

Winnick Dials Up Deal for OTT-Streaming Site

TECHNOLOGY: Former Global Crossing chief aims to take on Netflix, Hulu.

By HENRY MEIER *Staff Reporter*

Word broke last week that Los Angeles billionaire and former telecommunications mogul Gary Winnick was back in the game, taking a majority stake in startup streaming service Qello.

While Winnick declined to discuss the deal in depth or disclose how much he paid for his stake through a representative, he did confirm the transaction took place. That kicked off speculation about whether the founder of computer networking company Global Crossing Inc. had bought into another multibillion dollar company in the making.

“He’s a very smart guy, and with tech he’s usually at the forefront of things, not at the back of the pack,” said Lloyd Greif, chief executive of downtown investment bank Greif & Co. **“The vision he had with Global Crossing was nothing short of amazing, and he’s done a lot of tech investing since, but usually under the radar. It’s nice to see Gary do something a little more high profile.”**

Qello is an over-the-top streaming provider in the mold of Netflix Inc. or Hulu, meaning that it does not require users to have a traditional cable television subscription to access content. The

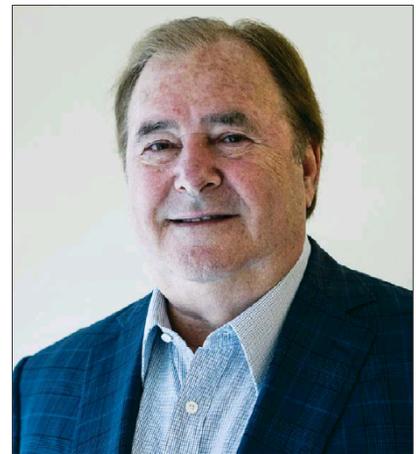
company allows users to livestream concerts through partnerships with content producers. Reuters, which first reported the Qello deal, said Winnick was looking to partner with other entertainment outlets such as Viacom Inc. and MGM Studios Inc. in order to expand the platform’s offerings.

Greif said Winnick is likely to position Qello as a platform for consumers to access streaming services rather than use the company as a vehicle to acquire content outright.

“What he’s trying to do is get there first and convince content creators to use his portal,” Greif said. **“His side is distribution, making sure the technology is cutting edge, and getting producers to buy-in in order to disseminate their content in the best way possible.”**

The deal could represent a turning point in an old debate about whether content or distribution platforms are more valuable, according to Muizz Kheraj, managing director of West L.A. investment bank FocalPoint Partners.

“A lot of people seem to think content is king, but that debate seems to happen on a pendulum,”



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Investor: Gary Winnick's firm buys Qello.

Kheraj said. **“Consumers are eventually going to gravitate toward an over-the-top platform that is consistent. Ultimately, there will be one access point where you go to for your content.”**

Kheraj said Qello had been gaining steam in the last several months, signing a deal with Sony Corp. to stream content through its PlayStation 4 gaming network.

“It’s still an early point (for Winnick) to get in, but the platform has a pretty good reputation in the industry,” Kheraj said. **“They’re maturing as an over-the-top platform at a time when companies are jostling to be the distributor of choice.”**