

This Week's Stories

Intel Hints at Its Own Smartphone Operating System

September 22, 2009

Intel showed off a spiffy new version of Moblin, a Linux operating system designed for mobile gadgets. Initially targeted at netbooks, Intel has now hinted that it will extend the system's reach to mobile phones.

Intel started the Moblin initiative last year in a bid to maximize the potential of netbooks and other devices that use the company's Atom processor. But this is the first time that it has shown how the operating system, which is built on a Linux core, will appear to users.

"Moblin will be ready in time when Moorestown (the successor to the current Atom platform) ships next year," Paul Otellini, CEO of Intel told developers at the Intel Developer Forum, an Intel-hosted conference, on Tuesday.

Although Intel did not explicitly say it was planning a smartphone version of Moblin, the company showed a screenshot of the Moblin user interface (above) with phonelike functionality such as notification for missed calls.

Moblin's user interface is reminiscent of the recently launched Android phone from Motorola, the Cliq. Moblin brings together updates from social networking sites, the browser, news, calendar and phone call updates into a single screen called Myzone.

The social network aggregation idea is one that has become extremely popular among smartphone makers. With the Pre, Palm was the first handset manufacturer to meld contacts, e-mail and social networking information into a single interface. Since then, Motorola and the HTC Hero have adopted a similar approach.

Intel initially aimed Moblin at netbooks, which largely run Microsoft's Windows XP operating system. But with Moblin potentially running on mobile phones, Intel is walking into an extremely competitive segment. Last year, Google launched Android, an open source mobile operating system built on the Linux kernel. Android is fast becoming a favorite among handset makers such as HTC and Motorola.

So far, Intel doesn't have a processor for smartphones. But the company has ambitions to get into that fast-growing market. Earlier this year, Intel said it is working with LG to create a new line of smartphone-like internet devices based on the Moorestown platform and the Moblin

operating system. The two companies plan to release the device next year.

Meanwhile, Intel's Moblin developers have been moving forward with their new OS. In January, they released an alpha version of Moblin, with which interested users could test multiple levels of the core Linux operating system including the boot process, connectivity, networking manager and user interface development tools.

At its developer conference Tuesday, Intel showed a slick interface that seemed to be designed to work well with both touchscreen and standard displays. Moblin screens will have a top bar with access to seven broad categories including applications such as a calendar, e-mail, browser as well as online connectivity options and a world clock.

Moblin is designed for multitasking, says Intel. So if a call comes up during web browsing, the interface allows users to switch easily to another application, such as the camera or a map program.

The latest demo is the first sign that Moblin could become a rival to Android and even the iPhone. But with no devices in the market yet that use the operating system, Moblin remains a dream for Intel.

<http://www.wired.com>

AT&T, Centennial Said Merger Delay Would Be 'Burden'

September 23, 2009

AT&T Inc. and Centennial Communications Corp. executives told the Federal Communications Commission that further delay in their proposed merger "will impose a severe burden on Centennial," according to a U.S. regulatory filing.

The executives met with the FCC staff on Sept. 21, AT&T said in the filing posted on the agency's Web site. The companies have been awaiting approval from the Department of Justice and the FCC since proposing the \$945 million merger in November 2008.

AT&T has already divested some assets to allay antitrust concerns over the deal, which originally was to close in the second quarter of 2009. It's the first major telecommunications merger to come before the Obama administration, Stifel Nicolaus & Co. analyst Christopher King said in an interview.

The transaction would add 1.1 million wireless customers and enhance AT&T's coverage in the Midwest, Southeast and Puerto Rico, AT&T said when the companies proposed the deal.

Imposition of any conditions on the merger "is unwarranted," the executives told FCC staff, according to the disclosure filing. Competition in wireless services "will remain robust" in Puerto Rico, and competition in wired service "will be unaffected" by the merger, the executives said.

AT&T, the largest U.S. telephone company, said on Sept. 14 it expected the merger wouldn't close until the fourth quarter. Centennial, based in Wall, New Jersey, provides wireless phone service in the U.S. and Caribbean, where it also has wired service.

America Movil

Regulators are probably focused on Dallas-based AT&T's stake in America Movil SAB because the two corporations combined would control more than 70 percent of Puerto Rico's mobile phone market, said King, the Stifel analyst.

AT&T's relationship with Latin America's largest mobile phone company "presents no competitive concerns," the executives said in the filing with the FCC. They didn't elaborate.

Two AT&T executives were on American Movil's board, America Movil said in a U.S. regulatory filing June 30. The Mexico City-based company controlled by billionaire Carlos Slim said AT&T owned 23 percent of America Movil shares with voting power as of April 30. Pedro Pierluisi, Puerto Rico's representative in the U.S. Congress, said in an e-mailed statement Sept. 4 that he would "closely" monitor the proposed purchase. He said he wants to ensure that AT&T's increased share of Puerto Rico's market "would not lead to higher prices or to a reduced level of service."

An America Movil representative and Gina Talamona, a Justice Department spokeswoman, declined to comment.

AT&T and Verizon

AT&T hasn't been asked to divest assets in Puerto Rico, McCall Butler, a spokeswoman, said on July 14. AT&T spokesman Michael Balmoris said today that the company wouldn't comment on the filing at the FCC. Steve Kunszabo, director of investor relations for Centennial, didn't immediately return a call seeking comment.

AT&T and Verizon Wireless, the largest U.S. mobile telephone company, are expanding through acquisitions as subscriber growth slows, with more than four-fifths of the U.S. population already using a wireless device. With its \$28 billion purchase of Alltel Corp. this year, Verizon leapfrogged AT&T to become the biggest U.S. wireless carrier.

AT&T and Verizon swapped assets in May to appease concerns that AT&T's Centennial purchase would hurt competition.

<http://www.bloomberg.com>

Palm Microsoft Study Says White Spaces Worth Over \$100 Billion

September 23, 2009

A study commissioned by Microsoft Corp. estimates that the unlicensed "white spaces" spectrum coveted by the software giant and other technology companies could be worth more than \$100 billion over the next 15 years.

The study, by consultant Richard Thanki of Perspective Associates, suggests that by augmenting current unlicensed wireless networks, such as Wi-Fi hot spots, the white spaces could generate between \$3.9 billion and \$7.3 billion in value annually over 15 years. That would be the result of increased use of consumer electronics and other factors, according to the study.

Microsoft, Google Inc., Dell Inc. and other companies aggressively lobbied the U.S. Federal Communications Commission to open up vast expanses of white spaces airwaves -- freed up following the digital TV transition -- for use by unlicensed devices.

The companies were met with stiff resistance from the telecommunications, media and audio technology industries, though the FCC ultimately approved the unlicensed use of the white spaces late last year. The regulator and interested companies are currently hashing out standards for the use of the spectrum, and a means to use it without interfering with licensed signals.

Microsoft and other companies have argued that the use of the white spaces could boost Internet use and improve wireless communications, though the benefits have been difficult to quantify.

In his study, Thanki writes that white spaces spectrum offers a broader range than a typical Wi-Fi connection. A single Wi-Fi access point enhanced by the white spaces could "fully cover a large building and the neighboring grounds and areas," he writes.

In addition, use of the white spaces could lower the cost of providing Internet access in rural areas, Thanki writes.

While chips used to power white spaces devices would initially cost roughly \$10 more than existing technologies in 2012, the difference should steadily decline at a rate of about 30% annually from that point on, according to the study.

Microsoft said in a posting on a company Web site that the use of unlicensed spectrum was discussed at an FCC workshop held in Washington, D.C., on Sept. 17 as part of its effort to develop a National Broadband Plan.

"Our nation's policymakers should encourage further innovation by embracing unlicensed spectrum as a key

pillar of America's communications framework," Microsoft vice president for technology policy and strategy Anoop Gupta wrote in the posting.

<http://www3.marketwatch.com>

Accounting Changes Could Benefit Apple, Palm

September 24, 2009

Apple, Palm and other companies that make products that combine both hardware and software could see a boost in their revenue and perhaps their earnings following changes made by accounting rule makers.

The changes, made by the Financial Accounting Standards Board, will now allow companies to realize more revenue up front from products like Apple's iPhone and the Palm Pre. Currently, companies have to defer revenue from sales of such products over a longer period of time, usually two years. The companies that have backed the change argue that the current system does not accurately reflect how such devices are used, and the changes will allow their reported results to better reflect the actual state of their business.

Both Apple and Palm stand to benefit from the changes. The two companies have taken care to note in their earnings statements that they use subscription accounting. The companies say that because they provide "unspecified features and additional software products" for users of products such as the iPhone, Apple TV or the Palm Pre in the future free of charge, they have to recognize revenue from the products over their lifecycle and not at the time of sale.

Other companies that have pushed for the changes include Cisco, Dell, HP, IBM and Xerox. The new rule will go into effect in 2011, but companies can implement it earlier.

<http://www.fiercewireless.com>

RIM's Revenue Jumps 37%, but Profit Takes a Hit

September 24, 2009

Research In Motion reported solid revenue growth in its fiscal second quarter, which ended Aug. 29. However, the BlackBerry maker's profit took a hit from a settlement charge related to a patent dispute with Visto.

The company reported quarterly net income of \$475.6 million, down from \$495.5 million in the year-ago quarter. The company's legal charge in the quarter was \$112.8 million, and without that, RIM said that it would have had a net income of \$588.84 million. In July, RIM agreed to pay mobile email vendor Visto \$267.5 million for a license on

all Visto patents and the transfer of certain Visto intellectual property.

RIM said that it scored \$3.53 billion in revenues in the quarter, up 3 percent from \$3.42 billion in the previous quarter and up 37 percent from \$2.58 billion in the year-ago quarter. Devices made up 81 percent of RIM's revenue. During the quarter, RIM shipped 8.3 million devices, up from the 7.8 million it shipped in the previous quarter and up markedly from the 6.1 million it shipped in the year-ago quarter.

The company activated 3.8 million new BlackBerry subscriber accounts in the quarter--the same as the previous quarter--for a total subscriber base of around 32 million. RIM also improved its gross margin sequentially to 44.1 percent, up from 43.6 percent in the previous quarter but down from 50.7 percent in the year-ago quarter.

RIM co-CEO Jim Balsillie hinted at BlackBerry momentum going into the holiday shopping season, thanks to an "impressive product portfolio." The company is widely expected to release the BlackBerry Storm 2 for Verizon Wireless as well as other new BlackBerry devices for a variety of carriers.

However, RIM's stock dove almost 10 percent in after-hours trading immediately following the release of the company's numbers, to around \$75 per share.

<http://www.fiercewireless.com>

Product & Service News

AT&T Launches \$99 Talk, Text and Surf Plan

September 22, 2009

AT&T continues to experiment with bundled plans in an effort to one-up its cable competitors. The company's latest action, called Talk, Text and Surf, offers customers DSL (up to 1.5 Mbps), unlimited local and long-distance landline service, 450 minutes of wireless calling (including unlimited mobile to mobile) and unlimited messaging for \$99 per month.

Interesting, the plan is offered primarily in the former BellSouth territory of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. New customers and existing customers who add at least one new qualifying service on their current package are eligible for the plan. AT&T also asserts that the \$99 per month plan is not an introductory price.

In its promotions for the plan, AT&T made sure to point out that wireless calling is not available from cable companies.

AT&T has launched a variety of bundled plans targeted at different market segments. In June, the company targeted small businesses with a plan that combines wireless service, Internet and WiFi service and traditional landline voice service for under \$100 per month. In addition, in August the company introduced a new "buy two, get one free" offer for its U-verse TV customers that included wireless service.

<http://www.fiercewireless.com>

Best Buy and Verizon Jump Into E-Reader Fray

September 22, 2009

The budding market for electronic reading devices is about to get two powerful new entrants: Best Buy and Verizon.

On Wednesday, iRex Technologies, a spinoff of Royal Philips Electronics that already makes one of Europe's best-known e-readers, plans to announce that it is entering the United States market with a \$399 touch-screen e-reader.

Owners of the new iRex DR800SG will be able to buy digital books and newspapers wirelessly over the 3G network of Verizon, which is joining AT&T and Sprint in supporting such devices. And by next month, the iRex will be sold at a few hundred Best Buy stores, along with the Sony Reader and similar products.

By all accounts, e-readers are set to have a breakout year. Slightly more than one million of them were sold globally in 2008, according to the market research firm iSuppli. The firm predicts that 5.2 million will be sold this year, more than half of them in North America, driven by the popularity and promotion of the Kindle, which is available only through Amazon's Web site.

Best Buy's involvement could give an additional lift to sales. Starting this week, Best Buy is training thousands of its employees in how to talk about and demonstrate devices like the Sony Reader and iRex, and adding a new area to its 1,048 stores to showcase the devices. Best Buy previously sold e-book devices only on its Web site and in limited tests in stores.

"The e-reader has high awareness, but most people have still not seen or touched or played with them," said Chris Homeister, senior vice president for entertainment at Best Buy. "We feel that this is a technology that is beginning to emerge and that we can bring a unique experience to the marketplace."

The biggest challenge for iRex, in particular, will be the unfamiliarity of its brand among American consumers. But in many respects, its black-and-gray device is similar to rivals like the Kindle DX, which has a 10-inch screen and costs \$489, and the forthcoming Reader Daily Edition, with its 7-inch screen and \$399 price tag, from Sony.

The iRex has an 8.1-inch touch screen and links to buy digital books in Barnes & Noble's e-bookstore and periodicals from NewspaperDirect, a service that offers more than 1,100 papers and presents them onscreen largely as they appear in print form.

This year, iRex talked with Barnes & Noble about putting the bookseller's brand, and not its own, on the new device. But they could not reach an agreement, said Kevin Hamilton, the chief executive of iRex's North American division and president at Amerivon Retail Sales, a venture capital firm that led an \$8 million investment in the company this year.

William Lynch, president of Barnes & Noble's online business, declined to say whether the bookseller was working on its own reading device, but said it "planned to market digital books in really big and interesting ways" to the 77 million customers who walk into its stores every year. The Barnes & Noble e-bookstore will also be available through a large-screen device from the start-up Plastic Logic, which is expected next year.

iRex has taken a somewhat circuitous path to the consumer market. As a division within Philips, the Dutch electronics company, it was responsible for supplying the screen technology for the Sony Librie, one of the first devices to use so-called e-paper, which mimics the appearance of regular paper on a digital screen. As a separate company since 2004, it has developed large-screen devices for business professionals, doctors and pilots, mostly in Europe.

Its new consumer product offers some techie features that rivals do not. It contains a 3G Gobi radio from Qualcomm, the wireless component manufacturer, which will allow iRex owners to buy books wirelessly when they travel abroad. By contrast, the wireless modem in the Kindle works only on Sprint's network in the United States. As with the Kindle, the price of the iRex includes unlimited wireless access.

The iRex can also handle the ePub file format, a widely accepted industry standard, which means that owners can buy books from other online bookstores that use ePub and transfer texts onto the iRex.

iRex says it is on track to have a color version of the device by 2011, something that other vendors, which rely on technology from eInk, a subsidiary of Prime View International of Taiwan, say is years away.

One challenge for the entire digital reading market is the price of these new devices. A recent report from Forrester Research suggests most consumers will buy a digital reading device only when they cost less than \$100. One way this could ultimately happen is if wireless providers like Verizon subsidize the devices and sell them in their stores, as they do with the inexpensive laptops called netbooks.

Verizon says it has no plans to do this, but analysts think that could conceivably change if e-readers like the iRex sell well. "If this becomes a revenue stream for a company like Verizon, which actually gets paid for the bandwidth required to distribute content, then it is in Verizon's benefit to promote these devices and in many cases underwrite them," said Allen Weiner, an analyst at Gartner.

But Mr. Weiner also says that first, iRex, Amazon and the entire e-reading category have an even more significant problem: savvy consumers may hold off on buying devices to see whether Apple enters the market with a more general-purpose tablet computer.

<http://www.nytimes.com>

Emerging Technology

Samsung Rolls Out Mobile Chips

September 22, 2009

Samsung is paving the way for the next generation of mobile devices, and the company introduced various mobile chips aimed at improving the performance of sophisticated devices without raising power consumption.

The second-largest handset maker in the world rolled out two 1-GHz ARM Cortex A8-based application processors, and Samsung said these chips are capable of 3-D graphics rendering, high-resolution video support, and real-time Internet access, and both have low power architectures. The S5PC110 is targeted at smaller devices like smartphones, and the S5PV210 is aimed at portable computing devices like netbooks or tablets, Samsung said. These processors could eventually find their way into a wide variety of devices, as Samsung chips are found in multiple consumer electronic devices including Apple's iPhone.

"PC-level performance with lower power consumption will become mainstream requirements for mobile devices," said Dr. Kwang Hyun Kim, senior VP at Samsung, in a statement. "Samsung developed S5PC110 and S5PV210 application processors to satisfy these conflicting requirements to enable a new level of user experience not previously possible."

The company also introduced a chip that integrates capacitive touch-screen control in a display driver. Samsung said the Touch Embedded DDI chip will allow for slimmer form factors, and it is targeted at smartphones, MP3 players, and portable media players. Capacitive screens are found in handsets like the iPhone 3GS, Palm Pre, and myTouch 3G, and they enable things like multi-touch and soft-touch input. Industry watchers believe the market for capacitive screens will grow substantially over the next few years, but resistive screens will still garner a

strong market share due to backwards-compatibility issues, as well as support for handwriting recognition.

Samsung also rolled out a system-on-a-chip image sensor that brings support for 5-megapixel cameras on mobile phones. The S5K4EA chip combines a CMOS image sensor with an image signal processor, which could lead to slimmer camera phones, Samsung said.

<http://www.informationweek.com>



120 Madison St. 15th Floor
Syracuse, New York 13202
(315)470-1350
1-888-8KSRINC