

## **This Week's Stories**

### **AT&T Faces Lawsuits over Data Fee Taxes**

January 11, 2010

AT&T Mobility is facing numerous lawsuits from customers who allege that the carrier is improperly levying taxes against them on mobile Internet access fees.

In two separate suits, filed in federal court in Georgia and Indiana, customers allege the company is taxing the mobile data portion of their bill when it shouldn't. The suits allege AT&T is violating the federal Internet Tax Freedom Act, which bars state and local governments from levying taxes on Internet access between Nov. 1, 2003 and Nov. 1, 2014. Both suits are seeking class-action status, and are both part of a larger wave of suits across the country on the issue.

AT&T spokesman Marty Richter told the *Atlanta Journal-Constitution* that the carrier has done nothing illegal. "AT&T complies with all tax laws," he said.

This is by no means the first time a wireless carrier has faced questions over billing and tax issues. AT&T and most of the rest of the wireless carrier community have had to address, and in some cases modify, various state and local tax charges and billing efforts.

<http://www.fiercewireless.com>

### **Text Fundraising Proves Valuable Tool as Red Cross Takes in \$3M for Haiti**

January 14, 2010

Mobile text fundraising has exploded onto the scene in a big way during the Haiti disaster, with the American Red Cross reporting it has raised \$3 million via texting in just over 24 hours.

That's almost one-third of the \$10 million it has raised overall. Here's how the Red Cross describes it in a Twitter posting:

You have donated nearly \$3 million to American Red Cross earthquake relief efforts in #Haiti by texting "Haiti" to 90999. Thank you. Keep it up.

United Way has also set up a text donation fund for Haiti.

You can give \$10 to the American Red Cross by texting the word HAITI to 90999 or \$5 to the United Way at 864833

The leading source of mobile text fundraising is mGive. Denver wireless content entrepreneur James Eberhard traces the idea for the nationwide system to the Live 8 anti-poverty concert he attended in London which raised \$2 million via text messaging.

mGive first rolled out its mobile giving channel with a United Way text fundraising effort during the Super Bowl in 2008.

Randy Punley, who manages the mobile giving program for United Way, says it has become a "valuable fundraising tool."

"We need to go where people are," Punley says. "Not everybody is at a computer, not everyone will write a check any more. So we really need to be able to reach out to people in a variety of ways."

He says 20 of the United Way charities have signed up to use mGive.

mGive normally gets 35 cents per text, but Punley says the organization has waived its fees for the Haiti fundraising effort. Except for normal texting fees, the wireless carriers do not charge extra for the service, which adds the donation on the caller's phone bill.

<http://content.usatoday.com>

### **Cox Ad Campaign Teases March Wireless Launch**

January 14, 2010

Cox Communications yesterday unveiled its teaser ad campaign for its wireless offering under the tagline "Unbelievably fair," giving the market a hint of its strategy even as it stayed mum on pricing details. The company plans to officially launch its wireless service in March.

The MSO launched a website, [Unbelievablyfair.com](http://Unbelievablyfair.com), and several TV advertisements highlighting the service. The campaign seems designed to tap into consumers' gripes with traditional wireless carriers, such as unforeseen overage charges and the loss of unused voice minutes. The ad campaign will use a variety of media to get the message across in the buildup to the commercial launch.

The company has not given out any information about pricing or which devices it will use, though its website does feature what appears to be a touchscreen handset. Cox's cable competitors Comcast and Time Warner Cable have set up their own wireless data services as wholesale partners of WiMAX operator Clearwire.

Currently, Cox has test wireless markets up and running in Hampton Roads, Va., Omaha, Neb., and Orange County, Calif.; those markets are currently leveraging Sprint

Nextel's CDMA network. Cox plans to deploy its CDMA EV-DO network--via suppliers Starent and Huawei--on its own AWS spectrum, and eventually plans to migrate to LTE via its 700 MHz holdings.

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## **Product & Service News**

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### **MagicJack to Launch Service for Cell Phones**

January 11, 2010

Ymax, the inventor of the magicJack, told attendees at the recent Consumer Electronics Show that it will develop a consumer femtocell that will allow consumers to place cell-phone calls without using their minutes.

The unnamed femtocell will be priced at about \$40 and be available during the second quarter, a company spokeswoman said Monday.

Femtocells essentially are routers that allow a user's cell phone to connect to them, as opposed to Wi-Fi or an Ethernet connection. Users can place a call on a femtocell via a cell phone, like an ordinary cell-phone tower owned by Sprint, T-Mobile, or another carrier. Verizon, for example, announced its own femtocell in January 2009. Because they use the home's broadband connection as a backhaul, however, a femtocell user doesn't actually access the cell-phone network, saving his or her allotted minutes.

Users will be able to connect to their own magicJack device but also other femtocell-enabled magicJacks at friends' houses and businesses. All the user has to do is come within eight feet of the magicJack one time to register the connection and then talk away within a range of a 3000 square foot house, according to Ymax.

MagicJack's femtocell will work with its existing magicJack service, which costs \$19.95 per year. The service originally won a *PC Magazine* Editor's Choice award (which has been heavily promoted by the company), but subsequent call-center and support problems caused us to lower its rating.

Ymax also said that it would soon announce a standalone version of its technology to compete with Skype.

<http://www.pcmag.com>

### **Nexus One Users Report Poor 3G Access**

January 11, 2010

Google's new Nexus One is generating a steady flow of complaints from users who are griping that their connections are dropping from 3G to T-Mobile's slower 2G Edge network

The device operates on T-Mobile's network, which, like many wireless carriers, has been hard pressed to keep up with the streams of data generated by new generations of smartphones. In recent years, T-Mobile has purchased more than \$4 billion in advanced wireless services spectrum in Federal Communications Commission auctions and has added spectrum from private purchases, but it apparently isn't enough.

Google's public forums are replete with complaints from users, many of whom say their Nexus Ones are dropping from 3G to the 2G edge network.

"I upgraded from a Blackberry Pearl to the Nexus One," wrote one user in a typical posting. "I cannot get any 3G service as of yet. Don't know what the problem is. T-Mobile and HTC support weren't able to help."

Another posting was: "I'm having this same problem. My G1 has 3G with full strength, but sitting right next to it my Nexus has 1 bar of 3G and keeps switching to Edge... I'm at the point where I'm about to send this thing back. It ruins the whole experience if I can't ever stay on 3G for more than a few seconds."

The problems are reminiscent of the situation faced by Apple iPhone users who, like Nexus One users, generally said they liked their iPhone, but were initially saddled with the slow 2G Edge network. AT&T, which has exclusive rights to market the iPhone in the U.S., eventually solved the problem by rolling out a more robust network infrastructure. However, in recent months many AT&T iPhone users have complained of dropped calls and deteriorating network connections. Ironically, AT&T and Apple are victims of the success of the iPhone, because the flood of iPhone applications has clogged network reception for many consumers.

The exact source of the Nexus One problem hasn't been pinpointed, but users are pointing their fingers at all three major Nexus One partners -- Google, handset maker HTC, and T-Mobile. T-Mobile wasn't immediately available for comment, although the firm said on its T-Mobile forums that it knew of the user complaints and was looking into the situation. Google said it was working to sort out the "few kinks" involved in the launch of the new mobile phone.

<http://www.informationweek.com>

## MetroPCS Unveils \$40 Prepaid Mobile

July 13, 2010

How low can you go?

Very low, according to MetroPCS Communications, which has unveiled a family of prepaid mobile calling plans that begin at \$40 a month.

The new plans, announced Tuesday, will pressure MetroPCS earnings, but also pressure the offerings of competitors including Sprint Nextel, which has paced the prepaid market with its Boost Mobile service, which has a \$50 monthly plan.

The new MetroPCS Wireless for All plans also bundle taxes and regulatory fees in service prices, eliminating the fluctuating prices that annoy many consumers.

"Wireless for All means we're offering predictable, affordable, and flexible service plans for all consumers with no hidden costs or charges," said Roger Linquist, president, CEO, and chairman of MetroPCS, in a statement. "We're simplifying our service plans and eliminating the guesswork associated with regulator fees and state and local taxes."

Investors, fearing a price war, reacted to the MetroPCS announcement by driving down the firm's stock more than 10%.

The prepaid market has generally been a bright spot in the mobile carrier industry, and the low fees have taken customers away from postpaid offerings. MetroPCS said it added 1.3 million subscribers in calendar year 2009.

MetroPCS said its new family of all-inclusive monthly service plans will carry prices ranging from \$40 to \$60 a month. All the plans feature unlimited nationwide talk, text, and Web services, the company said.

While mobile phone carriers have been generally lowering prices because of competitive price cuts, they have bolstered their revenue by increasing their charges for texting. The texting increases, however, have incurred the scrutiny of lawmakers. U.S. Senator Herb Kohl, chairman of the Senate Antitrust Subcommittee, has complained about the texting increases and has indicated the issue will be examined.

And, in what could be a harbinger of things to come in texting, a major Indian cellular provider, SMS GupShup, is offering texting for free to its 26 million users, according to press reports from India. Still in its infancy, the GupShup

texting service competes with Twitter.

<http://www.informationweek.com>

## Verizon Drops Unlimited Voice Prices, Overhauls Data Plans

January 15, 2010

Verizon Wireless slashed prices on its unlimited voice plans and streamlined its data plan packages. During a conference call with analysts and reporters this morning, Verizon Wireless CEO Lowell McAdam said that, now that the integration of Alltel is complete, the company wanted to simplify its rate plans for customers and add more efficiency to the organization.

Specifically, Verizon said it is reducing the number of plans from 40 to six single line plans and eight family share plans. Here's the breakdown on the unlimited voice and text plans:

- Unlimited voice is now \$69.99 per month, down from \$99 per month
- Unlimited voice and text will cost \$89.99 per month
- Unlimited family share voice plan (two lines) is \$119.99 per month
- Unlimited family share voice and text plan (two lines) is \$149.99 per month

The company also made changes to its prepaid voice plans. Prepaid monthly unlimited talk is \$74.99 per month (just \$5 more per month more than the postpaid plan). And prepaid monthly unlimited talk and text is \$94.99 per month.

On the data side, Verizon said it placed its portfolio of devices into three categories, and will offer data plans specific to those devices:

- **3G smartphones.** These are CDMA EV-DO Rev. A-based devices that provide customers with Web browsing and applications from app stores, and include BlackBerry, webOS, Android and Windows Mobile platforms. In 2010 Verizon will have about 20 additional smartphones on its roadmap. For 3G smartphones, there is a \$30 per month data package that provides unlimited data.
- **3G multimedia devices.** These offer HTML browsing, have applications based upon Qualcomm's BREW platform, offer music services and navigation. They are data capable, but not high end. For 3G multimedia devices, the data package required is a \$9.99 monthly plan that provides customers with 25 MB of data and gives them access to mobile email, games

and the Internet. The \$19.99 per month package for 3G multimedia phones has been discontinued.

- **Simple feature phones.** These are 1xRTT devices that offer talk and text. These are for entry level users who don't want more features. For feature phones, users are not required to have a data plan. However, they can purchase either the \$9.99 per month plan or the \$30 per month plan, or they can opt for just being charged \$1.99 per MB of data they use.

"On the surface some of the rate reductions are quite stunning as they reflect a 30 percent reduction in rates," wrote Pali analyst Walter Piecyk. "For example, Verizon previously charged \$100 per month for unlimited voice but will now only charge \$70. We doubt there were many customers paying \$100 for voice only service given that there are prepaid plans available for half that rate. It is also questionable whether \$70 will attract new customers given that customers can access Verizon's network for \$45/per month through Straight Talk, who has been ramping up its advertising."

As for the traffic the changes could generate, McAdam said the company is not concerned about offering an unlimited data plan to its smartphone users. "Our network is strong on a day-to-day basis," he said. "There has been a lot of speculation about usage caps. We don't feel we need to worry about that at this point."

He wouldn't say whether tethering a smartphone to a laptop was included in the \$30 unlimited plan, but he did say that Verizon would be making further announcements regarding tethering in the future.

Verizon's action comes amid FCC scrutiny into the firm's recent tweaks to its early termination fee (ETF) policies. In December, the FCC sent a letter to Verizon asking the nation's largest carrier to explain its "advanced devices" ETF, which raises the pro-rated fee to \$350 for devices including netbooks and some smartphones. Earlier this year, FCC Chairman Julius Genachowski said Verizon Wireless' response to the agency's inquiry into the fees "raised more questions than it answered," comments that could protend further FCC action on the topic.

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## **Mergers/Acquisitions/Partnerships**

### **GoAhead Acquires New COTS Assets**

January 14, 2010

GoAhead Software is adding some more punch to its offering with the acquisition of the embeddedMIND

business of S3. The privately held companies are not releasing financial terms of the deal.

Bellevue, Wash.-based GoAhead plans to maintain embeddedMIND's entire team and facility in Wroclaw, Poland. embeddedMIND's customers include wireless infrastructure providers such as Alcatel-Lucent and Nokia Nokia Siemens Networks.

Both companies have been focusing on products for equipment makers so that OEMs don't have to build products on their own. Buying commercial-off-the-shelf (COTS) solutions from the likes of GoAhead makes sense for equipment providers that are under the gun to provide carrier-grade solutions to network operators as quickly as possible, according to Bill Yaman, vice president of sales and marketing at GoAhead.

In years past, it wasn't unheard of for the development cycle, from platform design to commercial availability, to take 30 to 48 months. But that's no longer acceptable. As service providers respond to consumer demands, they're turning to their equipment vendors for quick solutions. With COTS and pre-integration, that timeframe is more like 14 to 24 months.

GoAhead's software and services support IMS, base station controllers and media gateways, among other things. The in-house teams within infrastructure providers remain its single biggest source of competition.

The companies will continue to provide their respective stand-alone solutions, but the acquisition also means GoAhead can offer a single solution for many system services, Yaman says.

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