

This Week's Stories

Verizon to Refund Customers for Mistaken Data Charges

August, 26, 2009

Verizon Wireless has been refunding customers who were mistakenly charged \$1.99 for mobile broadband access they say they did not use. It is unclear how widespread the problem is, but according to an Associated Press report, Verizon officials believe it is nationwide. A Verizon spokesman did not clarify how widespread the problem was when asked.

The issue came to light after a column in the Cleveland Plain Dealer about the issue spurred the newspaper's readers to send in their own complaints of being charged \$1.99 for data usage they said they did not use. According to the paper, in some cases "customers were charged when their phones were off, the batteries were dead, the phone's Internet access was blocked or even when the phones didn't have the software to go online."

Roger Tang, Verizon's regional head for Ohio, Pennsylvania and West Virginia, said the charges were not an attempt to con customers out of their money. "We don't want to zing stuff into people's bills in hopes they don't catch it," Tang said. "We're not interested in charging customers for things they accidentally access. Our brand reputation is everything."

Verizon spokesman Tom Pica told FierceWireless that the carrier has been "crediting customers for unintentional data charges as customers bring the 'error' to our attention." He said that the biggest culprit was customers mistakenly activating the Internet on their handsets, sometimes without knowing it.

"This is where we need to do a better job explaining to the customer when they buy our service how and when they will be charged for data; at the same time we need to improve the usability of data services so mistakes aren't made," he said. He added that customers may mistakenly access the Internet and then immediately end the session--an action that could cause the \$1.99 charge.

"It is obvious to us that we need to fix this aspect of our service, but in the meantime we are gladly crediting customers if this happens to them," he said.

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FCC to Start Probes into Wireless Innovation, Competition and Billing

August 27, 2009

The FCC voted today to begin wide-ranging inquiries into how to promote innovation in the wireless industry, how to

analyze competition in the industry and how best to provide consumers with information about their mobile service plans. In its first open meeting as a full panel in more than seven months, the commission signaled that it would be willing to expand the scope of its scrutiny and bring an analytical focus to its work.

"We are at a pivotal moment at the history of this industry," FCC Chairman Julius Genachowski said at the meeting. "Sometimes this will require changes in commission rules. Sometimes it won't. But it will always require a relentless focus on policies that promote investment, competition and consumers."

All three of the inquiries were adopted unanimously by the five-member commission. The FCC did not adopt any new rules, but simply agreed to launch investigations, gather comments from both the industry and the public, and develop a record that could then be used to make regulatory changes.

The first inquiry will look into what metrics and data the FCC should be focusing on as it works to increase innovation in the industry. The probe also will focus on what role the commission should play in repurposing and granting access to more spectrum as well as how to use spectrum more efficiently. Further, the inquiry seeks comment on what developments have been made in the move toward IP architectures, and the increased use of smartphones and location-based services.

Competition, and how to measure it, was also a key focus at the meeting. In examining competition in the wireless industry, the commission is expanding the scope of its traditional report to Congress on the issue. Previously, the FCC has produced a report focusing on Commercial Mobile Radio Service. The new report that the FCC will produce will be called the "Mobile Wireless Competition Report," and will focus on a wider range of players in the mobile ecosystem, including "upstream" players like network equipment vendors and backhaul and tower providers, and "downstream" elements such as handset makers, application developers, software makers and mobile content providers. The report also will look at how new technologies affect competition and how competition varies across different geographies, especially the difference between urban and rural areas.

"I hope the new wireless competition report will help set a standard for fact-based, analytically deep analysis of the mobile industry," Genachowski said. "And we will continue to apply such an analysis to all of the other competition and industry reports produced throughout the commission."

And finally, the commission said it would begin an inquiry into how to provide consumers with information about their mobile phone bills and charges. The inquiry will focus on how best to inform subscribers about service options, how

to manage their plans and how to switch to another carrier. The probe also will evaluate information on usage and overage charges, unauthorized charges and how difficult it is to get unauthorized charges removed from bills. Further, the probe will look at how carriers disclose all of this information, and whether wireless carriers should have to adopt disclosure rules similar to nutritional information on food products or fuel efficiency for cars.

While the FCC adopted the inquiries unanimously, both of the Republican commissioners on the panel, Robert McDowell and Meredith Attwell Baker, said that rules derived from the information gathered in the inquiries should be made with caution and not stifle innovation.

Not surprisingly, wireless industry trade CTIA was ready with a quick response: "CTIA and the wireless industry appreciate the opportunity to respond to the Notices of Inquiry and to provide the chairman and commissioners, as well as other policy-makers, with information on the status of the evolving wireless ecosystem," said CTIA President Steve Largent. "Whether it be the almost 100,000 applications that are now available to consumers since the opening of the first applications store 14 months ago, or the launch in the United States of the newest smart phones, or the ability of more consumers in the U.S than anywhere else on the planet to access the highest speed wireless networks, or the lowest price per minute of the 26 countries tracked by Merrill Lynch, or the highest minutes of use of those same 26 countries, or the fact that we have the least concentrated wireless market on the planet, or the evolution in the way services are sold--we are excited to tell the industry's story. The wireless ecosystem--from carriers, to handset manufacturers, to network providers, to operating system providers, to application developers--is evolving before our eyes and this is not the same market that it was even three years ago. In this industry, innovation is everywhere."

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China Unicom Strikes iPhone Deal

August 28, 2009

China Unicom (Hong Kong) Ltd. announced a deal with Apple Inc. to sell iPhones in China starting later this year, bringing the popular device to the world's largest mobile market for the first time.

The highly anticipated release of the iPhone in China -- which has 687 million wireless subscribers, more than twice the population of the U.S. -- is expected to be a boost for both Apple and Unicom, one of three Chinese state-owned telecommunications carriers. Still, the two companies face challenges to realizing the iPhone's potential in China, including competition from similar devices, and the companies left several key questions about pricing and other details unanswered Friday.

Under the three-year deal, iPhones will start to be sold in China in the fourth quarter of this year. Unicom will not share revenue with Apple, as some operators do, and it will purchase the handsets from Apple on a wholesale basis and resell them to consumers, the Chinese company said. Unicom Chairman and Chief Executive Chang Xiaobing said at a news briefing that it will offer a subsidy to customers to lower the iPhone's price, but he didn't elaborate on how much the subsidy would be. An Apple spokesman confirmed the Unicom deal, but declined to give further details.

The Wall Street Journal reported Thursday that the iPhone's launch in China was forthcoming. As reported, the Chinese version of the iPhone, at least initially, will be stripped of its Wi-Fi wireless Internet capability to comply with government regulations.

Unicom, which had 141 million wireless users at the end of July, hopes the iPhone will attract high-spending customers, who will boost its earnings, and give it a leg up on dominant carrier China Mobile Ltd., which has more than triple Unicom's subscriber base. The iPhone deal comes alongside Unicom's rollout of a "third-generation," or 3G, network that will enable functions like wireless video and high-speed surfing. Unicom's 3G network is the only one among three in China that is currently technologically compatible with the iPhone.

Mr. Chang said official launch of the network will come Sept. 28, and will cover 335 cities by the end of this year. Unicom President Lu Yimin said the company aims to take more than one-third of China's 3G mobile market next year, with 3G users expected to make up 20% of China's mobile market in 2010.

Unicom's iPhones are likely to face plenty of competition -- not least from iPhones sold elsewhere that don't lack Wi-Fi. Research firm BDA China Ltd. estimates there are as many as 1.5 million iPhones already in use in China that have been bought overseas or through the country's robust gray market, which is unlikely to disappear.

Meanwhile, several devices running Google Inc.'s Android operating system are also expected to hit the market by the end of the year, including at least one by Taiwanese phone maker HTC Corp. China Mobile has announced plans to release 3G phones with international partners such as Nokia Corp. and Samsung Electronics Co. And China Telecom Ltd., the country's third wireless carrier, is in talks with Research In Motion Ltd. to offer its Blackberry handsets in China, and with Palm Inc., maker of the Palm Pre handset.

By the end of this year, China "will be a very different competitive environment than [Apple] would have faced a year ago, or even six months ago," said David Wolf, chief executive of Wolf Group Asia, a Beijing-based marketing strategy firm.

Still, Chinese users greeted Friday's announcement with enthusiasm. "I have been thinking of buying an iPhone

since early this year," said Wei Wei, a 27-year-old brand manager at a technology company in Beijing. "There are so many great applications in the App Store, and more Chinese IT companies are working on iPhone apps as well." Ms. Wei said the disabled Wi-Fi greatly reduces the phone's appeal, but she would still prefer getting one through Unicom because it's "genuine."

Analysts said the Unicom iPhone's success will hinge largely on offerings in the App Store, where users can download software applications for the device. Updating the iPhone software is currently inconvenient, and very few of the applications available now are tailored to the Chinese market.

Pricing will also be an issue. Imported iPhones currently sell on the gray market for as little \$680, and those have Wi-Fi. Unicom's challenge will be to price the iPhone at a level that is competitive but still doesn't hurt its average revenue-per-user, which fell to 41.7 yuan in the six months ended June from 43.6 yuan a year earlier. Unicom said Friday its net profit in the first half of 2009 plunged 45% from the same period last year to 6.62 billion yuan (\$970.4 million), dragged down by weakness in its fixed-line business and tougher competition.

"The iPhone is not going to be a slam-dunk hit for Unicom," said Mr. Wolf. "But if Unicom and Apple can work together to put together an experience that is so much better than the cracked iPhones, they'll do great over time."

<http://online.wsj.com>

Product & Service News

AT&T Launches new U-verse, Wireless Bundle

August 24, 2009

AT&T introduced a new "buy two, get one free" offer for its U-verse TV customers that includes wireless service, something the company has positioned as a play against cable companies by offering triple-play voice, TV and Internet options. The announcement comes just days after rival Verizon Communications unveiled a plan to more fully integrate its FiOS TV service with Verizon Wireless cell phones.

The new AT&T offer breaks down as follows: New U-verse customers who bundle U-verse TV with either AT&T wireless service (a Nation 450 plan or above, for new or renewing customers) or U-verse Voice Unlimited will also get U-verse broadband service free for six months. AT&T said that amounts to a \$30 monthly savings, or \$180 over the six months.

AT&T said the offer is available now in U-verse markets in Illinois, Indiana, Michigan, Ohio and Wisconsin, and will be

made available to all U-verse markets in the coming weeks.

Verizon last week announced an application that will turn Verizon Wireless phones into remote controls for the carrier's FiOS TV service. The catch though is that handsets with the application will have to access WiFi, something only a handful of Verizon handsets can do.

But Verizon and AT&T aren't the only giant telecoms working to mash wireless with wireline service. Both Comcast and Time Warner are adding mobile WiMAX to their service mixes, with various levels of bundled savings. And rival Cablevision is building a WiFi network in select areas on the East Coast.

<http://www.fiercewireless.com>

Nokia Dials up Mobile Payments

August 26, 2009

Nokia introduced a mobile payment service Wednesday that aims to make using your phone for financial services as easy as making a call or sending a sending a text message.

The service, known as Nokia Money, will be built upon a platform from mobile payment specialist Obopay, in which Nokia invested about \$70 million in earlier this year. When it is rolled out in early 2010, it will enable consumers to use their handsets to send money to other people, pay for products in retail stores and online, recharge prepaid SIM cards, and pay utility bills. The platform will generate revenue by charging a transaction fee, and the amount will vary by region.

The world's largest cell phone maker is also trying to leverage its size and global relationships with wireless carriers to build out an ecosystem for the payment service. Nokia said it plans to have its service be interoperable with other payment systems in the future, and it is working to build a network of physical locations where users can deposit and withdraw cash from their accounts.

"Nokia Money is simple to use, secure, and available across different operator networks and on virtually any mobile phone," said Teppo Paavola, Nokia's VP of corporate business development, in a statement. "This means millions of new consumers will soon be able to manage all their financial needs from their mobile phone."

No specific markets have been identified, but it is likely emerging markets will be the targeted first because they are "underbanked" or "unbanked."

The potential market for mobile payment services is huge, as there are an estimated 4 billion mobile phone users, but only about 1.6 billion bank accounts. Because of the enormous growth potential, the field is becoming increasingly crowded with deep-pocketed companies like

MasterCard and Visa, as well as well-funded startups trying to gain traction.

<http://www.informationweek.com>

Jitterbug Says, 'Can You Hear Me Now?'

August 27, 2009

Jitterbug, the simplified cellphone associated with cardigan-clad older set, has switched its network to Verizon Wireless, strengthening its coverage and clearing the way for new services, the company said.

The Jitterbug has made its name on its simple handset, limited feature set and its annoyingly infectious bebop jingle.

Its service had been carried on its own virtual network, made of roaming agreements with a slew of carriers. The deal with Verizon will make coverage more complete, but also more efficient than buying up roaming from lots of carriers, said the company. Jitterbug lowered prices on rate plans just a few months ago.

The deal also means that Jitterbug will be able to offer features it can't currently, like data services and location-based services, said David Inns, chief operating officer of CreatCall, the company that sells the Jitterbug.

But Jitterbug won't tamper with its business formula, Mr. Inns said. The new services won't increase the complexity of the Jitterbug handset, which can be operated with just four buttons. "Everything is yes, no, up, down," he said.

The phone will still be set up by a Jitterbug employee remotely, so a buyer's most used numbers are entered for them and they only see the services that they want to use. "You ask about a service and someone can say, 'I'm never going to use that.' Great, you are never going to see it," said Mr. Inns. "Every feature and service at jitterbug can be turned on or off, so the experience is completely customized."

The Jitterbug will not be sold through Verizon stores, however. A Verizon spokesman said it was strictly a wholesale relationship, not a partnership, but added that "this is an important relationship for us." The spokesman declined to elaborate, but presumably the boomer generation will increase sales for Verizon. Jitterbug and Verizon declined to discuss the number of subscribers.

Jitterbugs will still be sold through an 800 number, or Sears, ShopKo, select RadioShacks and CVS stores in California and Florida.

<http://gadgetwise.nytimes.com>

Corporate Partnerships, M&A

Sprint Nextel-Virgin Mobile USA Deal Gets FTC's OK

August 26, 2009

The Federal Trade Commission has removed a regulatory hurdle to Sprint Nextel Corp.'s proposed \$483 million acquisition of Virgin Mobile USA Inc.

FTC regulators approved an early termination of the agency's antitrust review, indicating they have no objections to the deal, according to a posting Monday on the FTC's Web site.

The transaction announced July 28 still requires approval from the Federal Communications Commission, since Virgin Mobile holds international licenses that need to be transferred, according to a research note Monday from Stifel Nicolaus analysts Rebecca Arbogast and David Kaut.

The analysts said that while they expect the FCC review "will take some time," they doubt it will pose "a serious obstacle."

Sprint Nextel already owns 13.1 percent of Virgin Mobile, which uses Sprint's network to offer service and has 5.2 million subscribers. The transaction would allow Sprint to expand in the fast-growing market for prepaid cell phone service.

Like other prepaid vendors, Virgin Mobile primarily targets customers who lack the credit or income to sign long-term contracts or simply want a bargain over contract-based plans. Sprint has 49.1 million subscribers, including those using the network through wholesalers like Virgin Mobile.

Shares of Sprint fell 7 cents to close earlier at \$3.83. Shares of Virgin Mobile finished down 9 cents at \$4.81.

<http://www.mobile-tech-today.com>

Industry Reports

ABI: WiFi-capable Handset Shipments to Hit 300M by 2011

August 26, 2009

Although carriers have warmed up to the technology in varying degrees--AT&T Mobility and T-Mobile USA have long supported WiFi while Verizon Wireless has remained a bit more cautious--WiFi is fast becoming a "must-have" handset feature, according to research firm ABI. "The picture may be unique to each carrier," said analyst Michael Morgan, "but in the end WiFi can offer most operators ... two key benefits: extended reach and/or

network load reduction." Therefore, based on operators' and users' newfound appreciation for WiFi, ABI predicts shipments of WiFi-capable handsets will double from 2009 to 2011. The research firm said that 144 million WiFi-capable handsets will be shipped this year, and number that will jump to just over 300 million in 2011.

<http://www.fiercewireless.com>

Emerging Technology

Linux-Based Nokia N900 Includes PC Features

August 27, 2009

Nokia took the wraps off its next-generation N900 smartphone on Thursday. Though the majority of the company's mobile handsets are based on the Symbian platform, the Nokia N900 will use Maemo 5 -- the latest version of the Linux-based operating system that the company initially developed for its mobile Web tablets.

Just as Nokia continues to expand and diversify its mobile-device portfolio, so it is deploying multiple platforms to serve different purposes and address different markets, noted IDC Senior Research Analyst Jonathan Arber.

"While we have seen continued growth in Symbian as a smartphone platform, Maemo enables Nokia to deliver new mobile-computing experiences based on open-source technology that has strong ties with desktop platforms," Arber said.

A Multitasking Phone

Equipped with a slide-out QWERTY keyboard and a 3.5-inch, 800x480-pixel touchscreen, the new Nokia N900 handset has been designed to enable users to browse the Internet just like on a regular notebook or desktop PC. The Maemo 5 software also empowers users to open and run multiple applications simultaneously, the company said. "The Nokia N900 shows where we are going with Maemo, and we'll continue to work with the community to push the software forward," said Nokia Executive Vice President Anssi Vanjoki. "What we have with Maemo is something that is fusing the power of the computer, the Internet, and the mobile phone, and it is great to see that it is evolving in exciting ways."

Under the hood, the Nokia N900 sports a 600-MHz ARM Cortex-A8 processor, Wi-Fi and Bluetooth radios, an Assisted GPS receiver, and OpenGL ES 2.0 graphics acceleration. Also on tap is a five-megapixel camera featuring Carl Zeiss optics and dual LED flash.

Nokia's new quad-band GSM phone, which features GPRS and EDGE enhancements, sports up to 1GB of application memory as well as 32GB of data storage for retaining up to 40 hours of DVD-quality video or 7,000 music tracks. The device's storage capacity can be further

expanded to a maximum of 48GB with a 16GB microSD memory card.

Turn-By-Turn Navigation

The Nokia N900 ships with a mobile browser powered by technology from Firefox developer Mozilla. The device also offers full support for Adobe's Flash 9.4 software for displaying online videos and interactive applications. According to Nokia, all content running on the Nokia N900 is constantly available through the device's dashboard. What's more, the panoramic home screen can be personalized through the user's addition of favorite shortcuts, widgets and other optional apps, such as a version of Skype currently being developed for the new handset.

Slated to ship with Ovi Maps preinstalled, the Nokia N900 will be able to provide users with the quickest available route for navigating to intended destinations. Moreover, the Nokia Messaging service aboard the phone is capable of mobilizing up to 10 personal e-mail accounts as well as enabling text messages or IM exchanges -- and with multiple text conversations running simultaneously in separate windows.

The Nokia N900 is scheduled to become available "in select markets" starting in October with a retail price of 500 euros (US\$719.22), excluding sales tax and wireless carrier subsidies. However, the United States does not appear to be part of the company's initial product-introduction plans.

Pegged at a maximum of 25 frames per second, the MPEG-4 video recording spec for the N900 suggests a focus on sales in Europe and elsewhere overseas rather than the U.S. -- where 30 fps is the norm. Nokia didn't immediately return a request for further information.

<http://www.mobile-tech-today.com>