

Stories from 12/19 – 12/31

'Operation Chokehold': Did iPhone Protest Against AT&T Succeed?

December 19, 2009

At high noon Pacific time, iPhone users across the country pulled out their big guns in a coordinated protest against AT&T.

To sound off against what they say is inferior service, thousands of iPhone users planned to use their most data-intensive applications during the same hour to crash -- or at least cripple -- the company's wireless network.

The campaign started as a joke earlier this week, when Newsweek reporter Daniel Lyons, who writes the popular blog, "The Secret Diary of Steve Jobs," posted a satirical memo encouraging iPhone owners to participate in "Operation Chokehold."

But the stunt grew into something of a grassroots campaign, as blogs, Twitter users and media reports spread the word. A Facebook group for the protest attracted more than 4,000 members and a Web site gave "Operation Chokehold" a dedicated online presence.

So did it work?

Well, it's hard to tell.

On Facebook pages and Twitter feeds, iPhone users documented the protest's progress, letting others know that they were streaming data-hungry YouTube videos, Pandora songs and more.

But results were mixed. Some users reported slow download speeds and difficulty accessing the 3G network. But others said they had no problems at all.

The founder of the Facebook page and Web site, Peter Serven, a 21-year-old Web designer from San Antonio, Texas, said it was a huge success.

"The goal is to send a message to AT&T," he said. And, noting a steady stream of Facebook comments from protest participants and a spike in traffic to the campaign's Web site, Serven added, "It was a pretty strong message."

But when contacted by ABCNews.com, AT&T had just this to say: "We saw no impact."

'Fake Steve': Create Digital Flash Mob

It all started Monday, when "Fake Steve" told iPhone users to voice their dissatisfaction with the performance of AT&T's wireless network by running the phone's most data-intensive applications at the same time -- 3 p.m. ET Friday. That, he said, would "overwhelm the AT&T data network and bring it to its knees."

"Send the message to AT&T that we are sick of their substandard network and sick of their abusive comments," Lyons wrote. "The idea is we'll create a digital flash mob."

Many owners of Apple's iPhone -- which is only available with AT&T data and voice plans -- have become annoyed with dropped calls and slow data speeds, which they blame on inadequacies in AT&T's network.

Lyons posted his "memo" after recent comments from an AT&T executive revealed that the company is considering incentives to keep so-called "bandwidth hogs" from jamming the network with video and other data-hungry applications.

Though "Operation Chokehold" started as satire it took on a life of its own, eventually drawing the attention of federal regulators, who called the protest "irresponsible" and a public safety concern.

FCC, AT&T Say Campaign Is 'Irresponsible'

"Threats of this nature are serious and we caution the public to use common sense and good judgment when accessing the Internet from their commercial mobile devices," Jamie Barnett, chief of FCC's public safety and homeland security bureau, said in a statement. "To purposely try to disrupt or negatively impact a network with ill-intent is irresponsible and presents a significant public safety concern."

AT&T also spoke out against the campaign.

"We know that the vast majority of customers will see this action for what it is: an irresponsible and pointless scheme to draw attention to a blog," a spokesman said in a statement.

But Serven said that the ultimate goal of the campaign was to make AT&T realize that iPhone users are a force to be reckoned with. And on those terms, he said he thinks "Operation Chokehold" succeeded.

"I think there's lots of fired up iPhone users out there and they're ready to keep making their voices heard," he said.

He said the ball is now in AT&T's court and if they don't start addressing users' concerns, "I think they can expect more of the same."

"I think iPhone users are some very interesting people. They're very creative and expressive and vocal," he said. "I will be interested to watch what happens next."

<http://abcnews.go.com>

Verizon Sues Former Alltel Exec Over Trade Secrets

December 22, 2009

Verizon Wireless filed a lawsuit against a former Alltel executive who has since joined Allied Wireless, a new company that will run some of the former properties and assets Verizon divested as part of its \$28.1 billion purchase of Alltel. Verizon claims that the executive, Lewis Langston III, could use or distribute confidential, proprietary trade secret information about Verizon.

Atlantic-Tele Network, which agreed to pay Verizon \$200 million to acquire the divested wireless spectrum licenses and network assets, recently formed Allied as a subsidiary company. ATN said Allied would be headquartered in Little Rock, Ark. (where Alltel's headquarters were located), and would hire former Alltel workers who had been laid off after Verizon's purchase.

Langston, who was formerly executive vice president of process development and support at Alltel, resigned from Verizon in November and became the CIO of Allied. Before that, he was vice president of transition planning at Verizon, presumably working on the Alltel integration. Verizon is accusing Langston of violating the Arkansas Trade Secrets Act. Langston, in turn, said Verizon did not disclose the proprietary information that he has that could potentially harm Verizon, and that he has a right to know what it is, according to the the AP.

Representatives from Verizon and Allied did not immediately respond to requests for comment.

<http://www.fiercewireless.com>

RIM Suffers Second BlackBerry Outage in a Week

December 23, 2009

Research In Motion said it restored service after its BlackBerry users in North and South America suffered a second major outage in less than a week. The company blamed the outage on a flaw in recent updates to its BlackBerry Messenger service.

RIM said in a statement that the service disruption began Tuesday afternoon and that email messages were delayed. RIM said phone and SMS services were not affected.

"Root cause is currently under review, but based on preliminary analysis, it currently appears that the issue stemmed from a flaw in two recently released versions of BlackBerry Messenger (versions 5.0.0.55 and 5.0.0.56) that caused an unanticipated database issue within the BlackBerry infrastructure. RIM has taken corrective action to restore service," the company said in a statement. "RIM has also provided a new version of BlackBerry Messenger (version 5.0.0.57) and is encouraging anyone who downloaded or upgraded BlackBerry Messenger since December 14th to upgrade to this latest version which resolves the issue. RIM continues to monitor its systems to maintain normal service levels and apologizes for any inconvenience to customers."

Representatives from AT&T Mobility, Sprint Nextel, T-Mobile USA and Verizon Wireless confirmed that their customers were affected.

A Sprint spokeswoman, Crystal Davis, told *FierceWireless* that both consumer and enterprise BlackBerry customers were affected, and that the outage crippled BlackBerry Internet, email and text messaging services, but not voice services. The statement seemed to contradict RIM's assertion that only email services were disrupted. A RIM spokeswoman did not address follow-up questions about the disruption.

Last week, RIM said BlackBerry customers experienced delays in receiving email. That outage came on the same day RIM reported third-quarter earnings showing strong profits and revenue growth.

<http://www.fiercewireless.com>

Skype, Avaya Discuss Partnership

December 23, 2009

Skype's effort to crack enterprise corporate accounts may get a boost from major shareholder Silver Lake, which has been promoting talks between Skype and another Silver Lake investment, Avaya.

The situation is still fluid because Skype recently broke off from eBay and Avaya has acquired important telecommunications assets from bankrupt Nortel Networks. But Avaya CEO Kevin Kennedy said in recent days that Skype and Avaya have been talking about an arrangement.

The two companies are dominant in their respective fields -- Skype in VoIP communications and Avaya in enterprise business communications. Skype's users are primarily individual consumers, but it has been gradually moving into business communications. A partnership with Avaya could bolster its move into enterprise calling markets.

One potential stumbling block could be over the session initiation protocol-based standard, which Avaya utilizes in its Aura infrastructure. Skype hasn't embraced SIP, although workarounds could help overcome incompatible infrastructures. Help could also come from Avaya's acquisition of Nortel networking properties.

When Silver Lake and TPG Capital acquired Avaya in 2007, Silver Lake's David Roux took note of the former AT&T/Western Electric unit's capability to participate in the delivery of VoIP. Roux, a co-founder and managing director of Silver Lake, said Avaya could "deploy advanced IP communications solutions as a source of competitive advantage for customers."

Avaya's recent \$900 million acquisition of Nortel's Enterprise Solutions unit further strengthens its potential VoIP hand.

Silver Lake was a major investor in the \$1.9 billion transaction that spun out Skype from eBay. Skype's revenue has continued to grow in recent months, and eBay has estimated that Skype revenue will surpass \$1 billion in 2011.

<http://www.informationweek.com>

Nokia Hits Apple with Latest Patent Complaint

December 29, 2009

The legal back-and-forth between Nokia and Apple over patents, and who might be abusing them, continued Tuesday as Nokia lodged a complaint with the U.S. International Trade Commission.

In its complaint to the USITC, the Finnish company alleges that Apple infringes seven Nokia patents "in virtually all of its mobile phones, portable music players, and computers."

The alleged patent infringement is connected to key features in Apple products including user interface, camera, antenna, and power management technologies. Their value to Nokia, the company says, comes in allowing better user experience, lower manufacturing costs, smaller size, and longer battery life for Nokia products.

In October, Nokia filed a lawsuit against Apple in U.S. District Court in Delaware regarding 10 patents related to wireless handsets, which Nokia says Apple has refused to license. Every iPhone model since the original, introduced in 2007, infringes on those patents, Nokia has charged.

Apple filed a countersuit earlier this month, charging Nokia with infringing 13 Apple patents related to the iPhone.

"While our litigation in Delaware is about Apple's attempt to free-ride on the back of Nokia investment in wireless standards, the ITC case filed today is about Apple's practice of building its business on Nokia's proprietary innovation," Paul Melin, general manager of patent licensing at Nokia, said in a statement.

"Nokia has been the leading developer of many key technologies in small electronic devices," Melin said. "This action [Tuesday's complaint to the USITC] is about protecting the results of such pioneering development."

Apple was not immediately available to comment on Nokia's filing with the U.S. International Trade Commission. The USITC is an independent federal agency that looks at issues including unfair trade practices involving patent, trademark, and copyright infringement.

Nokia says that over the past two decades it has spent some 40 billion euros (\$57.5 billion) on R&D and has amassed "one of the wireless industry's strongest and broadest IPR portfolios, with over 11,000 patent families."

In November, research firm Strategy Analytics reported that Apple had surpassed Nokia in quarterly mobile phone profits, bringing in \$1.6 billion from the iPhone, compared with Nokia's \$1.1 billion in cell phone profits.

<http://news.cnet.com>

Adelphia Will Pay out \$133 Million to Debt Holders

December 30, 2009

Adelphia Communications Corp., a once-leading cable provider now under bankruptcy protection, said Wednesday that it will distribute \$133 million to debt holders after settling a legal dispute with Motorola Inc.

Most will get about \$25 in cash for every \$1,000 worth of notes they hold, according to documents posted on the company's Web site.

Adelphia was the fifth-largest cable company in the U.S. until it collapsed amid an accounting scandal in 2002 and its founders were imprisoned.

This month, Judge Cecelia G. Morris at the U.S. Bankruptcy Court for the Southern District of New York approved plans for Motorola to pay Adelphia \$68 million, settling allegations that the cell phone maker helped Adelphia executives inflate the company's financial results in 2000 and 2001.

Motorola, which is based in Schaumburg, Ill., did not acknowledge any wrongdoing as a part of the settlement.

But the company was accused of inflating the prices it charged Adelphia for set-top boxes and returning the money. Adelphia then counted it as revenue.

Adelphia founder John Rigas is serving 12 years in prison, and his son, former Adelphia executive Timothy Rigas, is serving 17 years. They were convicted in 2004 of conspiracy and related charges.

<http://www.wirelessweek.com>

Product & Service News

Vonage Offers VOIP for iPhone, BlackBerry

December 23, 2009

Vonage said its VoIP calling applications for the iPhone and BlackBerry platforms are now available.

The apps use cellular networks to connect with Vonage's VoIP infrastructure to enable users to make lower-cost international calls to mobile phones or landlines. The software integrates with the handset's contact lists. Apple users will be able to make calls over Wi-Fi and cellular networks, and BlackBerry users can only use cellular networks.

The apps are free to download, but an unlimited calling plan costs \$24.99 a month. Existing Vonage customers can receive a \$10 discount when using Vonage Mobile.

"As mobile devices become more powerful, broadband networks become more available and 3G/4G data networks become more open, we envision a future where Vonage delivers calls, readable voicemail, texts, MMS, and video calls from any device, using any broadband connection," said Vonage CEO Marc Lefar in a statement.

The calling app can be downloaded to the iPhone and iPod Touch via Apple's App Store. The BlackBerry version of the app is available for download from vonage.com and via Apple's App Store.

The move is another sign that mobile operators are becoming more comfortable with VoIP-like services on smartphones, even though these have the potential to eat into voice revenues. AT&T recently said it would enable VoIP programs to operate over its 3G network and this could lead to wider adoption of services such as Skype on mobile phones. VoIP providers have said the potential revenue carriers lose with voice minutes can be offset by the usage of mobile data.

<http://www.informationweek.com>

Microsoft May Bring Xbox Live To Windows Mobile

December 30, 2009

What if you could play all your favorite Xbox Live games on your mobile phone? You may soon be able to do just that, if a job listing from Microsoft offers any clue.

Based on recent job postings on Microsoft's site, it appears that Redmond is making moves to bring Xbox Live to Windows Mobile devices. The competitive differentiating capability may be available when Windows Mobile 7 debuts in late 2010.

Microsoft posted the listing on its Connected Entertainment job site on Dec. 23. The job title is Principal Program Manager -- LIVE Entertainment for the Xbox Live product. The post outlined how Microsoft is connecting players via the Live services on new devices beyond the console.

"We need a Principle Program Manager who can help drive the platform and bring Xbox LIVE enabled games to Windows Mobile," the post said. "This person will focus specifically on what makes gaming experiences 'LIVE Enabled' through aspects such as avatar integration, social interactions, and multi-screen experiences."

The Mobile-Gaming Landscape

Could Microsoft be setting out to compete with Nokia and Apple on the mobile-gaming front? Microsoft would have some catching up to do, but with the popularity of Xbox Live, the software giant could make strides quickly.

Games continue to dominate Apple's App Store -- there are currently nearly 950 games available. Apple has sold more than 30 million iPhones and iPod touch units, keeping pace with Nintendo's Wii video-game console. The iPhone opened up a new world of gaming potential for mobile devices that some call the smartphone games 2.0 market. The iPhone accounts for 10 percent of the U.S. mobile-gaming market, according to media research firm Screen Digest.

For Nokia's part, the N-Gage is a made-for-mobile games service available in compatible Nokia Nseries and other S60 3rd Edition devices from Nokia. N-Gage aims to make it easy to find, try, buy, play and manage high-quality mobile games as well as connect to friends and other players in the N-Gage Arena, Nokia's mobile-gaming community. But Nokia is not making the same headway as Apple.

Microsoft's Mobile Opportunity

Market researcher DFC Intelligence predicts the global market for mobile and portable games will reach \$11.7 billion by 2014 -- and Apple will get most of the pie. Games sold for the iPhone and iPod touch could grab as much as 24 percent of the portable game software sales, DFC reports. That could change, though, if Microsoft gets into the game with its Xbox Live services.

Michael Gartenberg, a vice president at Interpret, is glad to see Microsoft take its vision for three screens connected to the cloud to the next level. If Microsoft gets the Xbox Live integration into Windows Mobile 7 right, he said, it could be a huge differentiator for the company and help it compete against Apple.

"Apple doesn't have a game console, and mobile gaming is an area that Microsoft doesn't play in -- at least not yet," Gartenberg said. "This move would give Microsoft an opportunity to differentiate the value experience. If you are an Xbox owner, maybe that gives you more of an incentive to go with a Windows Mobile phone instead of something else."

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

Year in Review

2009 Year in Review: Mobile Entertainment Slides into Irrelevance

December 24, 2009

Forget full-track downloads, ringtones and other traditional mobile content formats--richer, more interactive applications are now capturing the attention of consumers and content providers alike, making the mobile entertainment experience of the recent past seem as quaint and antiquated as 78s or the DuMont Network. Despite the conference's name, October's CTIA Wireless IT & Entertainment 2009 event focused little of its attention on entertainment content, instead installing a renewed emphasis on the enterprise segment--while a Mobile Media & Content-themed educational track addressed subjects including mobile TV and social networking, session titles like "Mobile Music: A Familiar Tune?" and "Mobile Advertising: Failure to Launch?" underlined the grave doubts looming over the segment.

Ringtones, once the driving force behind mobile content consumption, are now *passé*. This summer, research firm SNL Kagan reported that ringtone sales in the U.S. declined from \$714 million in 2007 to \$541 million in 2008--a 24 percent year-over-year drop, and the first-ever annual decline posted for a U.S. mobile content category. In all, ringtones' share of total U.S. mobile music revenues fell from 80 percent in 2005 to 63 percent in 2008, a slump

credited to consumers learning to create their own ringtones by sideloading edited MP3 clips to their phones and in turn bypassing operators' direct sales channels. Full-track downloads aren't faring much better: A year after the U.K. debut of Nokia's all-you-can-eat Comes With Music service, digital content research firm Music Ally reported the mobile music effort signed up slightly more than 107,000 users worldwide. A Forrester Research study released in August indicates that just 10 percent of U.S. mobile subscribers use their phones to listen to music at least once a month, and while that's up from 5 percent a year ago, it's still a negligible segment of the overall user base. Forrester adds that 60 percent of U.S. mobile subscribers maintain they have no interest in buying music on their handsets.

"We're in the middle of a generational shift in terms of how consumers purchase content," said Robb McDaniels, CEO of digital media distribution firm INgrooves, during a CTIA Wireless IT 2009 panel session. "It's pretty bad right now." So bad, in fact, that McDaniels cracked the panel, titled "View from the Top," should be retitled "View from the Bottom" to more accurately reflect the current state of the music business. Execs remain high on the possibilities of next-generation mobile applications, however: "Connectivity has never been higher. Fan engagement has never been higher," said TicketMaster VP of marketing and music Adam Flick on the same panel. "Now, how do we capitalize on that?" Applications not only offer a more immersive, multi-faceted consumer experience--they also portend additional revenue opportunities for content providers. During a CTIA Wireless IT & Entertainment 2009 educational session titled "App Trends: App Developer Perspective," moderator Tim Chang, principal with Norwest Venture Partners, cited in-app micro-transactional purchases (like those enabled via Apple's iPhone OS 3.0) as the subject of growing enthusiasm among the Silicon Valley elite. Sony Pictures Home Entertainment, which outlined its forthcoming mobile game slate at CTIA IT, said a refresh of its popular *Wheel of Fortune* title will herald its first plunge into micro-transactions. "That's very much an opportunity we're excited about," said SPHE vice president of worldwide entertainment Kara Bilkiss in an interview. "We're totally committed to giving mobile consumers access to more content."

<http://www.fiercemobilecontent.com>

Year in Review: Laying the Foundation for Change in 2010

December 24, 2009

2009 was a year that will be remembered as one in which the Great Recession colored many lives. However, as Mark Lowenstein noted recently in *FierceWireless*, aside from the downturn in handset sales, the wireless industry fared relatively well, all things considered. In times of great flux and economic certainty, disruptions are more apt to

take place. And the disruptions of 2009 laid the foundation for what will likely be even more dramatic changes in the years to come.

In 2009, the prepaid price war sparked by Boost Mobile in January that continued throughout the year gave new life and vitality to the prepaid market. I think this growth is likely to peter out in 2010, but it certainly gave Sprint Nextel a reason to hope for brighter days ahead.

Another major disruption was the arrival of a new, action-oriented FCC, led by Julius Genachowski. Perhaps the most significant development in the entire wireless industry this year (and certainly the one that was the subject of the most intense lobbying) was the commission's decision to move ahead with new net neutrality regulations. It's unclear how large the exemptions and carve-outs for wireless operators will be when the final rules are written, but it should be clear to carriers by now that there's a new regulatory sheriff in town.

Smartphone operating systems also took center stage this year, as vendors and carriers alike embraced application storefronts in their bid to boost mobile data usage. Google, in particular, became more of a force this year in wireless, with more operators and handset makers embracing its Android platform as a sound bet amid prodigious smartphone growth. The fact that at the start of the year there was only one Android phone and now there are more than a dozen (with many more to come in 2010) speaks volumes about the kind of support Android has received. Though Android is still relatively young, it would be difficult to dismiss it going forward.

I've been covering the wireless industry for just over a year now and one thing has become clear to me this year: nothing ever remains static in the industry for long. Operating systems die and are reborn, companies shift their entire corporate strategies (think Motorola and Palm) to survive, and some companies simply don't survive at all (Nortel). In other words, disruptions happen all the time, and will continue to happen. All the industry can do is be prepared for it.

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