

They're dead to us: The Ars Technica 2019 Deathwatch

Enlarge / No one wants to celebrate a company going away, though these organizations certainly seem to be on a tenuous track.

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It's come to this again: 2018 has passed, making the dumpster fire that was 2017 look a bit more like the glory days. Last year ended with the government partially shut down and the market in a deep slide. Tech companies seemed out to outdo each other as cautionary tales, with some of 2017's biggest losers extending their death rolls and some of the biggest players in the industry seeming to deliberately set themselves on fire.

So, once again it's time to call out the Deathwatch. If you're stumbling across Ars' Deathwatch for the first time, this is **not** a prediction of the actual demise of companies or technologies. It takes a lot to actually erase a company or a technology from the face of the Earth these days. Even the worst ideas and businesses often linger on through inertia or get absorbed by some other company and metastasize in new and horrific ways—for example, Yahoo. (We'll get to them soon enough.)

Instead, Deathwatch is our annual way of identifying those entities facing a different sort of danger: economic,

cultural, or legal peril that could render a company irrelevant, inconsequential, or (in some cases) chum for legal and market sharks. Some organizations that have been put on Deathwatch have died a thousand deaths—take RadioShack, for example (a 2014 Deathwatch alumnus... which died a second time after a 2017 reboot). Others, such as BlackBerry, have persisted but have changed so much that they are no longer recognizable as the entities they once were. And then there are others that have so much runway in their death spiral that they could persist as a cautionary tale for decades to come.

To be a candidate for the Deathwatch, a company or product division of a company should have experienced at least one of the following:

- An extended period of lost market share in their particular category
- An extended period of financial losses or a pattern of annual losses
- Serious management, legal, or regulatory problems that raise questions about the business model or long-term strategy of the company or product line

Last year's class has a high survival rate (for now). **Faraday Future** was looking like a dead car company walking before reaching a new investor agreement. Management changes at **Uber** have kept the company driving despite leaping into other markets—but it now faces a whole host of new competition in every segment, on top of its problems with its driverless car business. **Twitter** became profitable somehow (at least on paper) in 2018, despite the bad press the company garnered over Twitter being the favorite platform of government-sponsored information operations worldwide.

A few honorees remain on life support, however. **SoundCloud** has been treading water since it nearly ran out of cash in 2017, and it's not clear what the survival strategy is for the company. **HTC** somehow also managed to eke out a profitable

quarter in 2018—just one, mostly thanks to a cash infusion from a partial acquisition by Google. But that acquisition basically handed Google most of HTC's cell phone operations, so we're counting HTC out for this year. **LeEco**, the company previously managed by Faraday Futures' CEO, is also looking like roadkill in the US. Much of its operations have shut down as the company explores ways to recover.

We also put **network neutrality** on the Deathwatch last year. No matter how much the Internet mourns, it's dead. It probably won't be back any time soon.

With that, let's move on to this year's... winners.

Enlarge / Mark Zuckerberg got quite familiar with hearings and politicians within the last year.
Getty Images

Facebook management

Last year, we left Facebook off our list for a number of reasons, starting with its insane profitability. While some

readers called Facebook a “bubble,” it was clear that Facebook is the Internet’s version of “too big to fail”: deep pockets, well-entrenched, semi-diversified (with the acquisitions of Instagram and WhatsApp), and billions of users. Little Twitter may finally be profitable, but TWTR’s most recent quarterly earnings are a mere five percent of Facebook’s.

And yet, here we are, putting Facebook on Deathwatch. The reasons have only a little bit to do with financials. We don’t expect that Facebook will go away, but this year is going to probably determine whether Facebook’s management team will continue as it is—or whether there’s a stockholder rebellion, or a government lawsuit, or some combination of both that drives CEO Mark Zuckerberg and others out

Facebook is in crisis, thanks to a stream of what some might refer to by the technical term “really bad management decisions” moves made by the company over the past six years to accelerate the company’s growth while skirting the limits placed by a settlement reached with the FTC over privacy issues finalized in 2012. The Cambridge Analytica “data breach” scandal, other privacy concerns, fake news, and Russian troll ops blowback created a perfect storm that left Zuckerberg looking like a deer in the headlights in front of a series of US congressional hearings (and his subsequent refusal to testify before legislators in seven other countries).

Piled upon that were further privacy revelations, including discoveries of Facebook’s collection of user phone call history and SMS data on Android devices. There was also an advertiser and content provider revolt over Facebook’s apparent exaggeration of video view counts. And despite efforts to reduce hate speech on its platforms, there were people literally getting killed over WhatsApp fake news in India and by hate speech campaigns on Facebook in Myanmar.

So while Facebook is not going to suddenly disappear off the

face of the Internet (as much as many people seem to want it to), 2019 is going to be a make-or-break year for the company. While economic forces may not force changes in the company, legislation and courts might very well make business as it has been impossible—especially as the ramp-up for the 2020 elections begins.

—Sean Gallagher

Enlarge / The Web's iconic little yellow being may be drowning a bit in 2019.

Oath breaking: Verizon's AOL/Yahoo Frankenstein

Yahoo made it onto our Deathwatch in 2016 and 2017, then it was subsequently purchased in June 2017 by Verizon. The move combined Yahoo and AOL into a new subsidiary called "Oath."

Despite the presence of two former Web giants, Verizon's Oath has been a big failure. Verizon announced in December 2018 that it was taking a \$4.6 billion non-cash goodwill impairment charge for Oath, wiping out nearly all of Oath's goodwill value.

Verizon explained that Oath “has experienced increased competitive and market pressures throughout 2018 that have resulted in lower-than-expected revenues and earnings.” The outlook for 2019 doesn’t look any better.

Verizon wanted to become an online advertising and media powerhouse to complement its wireless and wired telecommunications businesses. But it has already given up on an attempt at a video streaming service, and Oath hasn’t made up any ground in the ad market dominated by Google and Facebook.

“These pressures are expected to continue and have resulted in a loss of market positioning to our competitors in the digital advertising business,” Verizon said.

Besides that, Verizon is also reducing its company-wide head count by 10,400 through voluntary buyouts. We’d expect that plenty of those departures will come from the Yahoo and AOL ranks.

—Jon Brodtkin

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