

This Week's Stories

Verizon Responds to AT&T Suit: 'The Truth Hurts'

November 17, 2009

Verizon fired back Monday in the war of words between itself and AT&T, arguing that AT&T's request for a temporary restraining order blocking Verizon's current ad campaign should be denied, as Verizon's ads were truthful.

Put another way: "AT&T did not file this lawsuit because Verizon's "There's A Map For That" advertisements are untrue; AT&T sued because Verizon's ads are true and the truth hurts," Verizon's memorandum of law said, filed in response to AT&T's TRO request.

Verizon's motion was filed late Monday in a Georgia district court.

On Nov. 3, AT&T sued Verizon, asking for a temporary injunction blocking Verizon's ad campaign, which has aggressively portrayed Verizon's network as a reason for customers to switch from AT&T. On Nov. 13, AT&T issued a detailed rebuttal of what it apparently felt were the claims Verizon made in its campaign. One of AT&T's chief objections was that customers can take advantage of Web browsing and other smartphone features even if they're outside of the 3G network, but connected to the AT&T EDGE network.

In its response, Verizon claims that its ads should be considered solely on the merits of the 3G networks Verizon claims its ads compare. Verizon's filing claims that Verizon's 3G network covers five times more geographic area than AT&T's 3G network.

"Despite the far smaller size of its 3G network, AT&T has spent tens of millions of dollars making its 3G network, which it dubs the "Nation's Fastest 3G Network," the centerpiece of its national advertising since at least the summer of 2008," Verizon charged. "AT&T now is attempting to silence Verizon's ads that include maps graphically depicting the geographic reach of AT&T's 3G network as compared to Verizon's own 3G network because AT&T does not like the truthful picture painted by that comparison."

Since Verizon's ads have not been legally found to be misleading or false, a TRO is unwarranted, Verizon argued.

AT&T representatives were not immediately available for comment.

<http://www.pcmag.com>

Report: Deutsche Telekom Searching for U.S. Partners

November 20, 2009

Deutsche Telekom is seeking out partners for its U.S. subsidiary, T-Mobile USA, according to a report in the German newspaper *Handelsblatt*. The report named AT&T, Clearwire and MetroPCS as possible partners, as well as unnamed financial investors outside the wireless industry.

The report, citing unnamed sources from the German telecom giant, said that the company is looking for a partner to help finance T-Mobile's network expansion. If Deutsche Telekom were to partner with a financial firm, the paper reported, that company might take a minority stake in T-Mobile. The carrier, the nation's fourth largest, is in the midst of building out its 3G network, and plans to upgrade its network to HSPA+ beginning next year to capitalize on the growing demand for mobile data.

In September, both Clearwire and MetroPCS were named as possible partners for T-Mobile USA in a *Bloomberg* report. That report said Deutsche Telekom was considering partnering with the companies to gain access to their spectrum holdings.

The *Handelsblatt* report said the discussions about a partner were in early stages, and also said that a possible acquisition of Sprint Nextel is off the table. Rumors swirled in September that Deutsche Telekom was considering making a bid for Sprint.

Representatives from AT&T, Clearwire and Deutsche Telekom declined to comment, while a representative from MetroPCS did not immediately respond to a request for comment.

The news comes as T-Mobile begins to seriously struggle in the U.S. wireless market. The company's subscriber growth has slowed, and in the third quarter the carrier lost 77,000 net wireless subscribers. Perhaps in response, T-Mobile recently unveiled several low-cost, unlimited service plans.

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Verizon Cuts More Former Alltel Employees

November 20, 2009

Verizon Wireless confirmed it laid off more former Alltel employees as it works to complete its assimilation of the carrier. Verizon spokeswoman Lucie Pathmann declined to put a number on the cuts, but told *ArkansasBusiness.com* that the effort was part of the carrier's plan to eliminate redundant jobs following its \$28.1 billion acquisition of Alltel, which closed early this year.

The majority of the job cuts were in Little Rock, Ark., the site of Alltel's headquarters and now a Verizon regional office. The job cuts were in marketing, finance, legal and other areas.

In July, Verizon laid off 80 workers, and the majority of those workers--50--were former Alltel employees in Arkansas.

Throughout much of the year, Verizon has been digesting Alltel's operations: switching over billing systems, upgrading wireless broadband service and re-merchandising stores. Verizon's blockbuster acquisition of Alltel made it the nation's largest wireless carrier with 89 million total subscribers.

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Nokia Cutting 330 R&D Jobs

November 20, 2009

Nokia said it would cut 330 research and development jobs at sites in Finland and Denmark. The company has been eliminating jobs across the board this year to rein in costs, but a company spokesman told *Reuters* that the handset maker also is moving toward launching fewer phone models in favor of more iconic phones.

The company said 230 positions will be eliminated at its Oulu site in Finland, and 100 will be cut at its site in Copenhagen. Nokia said it will try to find new jobs within the company for as many of the affected employees as possible. The company said the cuts affect 2 percent of its global R&D workforce, which numbers around 17,000 people.

So far this year, Nokia has announced 3,700 job cuts, including 1,300 voluntary separation packages. The handset maker instituted a cost-cutting program earlier this year to shave around \$1 billion in expenses at its handset unit. Further, in October Nokia appointed its CFO as head of its low-end phones business one day after the company reported its worst quarterly results since it began quarterly reporting in 1996.

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Product & Service News

AT&T Launching New Netbooks, Cheaper Data Plan

November 16, 2009

AT&T Mobility is adding two new netbooks to its growing array of non-smartphone data devices, and is reducing the price of its low-end monthly data plan by \$5.

The carrier said that later this month it will launch the Samsung Go netbook as well as the Acer Aspire One. Both devices will run on Windows 7 and will be \$199 with a two-year data plan from AT&T and after a mail-in rebate. AT&T is also cutting the price of its monthly 200 MB data plan to \$35 down from \$40 per month. However, it is maintaining the price of its \$60 per month plan, which offers users 5 GB of data.

The two netbooks are similar in terms of features. The Samsung Go has a 160 GB hard drive, 1GB of memory, high definition audio, a 1.3-megapixel webcam and an LED backlit display. The Acer Aspire One has a 160 GB hard drive, 1GB of memory, high definition audio support, two built-in speakers, a video conferencing feature and a built-in webcam.

AT&T's decision to reduce the price on its lower-tier data plan comes in the wake of T-Mobile USA's announcement last week of a new laptop stick and two new data rate plans that offer subscribers 200 MB of data for \$29.99 per month or 5GB of data for \$49.99 per month. AT&T has steadily been branching out its support for netbooks, e-readers and other data-driven devices. Last week, Qualcomm announced that AT&T would provide wireless connectivity to the first smartbook, which will be made by Lenovo and use Qualcomm's Snapdragon processor.

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ZTE in Smartphone Discussions With Verizon, Others

November 18, 2009

ZTE is going to release a smartphone next year based on Google's Android platform, and is in talks with a wide range of carriers worldwide, including Verizon Wireless, to partner with for smartphones, according to a company executive.

Dale Ying, ZTE's managing director of handset business marketing, told *Dow Jones Newswires* that the company is in talks with Verizon, Vodafone, France Telecom Orange and T-Mobile International on smartphones. As for regular handsets and data cards, he said that the company is in talks--and is conducting tests--with all four of the Tier 1 operators in the United States: AT&T Mobility, Sprint Nextel, T-Mobile USA and Verizon.

Previously, ZTE had disclosed that it was in talks with Sprint and Verizon.

"We hope to sell our smartphone to these operators next year," Ying said. "We see big potential in the smartphone market. We are targeting to ship more smartphones in the coming few years, which will help to improve our gross margin." He added that ZTE is targeting combined shipments of 60 million handsets and data cards this year, up from 45 million in 2008.

The company has made no secret of its desire to build stronger relationships with U.S. operators as it expands its global presence. ZTE had previously disclosed it was working on an Android phone for Asian markets, but did not provide details.

In other ZTE news, another executive told *Reuters* that the company, which also operates in the network infrastructure market, aims to capture a fifth of the global market for GSM equipment by the end of the year.

"Our market share is now around 18 percent," Zhao Yizhe, vice president in charge of GSM equipment, told *Reuters*. "We could pass the 20-percent share mark by the end of this year."

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T-Mobile to Offer Prepaid BlackBerry

November 19, 2009

T-Mobile USA says it will offer the BlackBerry Curve through a prepaid offering called T-Mobile Complete.

According to a press release, the plan marks the first prepaid BlackBerry from a national U.S. carrier. Customers can choose from four handsets starting at \$59.99, which includes the first month of service free. Customers can also choose from a range of unlimited plans starting at \$50 per month.

T-Mobile Complete plans start at \$50 a month for unlimited talk. A plan that includes unlimited talk, text, and Web will cost \$80 per month. Customers can also choose a plan that includes 1,000 Whenever Minutes, Unlimited Nights & Weekends and Unlimited T-Mobile-to-T-Mobile calling for \$50 per month.

T-Mobile Complete available handsets and pricing include the BlackBerry Curve 8520 for \$299, the Samsung Gravity at \$149, the Samsung t229 for \$79 and the Samsung t239 for \$59.

T-Mobile Complete is currently available nationwide at Best Buy and at select Wal-Mart locations.

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Industry News

Report: RIM to Benefit Most From Move Toward Smartphones

November 16, 2009

Market research firm Pyramid Research says that BlackBerry maker Research In Motion is poised to take advantage of the growth in smartphones in the U.S.

market. According to Pyramid, in 2014 RIM will be the U.S. handset marketshare leader, with 22 percent marketshare, outpacing Samsung, LG and Apple.

According to the research firm, smartphones will account for 31 percent of new U.S. handset sales in 2009, up from 15 percent in 2007. In 2014, the firm predicts 60 percent of all new U.S. handset sales will be smartphones.

By then, market competition from Samsung, LG and Motorola, coupled with the likely end of AT&T Mobility's exclusive rights to Apple's iPhone, will squeeze RIM's smartphone marketshare down from about 50 percent to 37 percent, according to Pyramid. However, RIM will still lead the U.S. handset market in 2014, with Samsung, LG and Apple following, with 19 percent, 18 percent and 15 percent, respectively.

RIM has made a concerted effort to broaden its appeal in the consumer market, and wireless carriers are releasing a slew of new BlackBerry devices this holiday season, including the Storm2 from Verizon Wireless and the Bold 9700 from both AT&T and T-Mobile USA.

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Is Mobile Broadband Pricing Finally Starting to Decline?

November 20, 2009

As the holiday buying season looms, it looks like some U.S. wireless carriers are starting to see the light when it comes to mobile broadband pricing. Earlier this week, AT&T dropped the price of its 200 MB data plan to \$35 per month from \$40 per month, but kept its 5 GB plan at \$60 per month. Likewise, T-Mobile USA announced last week two new data rate plans--a 200 MB data plan for \$30 per month and a 5 GB data plan for \$50 per month.

While the 200 MB data plans offer consumers a less-expensive option, analysts at CCS Insight say that these smaller bandwidth plans are useless for all but the very casual user. Anyone who uploads pictures (even occasionally) will run the risk of costly overage charges. And most users who invest the time and research into buying a wireless dongle or embedded laptop or netbook are likely to want the higher bandwidth plans.

It looks like \$50 per month for 5 GB of data is the new competitive price point that other Tier 1 operators will have to match if they want to stay competitive in this space. According to recent rate comparisons by Current Analysis, most U.S. carriers are offering 5 GB for \$60 per month, a rate that most have been resistant to reducing. Earlier this year, the FierceWireless editorial team predicted that in 2009 we would finally start to see mobile broadband pricing decline. Until now that prediction has not come true--at least not from the Tier 1 operators. We have seen flat-rate carrier Cricket Communications challenge this model with its \$40 per month unlimited data plan, but

Cricket clearly doesn't have the nationwide reach that the Tier 1 carriers enjoy and so its lower priced offering hasn't effectively challenged the other operators--at least not yet. But is \$50 per month for 5 GB of data the right price point to drive more growth? CCS Insight analysts don't think so. In fact, they believe that carriers need to reduce the price another \$10 to \$40 per month for 5 GB of data if they really want to create significant growth in mobile broadband. Of course, the real question is whether carriers want (or can support) a substantial uptick in this area. Some (like AT&T) are already suffering from the burden of excessive data demand, and other carriers are fearful of the same backlash from consumers if they open the floodgates.

I think we are on the cusp of a big change in mobile broadband pricing. With some operators starting to inch downward to the \$50 per month price for 5 GB of data, I think it's only a matter of time before one Tier 1 operator breaks rank and goes with a \$40 per month, 5 GB data plan. Of course, the carrier that makes this type of bold move will have to ensure its network can handle potentially dramatic increases in traffic. It may not happen in 2009, but I'm hoping we see some dramatic price movement in the first half of 2010.

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