

This Week's Stories

Qualcomm to Build Research Center in Korea, Invest in Pulsus

January 31, 2010

U.S. wireless technology developer Qualcomm plans to build a research and development center in South Korea and invest in Pulsus Technologies, a local chip maker.

The R&D center is being built in cooperation with South Korean academic, government and corporate institutions and will focus on next generation mobile communications technology, including mobile applications and mobile multimedia, Qualcomm said in a statement.

"Korea was among the first to adopt and successfully commercialize CDMA (Code Division Multiple Access) technology, and Korean mobile handset manufacturers play a significant role in the advancement of the global wireless industry," Qualcomm said in a statement, adding that it has worked with Korean companies for nearly 20 years.

Qualcomm Ventures, an investment arm of the company, has agreed to invest in Pulsus Technologies, a developer of chips that transform audio signals and allow them to be amplified digitally.

The investment is part of a joint effort between Qualcomm and two Korean government agencies to invest in promising Korean start-up companies. Pulsus is the first investment made through this joint effort with the Korea Trade Investment Promotion Agency (KOTRA) and Ministry of Knowledge Economy (MKE), Qualcomm said.

Qualcomm representatives could not immediately be reached for comment on the size of the investment or other details.

<http://www.pcworld.com>

Apple's Jobs Dismisses Google's Mobile Advances

February 1, 2010

Apple CEO Steve Jobs discounted the progress Google had made with its Android mobile platform, and said Apple will outstrip the company with its own aggressive updates to the iPhone, according to reports from *Wired.com* and *Macrumors.com*. Both reports are based on accounts of an internal Apple company meeting Jobs held after the unveiling of the company's iPad tablet last week.

According to the reports, Jobs said Google entered the mobile phone business and that Apple has not entered the

search business, and noted there are elements within Google, most likely those working on Android, that are seeking to "kill" the iPhone. Jobs also disparaged Google's "don't be evil" motto, though the reports conflict as to exactly what he said on the topic.

Google has significantly increased its investments in the smartphone industry of late, most recently with the launch of the HTC-made Nexus One, which it is selling through its own online store. Jobs, however, has reason to be confident in his approach: In its most recent quarter, Apple's iPhone sales doubled, to 8.7 million.

According to *Macrumors.com*, Jobs said Apple would continue to make aggressive changes to the iPhone that Google would not be able to keep up with, and said the next iPhone update will be an "A+." Apple has released an update to the iPhone every summer since the first iPhone launched in 2007.

The chief executive also took aim at Adobe. Jobs reportedly said Flash is buggy and that the world is moving toward HTML5 technology, which will help render Flash obsolete. Apple and Adobe have had a rough relationship--Adobe's Flash technology is not available on the iPhone or iPad.

An Apple spokeswoman did not immediately respond to a request for comment.

<http://www.fiercewireless.com>

Rumors of a Verizon-Compatible CDMA Apple iPad Persist

February 2, 2010

Despite Apple last week introducing an AT&T-only 3G data plan for the iPad in the U.S., rumors continue to persist that the hardware maker will introduce a CDMA-capable model for the Verizon network.

Citing a source within Verizon, *Silicon Alley Insider* reported Monday that a CDMA-compatible iPad is "still in the works."

Introduced last week, the new iPad comes in a 3G-enabled version with a \$130 price premium. The GSM-only version will offer no-contract data plans with AT&T, running \$15 per month for 250MB of data, or \$30 per month for unlimited access.

If the rumor proves accurate, a Verizon-compatible iPad would likely be an entirely new hardware version, rather than a "world mode" device. The 3G-capable AT&T iPad is scheduled to launch in three months.

In addition to Monday's anonymous tip, analysts Brian

Marshall, with Broadpoint AmTech, and Ashok Kumar, with Northeast Securities, also said they still believe a Verizon iPad will arrive in the near future. Both incorrectly predicted that Apple would introduce a Verizon-capable iPad last week.

Last week, Apple executives made a clear effort to demonstrate they are happy with their partnership with AT&T. The company also aimed to downplay speculation that the iPhone would become available on multiple carriers in the U.S.

On a conference call following its quarterly earnings report, Apple Chief Operating Officer Tim Cook said multi-carrier strategies are not the best option for every country.

"I don't want to imply that would happen in every market or that we are headed that way in every market," Cook said. He also specifically defended AT&T and said the nation's second-largest wireless carrier is working to alleviate coverage concerns across the country.

In the months of lead-up to the iPad announcement last week, numerous reports suggested Apple would introduce devices compatible with the networks of both AT&T and Verizon. Marshall went as far as to call Verizon compatibility "a certainty."

Contacted by *Silicon Alley Insider*, the analyst said he's "not 100 percent sure" what happened, but he believes a Verizon iPad is coming in the near-term, and a CDMA iPhone will arrive in the second half of 2010.

Analysts now believe a partnership with Verizon -- perhaps for both the iPhone and the iPad -- could be unveiled at the Worldwide Developers Conference this summer.

<http://www.appleinsider.com>

Report: Deutsche Telekom Considering T-Mobile IPO or Spinoff

February 5, 2010

Deutsche Telekom is considering an initial public offering or a spinoff of T-Mobile USA in a bid to turn around its struggling U.S. arm and reassure investors, according to a report in the *Wall Street Journal*.

The report, which cited unnamed sources familiar with the matter, said Deutsche Telekom has held meetings recently with a number of banks to discuss funding an IPO. One scenario under consideration, according to the report, would be to sell about 20 percent of the unit to investors and keep the rest. The main thinking behind such a move would be get additional funding for T-Mobile's network buildout. The carrier is in the midst of finishing its nationwide 3G network on its AWS spectrum, and is planning to upgrade to HSPA+ technology this year.

Other options for the nation's No. 4 carrier--which lost 77,000 subscribers in the third quarter--include a partial spinoff that would give T-Mobile its own balance sheet, or a merger with other wireless operator, which is considered less likely. However, a merger with the likes of Leap Wireless, MetroPCS or Sprint Nextel--the prime candidates--would be fraught with regulatory and technological hurdles, since T-Mobile runs a GSM-based network and these carriers run CDMA-based operations.

T-Mobile has struggled to keep pace with its larger U.S. wireless rivals, particularly AT&T Mobility and Verizon Wireless, despite intense marketing efforts and a strong emphasis on smartphones using Google's Android platform. The operator controls roughly 14 percent of the U.S. market, and ended the third quarter with 33.4 million subscribers. T-Mobile reported net income of \$417 million in its most recent quarter, down from \$442 million in the year-ago quarter. The carrier's total revenues in the quarter clocked in at \$5.38 billion, weaker than its \$5.51 billion in the third quarter of 2008.

A Deutsche Telekom spokesman did not immediately respond to a request for comment.

<http://www.fiercewireless.com>

Product & Service News

Apple Bans Location-based iPhone Ads

February 5, 2010

Apple has told developers it will not accept iPhone applications that use the smartphone's global positioning system to distribute location-based advertising.

The company did not give a reason for the ban, but in an announcement posted Wednesday on the iPhone Dev Center, it said that applications with features based on an iPhone user's location must provide "beneficial information."

"If your app uses location-based information primarily to enable mobile advertisers to deliver targeted ads based on a user's location, your app will be returned to you by the App Store Review Team for modification before it can be posted to the App Store," Apple said.

Delivering ads based on a mobile phone user's location is expected to become a big revenue generator for advertisers and publishers. Retailers and restaurants, for example, could advertise specials or distribute coupons to lure nearby potential customers into their businesses.

While Apple is preventing developers from entering the market via the iPhone, the computer maker appears to have its own plans. Apple in January bought Quattro

Wireless for \$275 million. Quattro offers a platform for distributing advertising to mobile devices.

Apple's acquisition followed by about two months Google's announcements that it would buy AdMob, a mobile display advertising provider, for \$750 million. Among the key areas Google is focusing on is the ability to deliver relevant ads when people use their phone for search queries.

Users of mobile devices are downloading applications at a phenomenal rate, setting the groundwork for developers to use some of those apps in the future to deliver advertising. Gartner predicts more than 4.5 billion mobile applications will be downloaded worldwide this year, bringing in \$6.8 billion to online app stores. Downloads and revenues are set to more than quadruple by 2013, with a rising proportion of that revenue increase linked to advertising.

<http://www.informationweek.com>

Mergers/Acquisitions/Partnerships

Leap Wireless Seeks a Buyer

February 2, 2010

Cellular provider Leap Wireless International Inc. has hired advisers and formed a special board committee to look into selling the company or merging with rivals, several people familiar with the matter said.

Leap, which sells its service under the Cricket brand and has about 4.7 million customers, has hired Goldman Sachs Group to advise the company as it "reassesses its alternatives and checks its options out there right now," according to one person familiar with the process.

While some bankers consider rival MetroPCS Communications Inc. as the most likely partner for Leap, the company's advisers have in recent weeks been feeling out larger wireless carriers such as AT&T Inc. and Verizon Wireless to see if they would be interested in acquiring Leap, these people said.

So far, those talks haven't lead to any deal. But the conversations indicate Leap, which provides prepaid service aimed at the lower end of the market, is feeling squeezed as major carriers like AT&T, Verizon and Sprint Nextel Corp. encroach on its prepaid turf and slash their contract rates.

One indicator of the change in prepaid operators' fortunes: Leap in late 2007 spurned an unsolicited all-stock offer from MetroPCS initially valued at \$5.5 billion, about five times Leap's current market value.

Leap's board has also formed a three-person committee to assess strategic options. That committee—made up by newly appointed board members John H. Chapple, Ronald J. Kramer and William A. Roper—is being advised by Morgan Stanley, these people said. Mr. Chapple is a former CEO of Nextel Partners, which Sprint acquired in 2006.

It wasn't clear if Leap and MetroPCS are currently in talks, but that combination is "the one that makes the most sense for Leap, and both sides know it," said one of the people familiar with the matter. The person added it appeared Leap was trying to round up a bidder to prod MetroPCS to pay a higher price for any potential bid. Leap shares closed Monday at \$14.92, well below the \$41 its shares hit in May.

MetroPCS and Leap have similarities in their strategies, customer bases and mobile technologies. A Leap spokesman didn't reply to requests for comment. A MetroPCS spokesman declined to comment.

Other bidders could face hurdles with regulators, technology or their own strategies. AT&T and Verizon Wireless are focused on moving their high-end customers into more expensive data plans. T-Mobile USA, a unit of Deutsche Telekom AG, operates a different technology. Sprint, which bought Virgin Mobile USA last year, is also going after prepaid customers, but could choose to continue luring them away rather than acquiring them. Spokespeople for the carriers declined to comment or didn't reply.

Prepaid cellular outfits grew quickly by offering lower prices without the hassle of restrictive contracts and credit checks. Analysts estimate about one in five U.S. mobile subscriptions are prepaid.

Leap spun out from Qualcomm Inc. in 1998 and expanded primarily into rural markets. It has customers in 34 states and annual sales around \$2.3 billion, making it the seventh-largest wireless carrier in the U.S.

<http://online.wsj.com>

Cellular South Completes Deal for Corr Wireless

February 4, 2010

Cellular South said it received FCC approval to complete its acquisition of Corr Wireless, a small operator based mainly in northeastern Alabama and parts of Georgia. The company said the acquisition would help fuel its expansion and its plans to launch an LTE network in Alabama.

The Corr Wireless assets Cellular South is picking up include a service area that contains 1.3 million people. Cellular South, which is a privately held company, first announced the deal in October. Terms of the deal were not disclosed. The company said that for the time being, Corr customers will continue to receive products and services under the Corr brand name.

Cellular South, which operates mainly in Alabama, Mississippi and Tennessee, made headlines last month when it quit the CTIA, the wireless industry's main trade organization, citing favoritism toward large operators such as AT&T Mobility and Verizon Wireless. Cellular South's Eric Graham argued the CTIA has either been silent on many key issues affecting smaller carriers or has taken stances favoring the nation's larger wireless carriers.

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