

## **This Week's Stories**

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### **MatlinPatterson Assembles Telecom Advisers Ahead of Potential Nortel Bid**

July 16, 2009

MatlinPatterson has collected a team of telecom industry veterans to advise it ahead of a potential bid on bankrupt Nortel Networks. The private equity firm also is seeking out strategic partners for its rescue plan, which will counter Nokia Siemens Networks' \$650 million bid for Nortel's wireless assets, according to a report in the *Financial Times*.

"We welcome the opportunity to work with potential strategic partners to leverage Nortel's resources and leading LTE technology long into the future," MatlinPatterson said in a statement.

As it prepares to enter into discussions with potential partners, the Nortel creditor has assembled a team of advisers led by Dion Joannou, the former president of Nortel's North America operations. According to the *FT* report, which cited unnamed sources close to MatlinPatterson's plans, the advisory committee also includes Richard Burns, the former president of AT&T's wireless network; Richard Piasentin, a former Nortel vice president for sales; Tony Pirih, the former head of Nortel's R&D operations; and Chris Smith, the former executive vice president in charge of Alltel's network operations.

MatlinPatterson was reaching out to bondholders and other investors in a bid to strengthen its potential counter-offer for Nortel's wireless assets. The firm hopes to convince Nortel and bankruptcy courts that Nortel can and should remain intact, rather than broken up and sold in parts. MatlinPatterson declined to identify which potential partners it was in discussions with, according to the report.

Nokia Siemens has the right to raise its bid if others are introduced, and has indicated it may do so. Bids are due July 21 and an auction is set for July 24. NSN has been dismissive of the idea that Nortel can be "saved" and remain intact.

"I more than anybody would like to save Nortel," Sue Spradley, the North American chief of Nokia Siemens, said earlier this week. "But if it could have been saved, we all would have done that years ago."

<http://www.fiercewireless.com>

### **Report: Consumers Love Their iPhones**

July 16, 2009

Apple's mega-hyped iPhone appears to be winning the global smartphone race, at least in terms of brand loyalty and user satisfaction, according to a new report issued by eMarketer.

Globally, 13 percent of smartphone users are iPhone

owners, compared to 9 percent of smartphone users who possess a BlackBerry--the one-time category leader. Nearly half of those iPhone users are in the U.S., per eMarketer. (The research was compiled by analytics firm Crowd Science.)

But beyond leading the market share race, perhaps the most promising trend for Apple is iPhone users' stated love for the product, and what can be done with it. "Not only are iPhone owners more satisfied—and more brand-loyal—than any other smartphone users, they use the most smartphone features," the report notes. For example, eMarketer found that iPhone users are more likely to use functions such as Wi-Fi and GPS, and claim to be more satisfied with their phone's screen size and navigation.

The report also found that 82 percents of iPhone owners would "probably or definitely purchase an iPhone again." A whopping 97 percent said they would recommend the phone to someone else

<http://www.brandweek.com>

## **Product & Service News**

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### **Alltel Offers Three Months of Free Service in Promotion**

July 14, 2009

What remains of Alltel is still offering deals for subscribers. As part of a back-to-school promotion through Sept. 10, new and existing customers with "My Circle" plans, Smart Choice Packs and Bundled Wireless Internet plans can add up to four lines to their primary account, with a \$25 activation fee per line. The kicker: On each of those lines, customers will have three months of free service. The promotion is only available to customers in the 91 cellular market areas that Verizon Wireless hasn't yet divested as part of its acquisition of Alltel; the markets will continue to operate through Alltel until the Department of Justice and the FCC approve separate plans by AT&T and Atlantic Tele-Network to buy them.

<http://www.fiercewireless.com>

### **Google Voice Quietly Launches**

July 16, 2009

For the past few weeks, Google has quietly been sending out invitations for its Google Voice service, which the company announced in March.

On Tuesday, Google announced mobile apps for BlackBerry and Android devices that will allow users to more easily manage their Google Voice accounts.

Previously, to place a call using Google Voice, users had to dial their own Google Voice number from their cell

phone or use the Quick Call button online. With the new mobile app, users can make calls and send SMS messages with their Google Voice number directly from their mobile phone. The app is fully integrated with each phone's contacts, so users can call via Google Voice straight from their address book.

Additionally, the new application allows users to access their voicemail, read message transcripts, follow along with "karaoke-style" playback of messages, read SMS messages sent to their Google Voice number and access all their call history.

Google bought Grand Central, an Internet-based voice service, back in July of 2007. Since then, it's been using Grand Central as a starting point for the evolution of Google Voice.

The new service provides users with one life-long "uni-number" that links to all the user's other phone numbers (such as landline, cell, work, hotel). One call to that single Google Voice number can ring a handful of lines.

<http://www.wirelessweek.com>

## **Nokia Promises Applications, Services Push**

July 17, 2009

Nokia will increasingly look to include more applications and services in its phones, such as navigation and messaging, as a way to shore up its position in the market. The world's largest handset maker pledged to innovate by striking out as a services company, even as some analysts questioned the company's ability to move beyond its traditional role as a bulk supplier of low- and mid-range phones.

Nokia CEO Olli-Pekka Kallasvuo said the company plans to have 300 million users of its mobile services by 2011. In addition, Nokia CFO Rick Simonson told *Dow Jones Newswires* that the company's leadership in areas such as navigation--Nokia announced in 2007 its acquisition of digital mapping company Navteq for \$8.1 billion--gives it a leg up over rivals such as Apple and Sony Ericsson. However, Simonson said that Nokia would maintain a focus on the lower end of the market as well.

The company, which retains the worldwide lead in smartphone market share, has come under increasing pressure in the smartphone arena. Geoff Blaber, a CCS Insight analyst, told *Forbes* that Nokia "doesn't have any really competitive products at the high end of the portfolio" to compete with the likes of Apple's iPhone or the Palm Pre. The threat of remaining stagnant and shunning innovation looms, according to Jeffries and Co. analyst Lee Simpson, who told *Forbes* that this is a "Motorola moment" for Nokia, hinting that the company risks the same fate as Motorola, which rested its laurels on its Razer phone.

In other Nokia news, the company announced that Accenture would acquire its Symbian Professional Services unit, which is responsible for Symbian OS customer engineering and support. Terms of the deal were not disclosed, but the companies said they expected it to close by the end of the third quarter.

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## **Industry Reports**

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### **Netbook Sales to Rise as Notebooks Fall Flat**

July 13, 2009

Demand for Netbooks has been hot and is likely to get hotter, as sales of their big brother, notebooks, are set to remain steady this year.

Netbooks are projected to grab a 20 percent share of the worldwide market for 2009, according to a report released Monday by researcher DisplaySearch, an NPD Group subsidiary. Consumers are expected to scoop up almost 33 million Netbooks this year, marking a sales gain of close to 100 percent from last year's 16 million.

But notebook sales are set to be flat this year, with 129 million units shipping, virtually the same as in 2008, according to DisplaySearch's Quarterly Notebook PC Shipment and Forecast Report. This would make the first year ever that the notebook market showed no sales growth. DisplaySearch defines notebooks as laptop computers with screens measuring 12.1 inches or larger.

By region, this year's Netbook sales are forecast to jump 260 percent in China, 137 percent in North America, and 88 percent in Latin America.

<http://news.cnet.com>

### **Another Test Puts AT&T Last in Mobile Broadband Performance**

July 15, 2009

Wired.com conducted a smartphone broadband test that found AT&T customers experienced the slowest average 3G network speeds while Verizon subscribers recorded the fastest speeds. Another test from PC World two weeks ago concluded that mobile broadband networks from Sprint and Verizon performed better than AT&T's in terms of reliability.

Wired.com said it conducted an "interactive 3G speed test" with about 15,000 smartphone users. The publication said 12,000 of those reported valid results. The study focused on 3G networks from AT&T, Verizon, Sprint and T-Mobile.

While not all that scientific, Verizon took the top spot with an average download speed of 1,940 kbps, as reported by 856 Verizon users. T-Mobile's average speed came in at 1,793 kbps as reported by 1,189 T-Mobile users. Sprint's average rate was 1,598 kbps as reported by 1,570 Sprint users. AT&T was last with an average 901 kbps reported by a whopping 8,153 AT&T smartphone users.

Wired.com conceded that the huge number of AT&T testers likely skewed the results and acknowledged that the test relied on the honesty of participants (there are lot of angry iPhone users out there). Plus software and other smartphone factors can impact broadband speeds.

However, the magazine's tests do coincide with what is considered a more scientific test from PC World. The publication said it used "industry-accepted testing technology techniques" to help smartphone users understand what type of performance they can get from the network.

PC World tested performance in 13 major cities with testing partner Navarum. It found that Verizon Wireless had an average download speed of 951 kbps across more than 20 testing locations in each of the 13 cities. In terms of reliability, the network was available at a reasonable and uninterrupted speed in about 90 percent of the tests.

Sprint's 3G network delivered on its promised speeds 90.5 percent of the tests in 13 cities. Average download speeds were 808 kbps. "The Sprint network performed especially well, both in speed and in reliability, in our test cities in the western part of the United States," said PC World.

Tests of AT&T's network showed average download speeds to be 812 kbps. PC World said reliability was a problem, with Navarum testers only able to make a connection at a reasonable, uninterrupted speed in 68 percent of their tests.

<http://www.fiercemobileit.com>

## Motivating Factors for Investing in LTE

July 15, 2009

LTE is still a few years away and many questions about the technology and business model remain unanswered. So why are many operators and equipment vendors betting on LTE today?

This is a simple question, with many different answers. While some operators view LTE as a disruptive technology, others see it either as an evolutionary path from their current technology or as complimentary. According to Mike Wright, executive director of Telstra in Australia, LTE will not replace its HSPA network that was deployed earlier this year, but rather will serve to complement it where there are capacity issues or more spectrum is needed. Telstra wants to utilize different spectrum ranges--LTE will provide the flexibility of using 900 MHz; at some point they will want to utilize their 1800

MHz spectrum and may also want to acquire 2.6 GHz spectrum if extra capacity is needed. One major advantage that Telstra sees is that LTE is much more flexible when it comes to awkward-shaped channels. For example, at 900 MHz, Telstra has 8.4 MHz of bandwidth. LTE will provide much more efficient usage of that type of channel than would WCDMA, for instance.

The evolution to LTE is also compelling for some operators because of reduced capital and operating expenditures when compared with previous 3G networks. Some will be able to leverage their existing 3G networks to upgrade to LTE. For those without a mobile/cellular infrastructure, deploying an LTE network might not be a cost-effective solution. For Telecom Italia, LTE will be an overlay technology for its 3G network to provide higher bandwidth services. Alberto Carnellio, director of business innovation at Telecom Italia, argues that 3G and HSPA have been very successful, and sees 4G as an evolution to 3G and HSPA that will bring improvements in terms of efficiency and performance. A question to keep in mind is what would happen if traffic grows beyond HSPA capacities? What about spectrum availability?

Joachim Horn, CTO of T-Mobile International, considers that HSPA has been developing well. The operator plans to continue profiting from this development, but foresees a limitation in capacity in a couple of years as traffic increases. T-Mobile will start deploying LTE as a host-spot high traffic zone solution, and as the technology matures and interoperability issues are resolved it expects a major rollout of LTE.

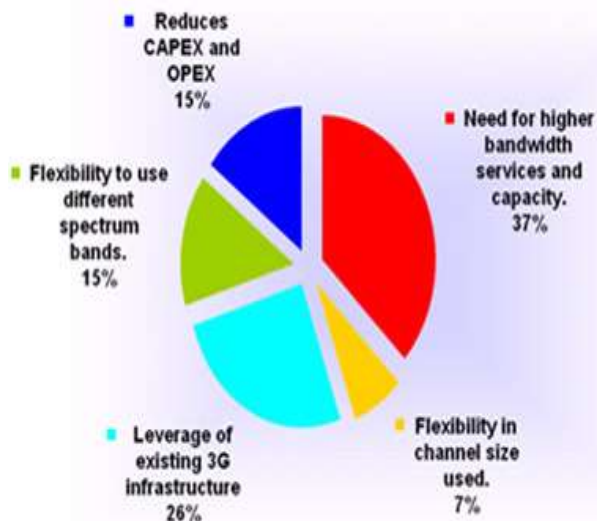
Another common thread driving the deployment of LTE will be the increasing demand for mobile data and video services at the lowest cost per bit. For U.S. carrier MetroPCS, the move to LTE provides two things: capacity and speed. MetroPCS has picked LTE as its 4G standard, following the lead of Tier 1 operators Verizon Wireless and AT&T Mobility. The operator aims to deploy LTE to address the rapid increase in multimedia traffic.

LTE also promises to provide great flexibility to operators in determining the spectrum in which it will be deployed. Not only will LTE have the ability to operate in a number of different frequency bands including the 2G and 3G spectrum, which are already widely available worldwide (meaning operators will be able to deploy it at lower frequencies with better propagation characteristics), but it also features scalable bandwidth. Whereas WCDMA/HSPA uses fixed 5 MHz channels, the amount of bandwidth for an LTE system can be scaled from 1.25 to 20 MHz. This means networks can be launched with a small amount of spectrum, alongside existing services, and adding more spectrum as users switch over. It also allows operators to tailor their network deployment strategies to fit their available spectrum resources.

But how much spectrum is required in order to deploy LTE profitably? According to T-Mobile International's Joachim Horn, at least 21 MHz is required to deliver 170 Mbps

downlink using MIMO antennas. The company is planning to deploy in the 2.6 GHz band spectrum, which is likely to be auctioned in many European countries in 2010, starting in the UK. T-Mobile International also envisions deploying LTE in all its available frequency bands for GSM and UMTS, but this is not likely to occur until 2015.

### Top Reasons why Operators are Investing in LTE



Source: 4GCounts.com Quarterly Report - July 2009

According to Motorola General Manager Fred Wright, CDMA carriers are motivated to adopt LTE because "they want to hop on the bandwagon of a global standard that will provide multiple supply sources for infrastructure, lots of device alternatives and multiple chip supply sources. All those things are good from the operators' perspective because, with more volume and more scale, they get better pricing and more alternatives. As good as CDMA/DO-A is, there is no next step on its roadmap."

The nature of various 3G networks are a big determining factor when it comes to the timing of operators' LTE network deployments. This means that for some operators the upgrade path to LTE will be more gradual than for others. Of course, operators having deployed their 3G networks last year using technology that is "LTE-ready"--such as Cox Communications, Telus and Bell Mobility--have a much greater advantage, as all they require is a simple network upgrade.

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The question that still remains for many is: Why are some operators deciding to immediately invest and deploy LTE, while others have adopted a "wait and see" approach?

One explanation is that operators' spectrum assets determine the technology and timing of deployments. In Europe for example, many operators strongly committed to LTE will have to wait for spectrum allocation to take place, especially in the 2.6 GHz band. Operators such as Telecom Italia and Vodafone UK are preparing the terrain for deploying LTE, but until these auctions occur it is difficult to anticipate the timing.

Another explanation is the distinction between CDMA and UMTS service providers: CDMA operators--with no significant migration path remaining on their 3G networks - -are proceeding directly to 4G, while UMTS providers have plenty of upgrades left for their HSPA networks. AT&T for example, is in no rush to deploy LTE, as it has been adding thousands of new cell site backhaul connections to support the higher mobile broadband speeds enabled by HSPA 7.2 Mbps. For AT&T, LTE will add more network capacity and higher bandwidth speeds to satisfy the increasing demand for data services. However the operator plans to continue deploying HSPA, increase bandwidth to 14.4 Mbps this year, then move to HSPA+ and finally deploy LTE sometime in 2012.



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