

This Week's Stories

Clearwire Paves Way for LTE in US

March 29, 2010

Clearwire LLC is part of a group of operators and vendors that has asked the 3rd Generation Partnership Project (3GPP) standards body to start work on specs that would allow TD-LTE to be deployed in the US in the 2.6GHz spectrum -- which is now used for WiMax -- in a move that further exposes the operator's interest in the competing proto-4G standard.

The proposal to adopt the 2496MHz-to-2690MHz frequency band in the US for TD-LTE, which was first highlighted on the "LTE Watch" blog, was accepted at a 3GPP meeting earlier this month. The acceptance is significant because it will enable Clearwire and other spectrum holders to deploy TD-LTE, which is the time division duplex (TDD) version of LTE, in the US.

The move is the strongest indication so far that Clearwire is eyeing the proto-4G technology chosen by its competitors, AT&T Inc., T-Mobile USA, and Verizon Wireless -- although they will deploy the frequency division duplex (FDD) flavor of LTE.

The development also comes hot on the heels of Clearwire CEO Bill Morrow's comments at the International CTIA Wireless 2010 show in Las Vegas last week about operators using the same technology sometime in the future.

Power in numbers

Clearwire was not alone in asking for the 2.6GHz spectrum to be defined as a TDD band for LTE. Indeed, there was broad industry support for the proposal from other companies, including: Sprint Nextel Corp., NII Holdings Inc., China Mobile Communications Corp., UK Broadband Ltd., Motorola Inc., Huawei Technologies Co. Ltd., TD Tech Ltd., WiChorus Inc., ZTE Corp. (Shenzhen: 000063; Hong Kong: 0763), Chinese Academy of Telecommunications Technology, Nokia Siemens Networks, Cisco Systems Inc., Sequans Communications, Alcatel-Lucent, Alcatel Shanghai Bell Co. Ltd., and Rohde & Schwarz GmbH & Co. KG.

Part of the 2.6GHz band is already specified for TDD, namely the 2570MHz-to-2620MHz band. The new work at the 3GPP will ensure that all of Clearwire's spectrum will have a definition for TD-LTE operation and will get the TD-LTE specs in line with Federal Communications Commission (FCC) requirements as well.

The specifications for the US 2.6GHz band for TD-LTE is scheduled to be completed by March 2011.

However, although the work at the 3GPP will make it possible to deploy TD-LTE at 2.6GHz in the US, Clearwire is committed to WiMax for now.

"Clearwire intends to maintain our 4G leadership position, which requires us to future-proof our network and stay abreast of emerging 4G technologies and evaluate their potential when and if standards are reached," a Clearwire spokeswoman wrote in an emailed response to *Light Reading Mobile*.

Another boost for TD-LTE?

Beyond the implications for Clearwire's future network technology strategy, adding the US 2.6GHz band to the 3GPP LTE specs could potentially broaden the market for TD-LTE.

TD-LTE is the flavor of LTE that China Mobile will use, although it will deploy the technology at 2.3GHz. The operator is looking to gain support for TD-LTE outside China, so that it is not limited by low equipment volumes and relatively few device choices.

For example, India has emerged as a new market for TD-LTE in the 2.3GHz band after Qualcomm Inc. announced plans to participate in the upcoming spectrum auction in the country.

<http://www.lightreading.com>

FCC Begins Rollout of National Broadband Policies

March 31, 2010

The Federal Communications Commission will begin the long process of creating regulations out of its national broadband plan, starting with a half-dozen policy inquiries and proposed rules to be announced at its April 21 meeting.

Of the dozens of recommendations offered to Congress on March 17, they've decided to start with: USF reform, mobile data roaming, set-top-box reform and cybersecurity. The agency has said it would roll out more than 40 policy proposals from its plan.

That includes a proposal to reform the Universal Service Fund, a phone service subsidy. The proposal will add broadband services to the \$8 billion annual fund.

The FCC will look into a mobile roaming order that would make data roaming available for consumers seeking Internet access on their phones outside their service area.

The agency will begin to explore with a notice of inquiry on television set-top-box reforms, "seeking comment on best approaches to assure the commercial availability of smart

video devices and other equipment used to access the services of multi-channel video programming distributors.”

The agency will propose new rules on cable cards for set-top boxes to “improve operation of that framework pending the development of a successor framework.”

It will accept public comments on the quality and protection of networks to “reduce vulnerability to network failures.”

And the agency will look into whether it should establish a voluntary program for carriers to obtain cyber security certification.

<http://voices.washingtonpost.com>

Ericsson Wins \$1.3 Billion India Deal

March 31, 2010

Ericsson said on Wednesday it had won a \$1.3 billion network expansion contract from top Indian operator Bharti Airtel, its third major order in three days, and its largest deal in eight months.

Ericsson said it will expand and upgrade Bharti Airtel's GSM network in 15 of India's 22 telecom circles during 2010-2011.

"In addition, Ericsson will ensure that Bharti Airtel's core and transport network is 3G-ready in order to reduce time to market and enable the fast rollout of 3G services at a later date," Ericsson said in a statement.

Nokia's NSN unit in February won a \$700 million deal for the remaining circles.

The deal boosted shares in Ericsson 0.8 percent to 74.70 crowns by 0810 GMT, outperforming slightly firmer European technology shares.

"It is clear the deal on the screen helps to create a positive sentiment," said analyst Hakan Wranne from Swedbank.

The telecom equipment market has seen cut-throat competition for new business during the past few years, driven by Asian vendors, and the outlook remains tough.

Ericsson, the world's top mobile telecoms gear firm on Monday signed two deals with China's top operators -- a \$1 billion deal with China Mobile and an \$800 million contract with China Unicom.

Ericsson's last deal larger than \$1.3 billion was an up to \$5 billion services contract with Sprint, unveiled last July.

<http://www.reuters.com>

Key Sprint Investor Sees Subscriber Turnaround Next Year

April 1, 2010

Sprint Nextel will finally return to positive subscriber growth next year, according to a key investor.

T. Rowe Price, one of Sprint's 10 largest investors, said the nation's third-largest wireless carrier is about to turn a corner. The company has lost almost 6 million subscribers since Dan Hesse took over as CEO in late 2007. "He inherited a company that was in a crisis," T. Rowe fund manager Dan Martino told *Bloomberg*. "He's done a good job with the cards he's been dealt." Martino said Sprint's launch of mobile WiMAX services--through its wholesale relationship with Clearwire, in which it holds a majority stake--gives the carrier an edge over its larger competitors. He expects Sprint to begin growing its postpaid subscriber base in the second quarter of next year.

Sprint has said its postpaid and total subscriber losses will improve compared with 2009, but has not said when it expects to return to positive subscriber growth. The company has been focusing on improving customer service, growing gross additions and reducing churn. Sprint also has made its 4G push through Clearwire a strategic goal for this year, and last week at the CTIA Wireless 2010 conference the carrier unveiled its first WiMAX smartphone, the HTC-made Evo, which will go on sale this summer.

"People have been so negative on this brand for so long," Martino said. "Sprint does have an opportunity to put up a few good quarters and repair that image."

The company took another step in that direction yesterday by announcing a new "money-back guarantee" program. If a customer is not satisfied with Sprint's service after the first 30 days, the carrier said it will waive device, activation and early termination fees, will refund all monthly recurring charges and waive all of the associated taxes and surcharges. Customers will still be responsible for charges associated with digital downloads, songs, games, applications, third-party billing, international charges and any associated taxes and Sprint surcharges.

<http://www.fiercewireless.com>

Product & Service News

Official Netflix App Coming to Apple iPad

April 1, 2010

Apple has approved the official Netflix app for the iPad, which will be available in the App Store starting April 3rd. The iPad app will work as part of an unlimited Netflix membership, and will let you sync movies on your tablet with where you left off on your computer.

Screenshots from the Apple App Store, revealed initially by AppAdvice, show that Apple has approved the official Netflix app for the iPad. You will need to have an unlimited Netflix plan, starting at \$8.99 per month, and of course, an iPad. The app is free to download.

With the Netflix iPad app, you will be able to stream TV shows and movies from the service's catalog of instantly-available titles. It will have similar functionality to the desktop counterpart, allowing you to browse and manage your Netflix queue. It also lets you pick up watching a movie from where you left off on your computer or TV.

It's unknown, though, whether the Netflix iPad app has an iPhone counterpart. Also, as the Wi-Fi-only iPad will be available this weekend, it's uncertain whether you will be able to watch Netflix movies on the iPad over 3G (model arriving late April). This would depend on AT&T. It would also mean that the \$15 250MB 3G plan for the iPad wouldn't be sufficient; an unlimited plan will cost \$30.

If you want to try it out, but you're not with Netflix (U.S.-only), the company offers right now a free two-week trial for its services, which will include iPad unlimited streaming as well.

For more movies and TV shows on the iPad, there is also a free ABC app expected, which will allow full access via Wi-Fi to shows such as *Lost* or *Grey's Anatomy*, presumably ad-supported. CBS is reportedly adjusting its systems to deliver iPad-compatible videos through its site, too.

As for Hulu, the New York Times is reporting that an iPad app for the service is on its way as well, but it might not be free (ad-supported), as the company may charge a subscription fee.

<http://www.pcworld.com>

Mergers/Acquisitions/Partnerships

France Telecom, Deutsche Telekom Merge in U.K.

April 1, 2010

Deutsche Telekom AG and France Telecom SA say they have completed the merger of their British mobile phone units to create the country's biggest operator and shake up an intensely competitive market.

France Telecom, owner of Orange UK, and Deutsche Telekom, owner of T-Mobile, announced the proposed combination in September.

The new company will be led by the former head of Orange UK, Tom Alexander, the companies said Thursday.

The 50-50 joint venture would have about 28 million customers, making it the largest player in the U.K. with a 37 percent market share.

In February, Britain's Office of Fair Trading said it was seeking permission from the European Commission to examine the venture's impact in the U.K., and perhaps refer it for a full-scale investigation by the Competition Commission.

<http://www.wirelessweek.com>

Industry Reports

Mergers of Wireless Companies Are Expected to Rebound

March 28, 2010

With global markets on the upswing and governments around the world looking to blanket populations with mobile broadband service, industry experts say the wireless companies are poised for a wave of mergers and deals.

While the growth in demand for mobile data helped operators weather the economic downturn, the global financial crisis slowed the pace of mergers and acquisitions.

The value of global transactions in telecommunications companies fell to \$80.4 billion last year from a peak of \$284.7 billion in 2005, according to Mergermarket, an analysis firm. But already this year, deal-making has picked up and the market is on track to grow 50 percent.

This year, \$31.2 billion in transactions have been recorded through March 18. Of that, 83 percent is tied to the Mexican billionaire Carlos Slim Helú's consolidation of his holdings in three Latin American carriers, América Móvil, Carso Global Telecom and Telmex Internacional, in deals worth \$23.8 billion.

But other large transactions, like the \$10.7 billion bid from Bharti Airtel of India for African businesses owned by Zain, a Kuwaiti operator with networks in the Middle East, are also under way. Bharti said last week that it had completed its evaluation and expected to sign a final purchase agreement soon.

Expectations of a wave of consolidation in Europe have been raised by two deals involving France Télécom, which since November has merged its Orange British mobile operations with T-Mobile of Germany and its Swiss unit with TDC of Denmark.

Most European mobile markets are mature and static, with a handful of operators typically competing for one another's customers. With cellphone market penetration rates around 100 percent, there is little room to grow and slim prospects of overtaking entrenched leaders.

"We came to the conclusion in Britain and Switzerland that there were limits to growth and it was better to consolidate and proceed with partners," Gervais Pellissier, France Télécom's chief financial officer, said during an interview. "Also, growth in the future will come from mobile broadband, not voice, and for that you need the biggest possible network."

France Télécom adopted a more cautious view on cross-border acquisitions after investors reacted negatively to the company's \$40.8 billion bid in 2008 for the Swedish-Finnish operator TeliaSonera. France Télécom subsequently withdrew the offer.

Other companies also seem to be wary of major transactions. Vodafone, the European operator with the most subscribers, has refrained from large acquisitions because of investor concerns about flagging profitability. Last year, Vodafone merged its Australia carrier with Hutchison Whampoa's 3.

Clare McCarthy, an analyst at Ovum in London, said Vodafone's reluctance typified the new realism of many operators, some of whom overspent on acquisitions a decade ago, thinking size alone would give them an advantage.

"When you look at the way telcos are approaching investments, they are looking for the business case to be nailed down, quantifiable," she said.

With Western operators cutting costs in mature markets, the bigger deals are seen coming in Africa and the Middle East, where cellphone market penetration remains low. The regional operators Bharti Airtel and Reliance Communications of India, Etisalat of Abu Dhabi, Qtel of Qatar, Zain and Orascom have all built through acquisitions.

But even in that region, big cross-border deals remain difficult because of disagreements on price. Bharti and Reliance both bid unsuccessfully for MTN, the largest African operator. Vivendi of France tried and failed to buy Zain Africa.

Some analysts say they see lagging or midsize competitors like Sprint Nextel in the United States, Telecom Italia and KPN of the Netherlands as potential takeover candidates.

Still, expectations of greater merger activity this year are rising with global stock markets, which may give telecommunications executives more confidence that investors will not penalize their companies for pursuing large and ambitious transactions.

"Right now, barring a reversal of the market repair through, for example, governmental intervention, I would expect mergers and acquisitions activity to increase," said Paulo C. Pereira, a partner in London at Perella Weinberg Partners, a financial services firm that advises telecommunications operators. While industry executives are in a cautious mood, he said, "the critical factor is that the market recovery holds."

<http://www.nytimes.com>

Report: Two-Thirds of New Subscribers Going Prepaid

April 1, 2010

Two out of three new subscribers are picking prepaid service over postpaid, reports Washington, D.C.-based think tank the New Millennium Research Council (NMRC).

According to the group, new prepaid cell phone subscribers accounted for 65 percent of the 4.2 million net subscribers added by U.S. operators in the fourth quarter of 2009.

The prepaid segment now represents 20 percent of U.S. subscribers, or 54.4 million people, up from 46.3 million people last year.

In addition, the prepaid segment is growing more rapidly than the postpaid segment. Prepaid subscribers grew 17 percent in the fourth quarter of 2009 while the postpaid segment grew just 3 percent in the same period.

The group's findings confirm year-old trends that 39 percent of U.S. consumers were contemplating cutting back on their cell phones to save money if the recession continued.

"We stand by what we forecast a year ago: The era of cell phone penny pinching is officially here. Thanks to the recession, the U.S. cell phone marketplace continues to undergo fundamental changes that will just get bigger as the economic downturn deepens," NMRC Project Coordinator Jose Guzman said in the group's report. "What is different from a year ago is the explosion in new 'all-you-can-eat' and unlimited prepaid deals as low as \$30 and \$45 that will remain attractive to consumers long after the current recession is over."

The NMRC expects the trend toward prepaid service to continue throughout 2010.

The group is described on its Web site as a "project" of Amplify Public Affairs, a Washington, D.C.-based public relations firm whose clients include Sprint, Verizon Wireless and AT&T.

Amplify Public Affairs Chairman Samuel Simon says the firm staffs, manages and finances NMRC but does not conduct research projects through the group on behalf of clients.

<http://www.wirelessweek.com>

Narrowing in on the Value of the M2M Market

April 1, 2010

Calculating the value and potential of the embedded, machine-to-machine market is difficult, to say the least. Of course, there are the requisite analyst projections to cite: Research firm ABI forecast in September that the number of global cellular M2M connections would triple to 225 million by 2014; and in a report issued that same month, research firm IDATE found the value of the cellular M2M is set to grow from \$15.1 billion in 2009 to a whopping \$36.9 billion by 2013. But those numbers I don't think really give a feel for what is possible within the embedded, M2M space. After all, this is a market set to grow on the back of real innovation: The gizmos and gewgaws in the M2M market, and the services tied to them, are stuff that no one has ever seen before.

It's also difficult to tabulate the M2M market via services and pricing because the nation's wireless carriers uniformly refuse to provide standard fees for M2M connections. They argue that each M2M application is slightly different, and therefore requires unique service pricing. Further, average revenue per user in most M2M scenarios is just a few dollars per month, or less, making it

difficult for carriers to sell the concept to investors fattened on postpaid ARPU's in the range of \$50 per month.

Indeed, there doesn't even seem to be any set business model for M2M companies or services. The space, at least today, really does have a Wild West flavor.

Thus, I think the true value of the M2M market can only be highlighted through real-world examples of what entrepreneurs are doing in this area. There's definitely some neat stuff going on in the embedded, M2M market, and I spent some of my time at last week's CTIA Wireless show in Las Vegas digging into it. Specifically, I met with executives from the M2M divisions of some of the nation's largest wireless carriers to ask one question: What are the most innovative M2M apps you've seen lately? The results I think provide a glimpse into the real worth of the space:

- T-Mobile USA's John Horn, national director of the carrier's M2M efforts, told me about flaik, a product available from some ski resorts that lets parents track the location of the kids they send to ski school (or their own runs skied, calculated via total vertical feet).
- Verizon Wireless' Maurice Thompson, head of the carrier's Open Development Initiative, recently discussed Saygus' Android smartphone, dubbed VPhone, which is a graduate of Verizon's ODI effort. The phone, not yet commercial, is designed to show off Saygus' video calling software via a front-facing camera.
- Glenn Lurie, president of AT&T Mobility's emerging devices division, showed off a handful of innovative embedded devices at AT&T's press luncheon at the CTIA show. The most interesting? Vitality Glow Caps' intelligent pill cap, which uses light and sound to remind users to take their pills.
- Finally, Sprint Nextel's Tom Nelson, group manager of the carrier's "emerging solutions" business, told me about two tracking applications that address somewhat related though very distinct market segments. First, the Little Buddy Child Tracker from Insignia (for sale at Best Buy) helps parents keep tabs on children via a GPS-enabled stick. Second, the Comfort Zone (powered by Omnilink) is available from the Alzheimer's Association and alerts family members if a person with Alzheimer's travels beyond a specific, pre-determined area.

"There's a huge opportunity," Sprint's Nelson said. "It's an interesting tipping point for the wireless industry."

For the Week Ending April 2, 2010

I would definitely agree with that. And though I'm sure the embedded, M2M market will mature to a point where it's much more easy to tally, calculate and assess, I think it's hard not to get excited about the neat stuff coming out of this nascent but potentially explosive space.

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