70 in Denver, is [ranked third for travel sites](#), according to Nielsen, a market research firm that tracks Web traffic.

Another dozen people work for corporate AOL in Denver, plus a couple of reporters for The Huffington Post, according to Luke Beatty, AOL's Denver-based president of independent brands, which include online publications TechCrunch, HuffPo and Engadget.

"This Verizon acquisition is awesome and big news for AOL and the Denver AOL folks," Beatty said. "The Denver office, as well as every other location and their related brands, are full-speed ahead, invigorated by this acquisition."

The deal is the latest effort by a wireless company to tap into the money shifting to streaming video and mobile devices.

Media analyst Ken Doctor said Verizon is becoming less of a utility that merely provides access to online services and more of a player in the digital arena as it sees growth in the likes of Apple, Google and Face book.



“They’re trying to move into that league of players getting money from digital, both from consumers and advertisers,” he said.

AT&T has taken a different tack. Last year, the company said it would buy satellite TV provider DirecTV for \$48.5 billion so it could offer bundles of TV, Internet and phone services — just like cable companies.

With the AOL acquisition, Verizon will gain access to advanced advertising technology, including the “One by AOL” platform that lets customers buy ads across platforms, including video, online and TV.

AOL reported a 7 percent boost in revenue during its first quarter, mainly on strong global advertising sales.

“AOL’s focus on unifying the advertising experience across display, video, mobile and TV makes it an attractive asset because advertisers are looking for better ways to reach their audience across screens,” said Lauren Fisher, analyst at eMarketer.

AOL is the nation’s fourth-largest online property, with about 200 million monthly consumers of its premium brands, according to its website. And AOL is the third-largest desktop video company in the U.S. by users, accounting for about 35.4 of total unique viewers of online video via desktop computer in February, according to IBIS World.

Still, analysts said, the move should not be overstated because it’s a relatively small part of Verizon’s overall value.

“It’s the tip of the tip of the tail, and it is clearly not going to wag the whole dog,” MoffettNathanson partner Craig Moffett said in a research note. “Verizon is still, first and foremost, a wireless phone company.”



SPONSORED CONTENT

At Home Fitness Evolved

By Peloton



The incredible at-home fitness experience of Peloton, now more convenient

than ever.

