

This Week's Stories

FCC Unveils Broadband Plan, but Challenges Lie Ahead

March 16, 2010

The FCC today formally unveiled and delivered to Congress its national broadband plan, which calls for increasing wireless spectrum for mobile broadband as part of a much broader and complex effort to expand high-speed Internet access across the nation.

Many pieces of the 360-page plan have been previewed over the past several weeks by FCC Chairman Julius Genachowski as the commission sought to gauge reaction to its proposals, some of which will require action and funding from Congress. The FCC's staff said the plan is revenue neutral, based upon revenue projections from spectrum auctions.

Blair Levin, the former Stifel Nicolaus analyst and FCC official who served as the head of the commission's broadband task force, told commissioners that the plan is fluid. "This plan is in beta and always will be," he said, but noted that "evaluation is no excuse for paralysis." The commission has been developing the plan for a year, holding workshops and receiving input from industry, public policy experts and citizens.

The centerpiece of the wireless portion of the plan calls for freeing up 500 MHz of new spectrum for mobile broadband in the next 10 years, of which 300 MHz between 225 MHz and 3.7 GHz should be made available within five years. The FCC reiterated the importance of scoring more airwaves for wireless.

"If the U.S. does not address this situation promptly, scarcity of mobile broadband could mean higher prices, poor service quality, an inability for the U.S. to compete internationally, depressed demand and, ultimately, a drag on innovation," the plan states. The plan also argues for the need "to address other potential network bottlenecks that inhibit speed, including backhaul and other point-to-point applications."

The FCC said a key element of freeing up spectrum would be to score 120 MHz from TV broadcasters. Under the plan, broadcasters would voluntarily exchange their spectrum for a share in the resulting revenues from the auction of that spectrum, an action Congress would have to authorize. "The voluntary, market-based reallocation should be implemented in a way that will have limited long-term impact on consumers overall, broadcast business models and the public interest, including the FCC's goals with respect to competition, diversity and localism," the plan states. "Moreover, the substantial benefits of more widespread and robust broadband

services would outweigh any impact from reallocation of spectrum from broadcast TV."

However, the FCC acknowledged possible alternatives. If the agency does not get authorization for such auctions, or if the auctions do not produce enough spectrum, the plan calls for the FCC to look for alternatives including a "transition to a cellular architecture on a voluntary or involuntary basis."

Not surprisingly, wireless industry trade group CTIA said it is "extremely pleased" with the broadband plan's call for more spectrum. However, the National Association of Broadcasters seemed less so.

"We are concerned by reports today that suggest many aspects of the plan may in fact not be as voluntary as originally promised," the NAB said in a statement. "Moreover, as the nation's only communications service that is free, local and ubiquitous, we would oppose any attempt to impose onerous new spectrum fees on broadcasters."

The FCC said additional airwaves for mobile broadband also could come from Mobile Satellite Service, AWS and WCS spectrum bands.

Another major element of the FCC's plan involves building a nationwide, interoperable, broadband wireless network for public safety--a reaction by the agency to communications troubles among first responders during the 9/11 terrorist attacks and Hurricane Katrina. The FCC's plan calls for a re-auction of the D Block of the 700 MHz band, and for Congress to allocate \$12 billion to \$16 billion over the next 10 years to help build out a network using the D Block.

The D-Block commercial licensee or licensees will have to use a nationally standardized air interface, possibly LTE. The FCC also said "authorized state, local and federal public-safety users to have rights to roaming and priority access for broadband service on commercial networks subject to compensation." D-Block licensees must also develop and offer devices that work both on the D Block and the neighboring public-safety broadband spectrum block. Finally, the D Block licensee or licensees "should be subject to commercially reasonable buildout requirements." The commission "should also consider the use of incentives to promote additional deployment by the D Block licensee(s) for the benefit of rural citizens and for public-safety agencies."

FCC Commissioner Robert McDowell, one of the agency's two Republican members, praised the work of the broadband task force. "Today marks the beginning of a long process, not the end of one," he said. McDowell noted that there are some aspects of the plan that are troubling to him, including the idea that broadband could be reclassified as a telecommunications service, which

would give the FCC greater authority to regulate wired and wireless networks. He also said the commission's net neutrality proceeding--which is not specifically addressed in the plan, and which he sees as unnecessary--cast a shadow over the effort.

Genachowski said the stakes for the commission are high, and that the plan places an "enormous responsibility" on the FCC, adding, "We must act and we will act with an urgency that meets the moment."

<http://www.fiercewireless.com>

Qualcomm to Bid in India's Spectrum Auction

March 17, 2010

Qualcomm said it will bid in India's wireless broadband spectrum auction in an attempt to promote the TD-LTE standard in the world's second most populous country. The chip maker, which is the first foreign company to participate in the so-called broadband wireless access (BWA) auction, is hoping to secure licenses for spectrum in the 2.3 GHz band.

The Indian government has set April 9 as the auction date for 3G spectrum and April 11 as the date for the BWA auction, when it will sell spectrum licenses for LTE and WiMAX services. The government plans to auction two 20 MHz unpaired blocks of spectrum in each of the country's 22 service areas. Qualcomm plans to bid for one of the slots. The base price for a pan-India spectrum slot is set at \$386 million.

Qualcomm intends to partner with an Indian wireless operator in a joint venture if it secures the winning bid, as per regulations in India. If the company does succeed, it could help spur development of a TD-LTE device ecosystem. Currently, the technology has only been adopted by China Mobile. Much of the focus on the BWA auction has thus far been placed on WiMAX.

"Qualcomm and its partners will decide the venture's strategy in due course. Qualcomm's goal is to attract an operator partner or partners into the venture at the appropriate time for construction of a TD-LTE network in compliance with the Indian Government's rollout requirement for the BWA spectrum and then to exit the venture," the company said in a statement.

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T-Mobile Mulling JV to Enhance Spectrum Position

March 18, 2010

T-Mobile USA confirmed that it has talked with Clearwire and various cable companies about a possible joint venture to enhance the company's spectrum position.

According to Reuters, CEO Robert Dotson told analysts at an investor conference that the company has considered such a move. "We continue to look at JV opportunities for additional spectrum... there are a number of different options we look at, (we) have been talking with cable companies, with Clearwire." A Clearwire spokeswoman declined to comment.

Dotson said that T-Mobile, the nation's No. 4 carrier, will not be counting on the FCC's national broadband plan to fulfill its spectrum needs. The plan, which was released Tuesday, calls for freeing up 500 MHz of spectrum for mobile broadband over the next 10 years, 300 MHz of which are expected to be freed within the next five years.

Dotson also said that T-Mobile, which is struggling with subscriber growth, would not be looking to partner with Sprint Nextel, which has been losing postpaid subscribers. "What you never want to do is take one company that is going through challenges and take another company going through challenges," he said, adding that T-Mobile is "not looking at how you change the configuration of the U.S. market."

Last fall, *Bloomberg* reported that Deutsche Telekom was in talks with Clearwire and MetroPCS about gaining access to their spectrum holdings to further its mobile broadband ambitions. T-Mobile does not have 700 MHz spectrum licenses like its larger rivals AT&T Mobility and Verizon Wireless, which are using the spectrum to build out their LTE networks. T-Mobile holds AWS spectrum licenses and is deploying HSPA+ technology, which it hopes to have deployed across the breadth of its network by year-end.

Expanding access to mobile broadband is key to T-Mobile USA, according to Deutsche Telekom CEO Rene Obermann. The company is considering a potential initial public offering of T-Mobile, but has not made any final decision about the unit's fate. Obermann told the *Financial Times* that he plans on boosting T-Mobile's performance by attracting customers who want to use smartphones.

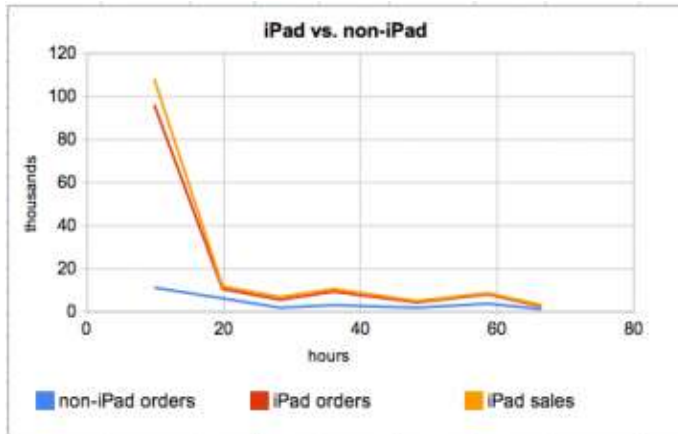
"The most important thing in 2010 is to lay the foundation for future growth," he said at the company's annual investor day. "We believe that the mobile internet in the U.S. has only just begun and is going to be a growth story for many years."

<http://www.fiercewireless.com>

Apple iPad Orders Drop Sharply

March 15, 2010

A rough three-day estimate, based on an analysis of order numbers: 152,000 units



Source: Daniel Tello

After the initial burst of excitement on Friday that saw iPad pre-orders coming in at the rate of 25,000 per hour, there was a dramatic fall-off over the weekend.

According to Daniel Tello, the Venezuelan blogger-analyst who has been tracking order numbers submitted by volunteers at Investor Village's AAPL Sanity board, orders on Saturday and Sunday slowed to an estimated 1,000 per hour.

Tello, attributes roughly half of the estimated 120,000 first-day sales to "pure overexcited fanboism."

The real demand for Apple's tablet computer in the weeks before its April 3 release, he says, is probably closer to 30,000 per weekday and half that on weekends.

"With three weeks and two weekends left before they ship, I wouldn't expect much more than half a million in pre-orders and reservations," he says.

"My best guess, although very tentative given the early stage and few data we have so far, would be that they hit the 1 million unit milestone by the second week after it ships," he told Fortune. "But this is a very speculative guesstimate based on just a weekend of pre-orders."

<http://brainstormtech.blogs.fortune.cnn.com>

T-Mobile USA Hoping To Sell The iPhone Later This Year

March 18, 2010

In a profile of T-Mobile USA, the Financial Times reports that "T-Mobile USA is hoping to start selling the [iPhone] later this year or next year."

Does it mean that T-Mobile is definitely getting the phone this year or next? Obviously not. Every carrier probably 'hopes' to sell the iPhone.

But T-Mobile does have the benefit of working with Apple in Europe already to sell the iPhone; the companies are already partners. And T-Mobile is heavily stocked with Google Android phones, so Apple would be smart to take some wind out of Google's sails by getting involved at T-Mobile.

There *would* be some technical work that needs to be done: T-Mobile's 3G network uses an unusual frequency, so Apple would either need to make a special iPhone for T-Mobile, or support the carrier's frequency on all of its phones.

However, there have been rumblings that T-Mobile would get the iPhone this year. For those reading the tea leaves, this is a nice clip to add to the file.

Here's the key part from the FT, our emphasis added:

T-Mobile USA is hoping to capitalise on how AT&T, the second-largest US mobile operator, has suffered severe network congestion in some cities.

AT&T's problems stem partly from its status as the exclusive network for Apple's bandwidth-hungry iPhone. The iPhone has provided AT&T with strong revenue growth, and T-Mobile USA is hoping to start selling the popular smartphone later this year or next year. In the meantime, it will focus on smartphones powered by Google's Android operating system.

Meanwhile, how about a CDMA version for Verizon and Sprint?

<http://www.businessinsider.com>

Product & Service News

Sprint, Telespree Team on New Wholesale Offering

March 18, 2010

Sprint and Telespree Communications today introduced Mobile Broadband on Demand, a new wholesale prepaid data solution for Sprint Wholesale partners.

The new offering, sold through Telespree, means a variety of enterprises can add wireless broadband to their portfolio, from traditional MVNO partners to companies that cater to more casual mobile data users, such as car rental companies, airport kiosks, hotels and retail stores.

In the car rental example, a company could work through Sprint and Telespree to offer its customers a data plan for a day or a week. A family renting a car for vacation might want to get mobile broadband for the length of their vacation just to keep the family peace.

Sprint Wholesale customers can get set up to provide prepaid mobile broadband services based on the day, week or month – or they can offer it by the megabyte, says Telespree CEO Bill deKay.

The car rental example is not too different from GPS services that are offered at car rental places, says Ben Vos, vice president of service management in Sprint's Wholesale Solutions business. Telespree's solution is flexible enough that if an airline or hotel wanted to tie the service into loyalty points, it could be set up that way.

In the retail space, Telespree already is offering a program through Sprint wholesale partner iWireless so that people can earn free minutes when they shop at Kroger stores, deKay notes.

The service will be plug and play for the end-user. Telespree also can monitor usage, so if the end-user exceeds a threshold, a notification will be sent.

Sprint's previous data offers in the MVNO segment were postpaid-driven. The model could also easily extend into the M2M space, deKay says. 4G is not currently part of this solution set today, but customers' needs will drive that, Vos says.

In a press release, Mark Lowenstein, managing director of consulting firm Mobile Ecosystem, said there is a need for more flexible business models and pricing structures as the industry moves into the next phase of mobile broadband consumer adoption, which will include new market segments and myriad devices.

Sprint and Telespree will be showcasing the Mobile Broadband on Demand product at the International CTIA Wireless 2010 Show in Las Vegas next week. Demonstrations will be done at Sprint's booth.

<http://www.wirelessweek.com>

Industry Reports

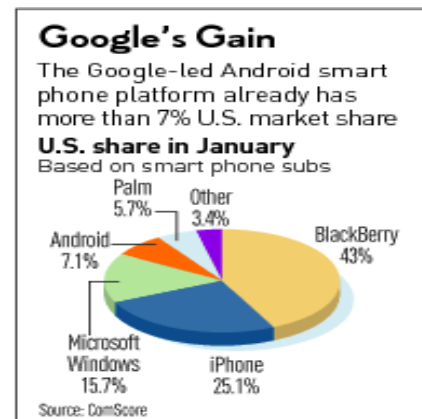
Google Android Smart Phones Might Attract BlackBerry Users

March 15, 2010

A poll released Monday provides more evidence that Google Android smart phones are gaining steam in the market, possibly to the detriment of BlackBerry maker Research In Motion.

The survey by Crowd Science also had beneficial news for Apple's iPhones. Its survey found that 90% of iPhone and Android phone users plan to stick with those brands.

That's not the case with users of RIM's BlackBerry. The survey found that 39% of BlackBerry users would prefer an iPhone as their next purchase, while 34% would prefer an Android



Among smart phone users who don't own an iPhone or BlackBerry, 60% want an Android as their next handset.

"Google has done a good job of stirring curiosity. Android is looking good," said John Martin, chief executive of Crowd Science, which polled 1,140 consumers. "But it's a scary road ahead for RIM."

Last week, research firm ComScore issued a quarterly report that showed Android's share of the U.S. smart phone market rose to 7.1% for the three months ended

Jan. 10, up from just 2.8% for the preceding three months. That 153% growth rate far surpassed all other smart phone platforms. Market share for the iPhone barely rose, to 25.1% from 24.8%. BlackBerry rose to 43% from 41.3%.

"Android has really been surging in a very competitive space that is the most important battleground (in technology) today," said ComScore analyst Mark Donovan.

Another sign of Android's success came from a report by Web market tracker Quantcast. Quantcast measured Web pages accessed by smart phones. It says that iPhones in February had a 63.7% share to dominate this metric. Android was second with a 15% share, almost double its 7.8% rate a year earlier. BlackBerry was No. 3 at 9.2%.

"Android has some strong momentum," said Konrad Feldman, Quantcast chief executive.

Feldman says iPhone dominates in page views because the handset is so user-friendly. "The iPhone provides such a more natural way of accessing Web content on mobile devices," he said. "But the Android platforms also make it very easy."

The iPhone's share of page views actually fell from 71% a year earlier — pre-Android — but Feldman says that doesn't necessarily mean Apple is faltering. "The whole market is growing so rapidly that they still had a big increase in absolute terms," he said.

About 25 Android phones are on the market. Google is lead developer of the open-source platform.

Last week, AT&T unveiled the first Android phone that it will sell for service on its networks, the Motorola Backflip. It's the first of five Android handsets AT&T plans to bring out this year.

"Android has had some high-profile product launches that are very competitive," said Matthew Thornton, an analyst at Avian Securities. "There's no question Android is a success. It continues to expand the ecosystem, with more products and carriers coming aboard."

The first Android phone, made by Taiwan's HTC and sold by service provider T-Mobile USA, came out in September 2008, or 15 months after Apple introduced its iPhone. In October, Sprint Nextel started offering its first Android. Verizon Wireless did so in November.

AT&T was the last of the big U.S. wireless carriers to offer an Android phone. That's notable because AT&T is the exclusive U.S. service provider for the iPhone.

Verizon reportedly planned to spend \$100 million on its November entry to Android, Motorola's Droid.

"The Droid quickly became the No. 1 selling handset at Verizon," Thornton said.

He says two of the top three selling handsets for both Sprint and T-Mobile are Android phones.

Yet the BlackBerry pioneered wireless e-mail for business users and remains by far the U.S. market leader.

Canada-based RIM, however, faces a challenge trying to generate the kind of loyalty and enthusiasm that the iPhone and Android have enjoyed in the consumer market, analysts say.

"If you look at RIM's sales in North America in the last three quarters, they have leveled out," Thornton said. "My guess is RIM's days of market share growth in the U.S. are probably over."

Global smart-phone shipments rose 39% in the fourth quarter to a record 54.5 million units, according to research firm IDC. That compares with 11% growth for all cell phones.

For the year, smart phone shipments rose 15% to 174.2 million units, while cell phone shipments overall fell 5.2% to 1.19 billion units.

<http://www.investors.com>

Report: Mobile Apps Will Outsell CDs by 2012

March 17, 2010

How popular are mobile apps? If some recent research is any indication, the market will be worth \$17.5 billion in two years' time.

GetJar, which bills itself as the world's second largest app store, commissioned a report by Chetan Sharma Consulting that estimates mobile app downloads across all types of handsets will increase from more than 7 billion downloads in 2009 to almost 50 billion in 2012 — a year-on-year growth rate of 92 percent. That means the value of apps sold would be greater than the value of CDs sold in 2012, estimated at \$13.83 billion.

That's a pretty big market value, points out GetJar CEO and founder Ilya Laurs, and part of the impetus behind commissioning the research was to get a better idea of the market size. GetJar executives felt that prior research didn't disclose the complete picture and tended to focus on developed markets.

Chetan Sharma, president, Chetan Sharma Consulting, says he took a more holistic view of the global mobile apps market and built a ground-up model that took into account how the overall apps consumption is evolving across various dimensions.

Clearly, the direction for apps is going from on-deck to off-deck. By 2012, off-deck paid-for apps will be the biggest revenue generator, accounting for almost 50 percent of all apps revenue. By comparison, in 2009, on-deck apps available from mobile operators accounted for over 60 percent of all apps revenue, but this will fall significantly to just under 23 percent by 2012, according to the research.

While there's a lot of attention on free apps, an advertising-based revenue model may be the way to go for more and more developers. In 2009, advertising contributed almost 12 percent of the overall apps revenue, but that share is expected to more than double to more than 28 percent by 2012.

The study also outlines opportunities for both high-end smartphones (such as BlackBerry and Android-powered handsets) and feature phones (such as the Samsung Instinct/Jet and Nokia X6). In 2009, 90 percent of handsets in use worldwide were so-called feature phones, while smartphones and data cards accounted for the remaining 10 percent of the market.

Sharma says the middle category – between smartphone and feature phone – is getting more difficult to separate out. Devices like the Instinct, which is a 3G device with capabilities for video, applications, e-mail and up to 8 GB, can't be confused for a feature phone, but because it's a Java phone, some might categorize it as such. The first phone by INQ Mobile was a social mobile device based on Brew, which is hardly considered a smartphone platform, yet its mobile data usage is higher than even the iPhone, he says.

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