

## **This Week's Stories**

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### **Best Buy Goes Mobile with Dallas-Fort Worth Mall Stores**

August 17, 2009

Best Buy Co. has picked the Dallas-Fort Worth market to open the first of its 40 stand-alone mobile phone stores, a key part of its plan to become the leading U.S. retailer for the devices.

The Best Buy Mobile stores offer services from AT&T, Verizon and T-Mobile, as well as a slew of prepaid companies, all under one roof.

Various incarnations of the stores have been in testing for almost three years in six other cities, including New York and Minneapolis, where the No. 1 U.S. consumer electronics chain is headquartered.

Having settled on a 1,000- to 1,200-square-foot store – a fraction the size of a traditional Best Buy big box – Best Buy Mobile is opening the shops in malls across the country.

"There's a customer that wants to shop in the malls," said Shawn Score, president of Best Buy Mobile, who was in Dallas on Friday for the store openings. Mall test stores revealed "a whole new customer" that the company doesn't see in its 950 full-size Best Buys.

The new concept is the big box retailer's version of a small store with a big selection of prepaid, unlocked and carrier phones, as well as mobile devices such as netbooks and laptops.

The stores also offer Virgin Mobile prepaid broadband, Bluetooth headsets and Verizon Wireless MiFi, a high-speed mobile broadband device that supports up to five WiFi enabled devices. Accessories from Dooney & Bourke phone cases to Apple iPhone headphones round out the mix.

Six Best Buy Mobile stores just opened in the area, and a seventh will open soon at the Dallas Galleria. Five or six more are in the works, Score said.

The stores will roll out next in Boston, Houston, Los Angeles and Miami.

In the Dallas area, Best Buy Mobile will be the exclusive partner with Ford on the automaker's SYNC, a voice-command, hands-free system in new cars that can read text messages and personalized traffic reports and act as a GPS system, among other features. Dealerships will direct car buyers to Best Buy Mobile stores to get the system activated and learn how to use it.

The Dallas-area Best Buy Mobile stores also are testing online ordering with in-store pickup of all merchandise sold in Best Buy stores and on the chain's Web site.

Last year, Best Buy Mobile departments were added inside the company's 950 big box stores. The company dominates various categories, holding an enviable 20 percent market share in TVs, digital cameras and DVD players. And it sells more laptops than any other chain.

It started its mobile phone push by forming a joint venture in 2007 with Britain's Carphone Warehouse, which uses a similar concept. Best Buy acquired a 50 percent stake in the U.K. retailer in 2008.

The wireless-phone business represents one-third of Fort Worth-based RadioShack Corp.'s business. It, too, is transforming stores to go after the expanding mobile market. RadioShack offers service from T-Mobile, AT&T and Sprint, as well as other prepaid carriers. And last year, it opened three new concept stores called Point Mobl in the Dallas area.

Score said he visited all three Point Mobls last week. "The concept looks to be aimed at solving the same customer mobility needs [as Best Buy Mobile]," he said.

So will stores that offer multiple wireless services and devices eventually kill off the single-carrier stores in the U.S.?

Noting that there are 70,000 U.S. stores that sell mobile phones, Score said, "Over time, I think we'll discover that's too many."

He wouldn't say how many Best Buy Mobile stores his company plans.

"There are almost 2,000 malls in this country," Score said. "I don't think we'll be in all of them."

<http://www.dallasnews.com>

### **Qwest to Stop Providing Wireless Service as of Oct. 31**

August 18, 2009

Qwest Communications International Inc. will no longer provide wireless service as of Oct. 31 as the company looks to complete its exit from the wireless business.

Last year, the company began a transition of its standalone wireless customer base to Verizon Wireless, a joint venture between Verizon Communications Inc. and Vodafone Group PLC. Last month, Qwest said more than 75% of its wireless base was on the Verizon Wireless network by the end of the second quarter.

The company said it would begin notifying customers that they have 60 days to switch their service to a new provider. There will be no early termination fee for disconnecting from Qwest's service.

Qwest, one of three remaining Baby Bells, has been suffering from the slowing economy and stiff competition from cable and wireless alternatives. It also has been

hoping to combat access-line losses and weakness in its wholesale business by building up its data and Internet services.

Earlier this year, the company explored a sale of its long-distance network, but decided to keep the network after failing to get what it called a fair offer.

<http://online.wsj.com>

## **FCC to Scrutinize Wireless Industry Competition**

August 21, 2009

The FCC yesterday said it will launch a review of wireless industry practices to determine the state of competition in the industry and to figure out ways to encourage further innovation and investment. The commission also plans to look into the fees that wireless subscribers are charged to see if changes need to be made to ensure subscribers know what these extra fees are actually funding. The commission will issue a notice of inquiry on these items and seek public input.

Wireless trade association CTIA said it looks forward to responding to the FCC's inquiries. "We're looking forward to educating not just the [FCC] but other policy makers about the evolution of the industry and the innovation that's occurring, not just by carriers but across the ecosystem," Christopher Gutman-McCabe, vice president of regulatory affairs for CTIA, told the *Wall Street Journal*.

This latest scrutiny of the wireless industry comes just weeks after FCC Chairman Julius Genachowski said that the FCC would look into exclusive handset deals between carriers and device makers that in some cases make it impossible for customers in rural markets to access trendy phones. Tier 1 wireless carriers, notably Verizon Wireless and AT&T Mobility, have said the exclusive handset deals help spur innovation. Smaller regional carriers though argue the deals limit industry competition by preventing them from offering the industry's hottest gadgets.

The FCC isn't the only government agency looking into the competitiveness of the wireless industry. In July, the *Wall Street Journal* reported that the Department of Justice had started an initial review into the business practice of telecom operators. However, the agency has not yet opened an official inquiry.

<http://www.fiercewireless.com>

## **Product & Service News**

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### **Dell, China Mobile Partner on Smartphone**

August 17, 2009

It's official. Dell has entered the smartphone business.

After months of rumor and speculation, Dell confirmed it is working with China Mobile on a smartphone, known as the Mini 3i. The announcement was made in conjunction with the launch of China Mobile's application platform, the Mobile Market, which will offer music, games, videos and other entertainment applications.

China Mobile spokeswoman Rainie Lei told the Wall Street Journal that the Mini 3i would support the application platform. Dell China spokeswoman Teresa Shen declined to comment on the device's specifications, according to the Journal.

Dell spokesman Matthew Parretta told FierceWireless that Dell was supporting China Mobile's application platform efforts, and that he did not have any specific comment on any device. Parretta was quoted by PC Magazine as saying that Dell showed a "proof of concept" device at a China Mobile event.

"The only thing that we're confirming is that we're in product development with China Mobile," he told PC Magazine. "We were there as a development partner for the [Google Android-based] iPhone platform."

Although Dell declined to comment on the Mini 3i's specs, several blogs have posted unofficial pictures and specs of the device. According to the Boy Genius Report as well as the Chinese blog Netease, the phone runs an operating system based on Google's Android platform called Open Mobile System. The phone also features GSM/GPRS/EDGE support, a 3.5-inch touchscreen display and a 3-megapixel camera. The phone does not have WiFi or a physical keyboard.

Neither China Mobile nor Dell provided pricing or availability information for the phone, and Dell did not say if, or when, the phone would be available in the United States.

Dell's entry into the smartphone market comes at a critical time. As smartphone heavyweights Apple, Research In Motion and HTC attempt to solidify their positions, a range of vendors including Nokia, Samsung and Sony Ericsson have signaled their intent to bolster their own smartphone efforts.

<http://www.fiercewireless.com>

## BlockBuster Bringing Movies to Motorola Phones

August 18, 2009

BlockBuster said Tuesday it will bring its streaming movie service to Motorola (NYSE: MOT) cell phones and smartphones.

The deal is the first time BlockBuster is bringing its onDemand service to mobile devices, and it will eventually enable Motorola users to have on-the-go access to thousands of movie titles. The companies did not announce when this service would be implemented, or how much it will cost.

The mobile video space is already filled with competitors such as YouTube, iTunes, AT&T (NYSE: T)'s Cellular Video, Flo TV, and Verizon (NYSE: VZ) Wireless' V Cast, but it still hasn't drawn a large audience. However, the market is expected to see rapid growth over the next few years as networks and handsets get better, and as the business models are refined.

"Mobile video entertainment is exploding, as consumers are demanding the widest selection of content: the movies they love in their living room and on their PC, now also available on their mobile phone, while on the go," said Christy Wyatt, VP of software platforms at Motorola, in a statement.

The move is just the latest by BlockBuster to get expand its services beyond its retail locations in order to combat rivals such as Netflix (NSDQ: NFLX), Roku, TiVo, and on-demand video services from cable providers. The company recently inked a deal with Samsung to bring its instant-movie service to high-definition TVs, home theater system, and Blu-ray players.

Motorola's handset division has been in a downward spiral over the last few years, as it has been unable to find another phone that capture audiences like the Razr.

Under CEO Sanjay Jha, the mobile division is making a big push with the Google (NSDQ: GOOG)-backed Android operating system to build feature-rich smartphones that can be sold at feature phone prices. The BlockBuster deal will help Motorola's upcoming devices stack up against Apple's iPhone, which is widely considered the smartphone with the best multimedia capabilities.

<http://www.informationweek.com>

## Verizon Shows Off FiOS TV-Cellphone Integration

August 19, 2009

Verizon Communications Inc., eager to improve its feature edge against rivals in the television game, showed off the

ability to tie together a cellphone with its FiOS TV service on Wednesday.

Verizon is in the middle of a fierce three-way battle for television subscribers, squaring off against the traditional cable providers and the satellite TV companies. Integrating the cellphone with TV, such as turning a BlackBerry into a remote control, is an advantage the competition can't easily replicate.

In the next three months, Verizon will release a program for cellphones that will allow them to act like a remote control. The phone will need the ability to access Wi-Fi, which few current Verizon Wireless devices have. The person can navigate or type words using the phone.

It's important that Verizon push for applications that can run on both cellphones and on TV, said Ruchir Rodrigues, vice president of product design and development for Verizon.

He added that current plans are for just Verizon Wireless phones, but the company is thinking about other carrier devices.

The New York telecommunications company lags AT&T Inc. (T), which has a headstart integrating its U-Verse TV service with the Apple Inc. iPhone. The two companies' TV services, however, don't compete.

Verizon also unveiled a slight upgrade to its FiOS TV service, including a recommendation engine for on-demand video, targeted advertisements based on geography, portals for HBO and Showtime, and more widgets such as a football program that displays statistics alongside a game. The changes will be rolled out next month.

The features serve as an important retention tool, and ultimately, an opportunity for more revenue.

The unveiling follows the launch of an App Store-like marketplace for widgets for FiOS last month.

Verizon has much at stake with FiOS, as the company is spending \$18 billion on network upgrades to improve connection speeds and sell TV services.

Features such as digital video recorders and more high-definition channels have been key to allowing satellite provider DirecTV Group Inc., which is also a Verizon resale partner, to successfully win market share. DirecTV also allows its customers to program its DVR with select handsets.

<http://online.wsj.com>

## AT&T Steps Up 850MHz Spectrum Upgrade for Enhanced 3G

August 20, 2009

AT&T has taken a lot of flack from iPhone users about the trouble its network has handling the iPhone's data-heavy needs. AT&T's network has been blamed repeatedly for poor call quality and dropped calls as well as for a rash of iTunes App Store rejections that included apps like Qik (where live streaming was a no-show) and Slingplayer (which isn't allowed to sling anything over 3G).

Now, AT&T has stepped up its activation of its 850MHz spectrum service, which should improve 3G coverage in metropolitan areas. AT&T expects the project to be completed over the course of a year, and Mobicore has reported that AT&T has started the much-anticipated upgrade in Atlanta this week. (A visit to AT&T's corporate Web site confirms the Atlanta upgrade and previous improvements over the summer in Fresno, Calif., Las Vegas, San Diego, and Stockton, Calif., but the site does not mention its time line for 850MHz network upgrades in other urban areas.)

Atlanta's AT&T customers will be served by the addition of 540 cell sites that will increase network capacity and coverage, resulting in "improved quality and in-building coverage." These new cell sites will operate alongside the old, 1,900MHz spectrum cell sites.

Keith Holmes, AT&T's vice president and general manager, said "We're enhancing our network every day to help customers do more with and get more from their wireless connections."

TechCrunch has also reported AT&T service improvements in the SoMa district of San Francisco.

<http://reviews.cnet.com>

While the enterprise market will continue to be a cash cow for RIM, much of the future growth of the company will be in the casual market, particularly as a wider audience adopts smartphones. Thanks to consumer-friendly devices like the BlackBerry Storm and the BlackBerry Curve 8900, RIM has been able to successfully crack the mainstream. In its last earnings call, the BlackBerry maker said more than 45% of its approximately 29 million subscribers were non-enterprise users.

RIM is facing an increasingly competitive market though, as Apple's iPhone has been wildly successful in the mainstream market, and it is even beginning to pick up traction in the corporate fields. Nokia (NYSE: NOK) still sells the most smartphones in the world, and it is revamping its content strategy to make its handset more attractive. Additionally, the Google (NASDAQ: GOOG)-backed Android platform and Palm's webOS have the potential to poach away BlackBerry users.

This is the first time RIM was included on the list, as it was the first year the magazine included companies based outside the United States. Rivals Apple and Google are larger overall, but they were 39th and 68th, respectively, on the list.

<http://www.informationweek.com>

## Industry Reports

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### RIM Named World's Fastest-Growing Company

August 18, 2009

Thanks to the success of its BlackBerry handsets, Research In Motion (NASDAQ: RIMM) has topped *Fortune* magazine's list of the world's 100 fastest-growing companies.

The company, which is based in Canada, has seen its profits increase 84% over the past three years, and its revenue has grown 77% over that same period. RIM also has a dominant hold of the enterprise mobility space with its handsets, as well as its infrastructure components like the BlackBerry Enterprise Server and its newer Mobile Voice System.



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