

## **This Week's Stories**

### **Sprint Nextel CFO Says Worst of Revenue Declines are Over**

May 17, 2010

The company is entering a period of more stable operations, Chief Financial Officer Robert Brust told analysts during an investor conference on Monday.

The Overland Park, Kan., carrier, despite continued subscriber losses, has managed to narrow those declines and has showed steady improvement over the past few years, including an improved handset selection, less expensive plans and more effective customer service. Brust previously said he expects the company to return to revenue growth by the end of the year.

While gross customer additions have improved, Sprint still wrestles with the rate of customer turnover, Brust said.

Offsetting declines in its postpaid business is the strength in its prepaid presence, which includes multiple brands. Brust said he sees "big upside" in prepaid for the company.

Also speaking was the president of Sprint's prepaid business, Dan Schulman. He said the value for a prepaid customer is "improving dramatically."

Addressing the concern about cannibalization, Schulman said that there are already a lot of people looking at prepaid as an option. The market is growing fast enough that while Sprint could lose one customer from cannibalization, it could add five new prepaid customers.

Sprint recently launched a new brand and service offering in the prepaid area, but Schulman said it was too early to say how the adoption has fared.

Sprint is also looking to its fourth-generation, or 4G, network, run by Clearwire Corp., as a growth engine. Brust said that Boston could see 4G by fall, although he added that the city would get it as late as the end of the year.

The carrier is looking to its Evo smartphone, the first 4G phone in the U.S., as another catalyst. The phone is slated to launch in early June, days before the believed launch date for the next Apple Inc. iPhone.

Brust said that the company has learned a lot from a year ago, when it launched the Palm Inc. Pre as its flagship smartphone. He acknowledged that the phone struggled in the market.

"The Pre didn't work out as well as we hoped," he said.

Part of the issue was the lack of supply. Brust said that he doesn't see an inventory issue with the Evo.

When asked about the iPhone, Brust said "we'd love to have it." But he said he wasn't aware of the possibility of Sprint getting the iconic smartphone.

Sprint shares were up 1.8% to \$4.44 in recent trading.

<http://online.wsj.com>

### **FierceWireless' Fierce 15 – 2010**

May 18, 2010



[AirHop](#)  
[Bump](#)  
[ComiXology](#)  
[Dashwire](#)  
[Full Spectrum](#)  
[Ground Truth](#)  
[Harbinger Capital](#)  
[Illume Software](#)  
[Open Kernel Labs](#)  
[Powermat](#)

Times are tough for the entrepreneur looking for opportunities in the wireless industry. Venture capital is still flowing into the telecom industry, but at a much slower pace than in previous years. In fact, according to the National Venture Capital Association, venture capital funding in the telecom sector declined to \$557.8 million last year, down from \$1.67 billion in 2008.

Reduced VC funding means that fewer mobile startups are able to secure money to turn their ideas into reality. And that means those firms that do get funding are closely scrutinized by their investors, who are anxious to see a return on their investment dollars.

With that backdrop in mind, let me introduce to you the 2010 winners of the *FierceWireless* Fierce 15 awards. Every year, *FierceWireless* editors evaluate dozens of the most innovative and smart emerging companies in the wireless industry. Our selections are based on the numerous briefings and interactions we have with companies in the industry every year. To qualify, a

company must be privately held, well-funded, emerging (founded in the past decade or so) and have the potential to be a major player in the industry. We prefer the firm to be U.S.-based, but if it isn't we expect it to conduct a significant amount of business with firms in the U.S. since that is where the majority of our readers are located.

The 2010 Fierce 15 winners are fairly diverse--some provide highly technical solutions to network issues such as extending the self-optimizing network beyond the initial setup phase, while another provides an application that disables a cell phone's ability to text when it's traveling more than 5 miles per hour--thus putting a stop to the perils of texting while driving. A few winners are attempting to extend wireless capability into new areas--such as utilities and the healthcare industry.

One thing all our Fierce 15 companies have in common is a smart management team and the potential to advance the wireless industry. Check out the firms we believe will be success stories in the coming decade.

<http://www.fiercewireless.com>

## **Verizon iPhone 4G Release Date Summer or Fall 2010 & AT&T Not Afraid of Verizon iPhone**

May 20, 2010

With the latest news reports of Apple ordering 24 million CDMA units, Verizon iPhone 4G release date speculations have gained strength.

A section believes the iPhone 4G release is slated at WWDC in June this year whereas based on WSJ's March report on Verizon iPhone its release date is being expected around fall 2010.

One of US biggest carrier AT&T today said that it is not worried with the news of a Verizon iPhone debuting this year. Addressing the JP Morgan investors' conference, AT&T's CEO Ralph de la Vega said that discounted plans would retain its customers.

He stressed that 70 percent of AT&T's subscribers are using family plans, and they would find it tough to use multiple devices. Around 40 percent of subscribers are using corporate plans and it is unlikely that employers would wish to switch company-owned devices for a new carrier, explained AT&T boss.

Ralph said that "churn" rates for AT&T are staying at record-low rates and expressed hope that iPhone customers will remain loyal.

The Wall Street Journal had published a story in March talking about the Verizon iPhone and since the rumors are abound over this. The WSJ had cited sources who

claimed Apple was preparing to produce a CDMA-compatible iPhone in September.

Experts are of the view that the launch of a Verizon iPhone would compel a large number of AT&T customers to switch to the rival carrier. Notably, AT&T has been the only carrier for the iPhone since the Cupertino-based company released the smartphone in 2007.

<http://www.usanewsweek.com>

## **FTC Closes AdMob-Google Probe**

May 21, 2010

Google can largely thank Apple for getting the feds to OK its acquisition of AdMob. The Federal Trade Commission (FTC) today said it has closed its investigation into Google's proposed acquisition of the mobile ad network company, concluding that it is unlikely to harm competition in the mobile advertising space.

In a statement, the FTC said its concerns ultimately were overshadowed by recent developments in the market, most notably a move by Apple to launch its own competing mobile ad network. The commission's vote to close the investigation was 5-0.

"As a result of Apple's entry (into the market), AdMob's success to date on the iPhone platform is unlikely to be an accurate predictor of AdMob's competitive significance going forward, whether AdMob is owned by Google or not," the commission's statement says.

In addition, a number of firms appear to be developing or acquiring smartphone platforms to better compete against Apple's iPhone and Google's Android, and these firms would have a strong incentive to facilitate competition among mobile advertising networks, the commission said.

In a blog post, AdMob founder and CEO Omar Hamoui expressed appreciation. "Over the past six months we've received a great deal of support from across the mobile industry – and we deeply appreciate it. Our focus is now on working with the team at Google to quickly close the deal," he said. "Once that happens, we will finally get to the fun part – connecting our teams and products to find ways to better serve our customers. Stay tuned."

Since Google announced in November its plans to acquire AdMob and Apple bought Quattro Wireless early in the year, competitors in the mobile ad network space like Millennial Media, Jumptap and Greystripe mostly have applauded the moves as validating the market opportunity. But they also caution about keeping it open.

"As one of the very few key market makers in the mobile advertising space, we applaud the FTC's decision today to approve the Google/AdMob deal," said Paul Palmieri,

president and CEO of Millennial Media, in a statement. "Although Millennial Media didn't have a direct dog in this fight, we were a willing participant in industry data and information sharing with the FTC. And one of the largest outcomes of this deal is that the FTC recognized how competitive this market is and can be – provided it remains an open ecosystem. The burden is now on regulators, and Apple in particular, to preserve an open and competitive market that will provide the most choice and value for developers and consumers, no matter how tempting it is to do otherwise."

Independent ad networks also point out their multi-platform approaches support myriad operating systems and platforms. "The world's largest media company has announced that it is 'mobile first,' and we expect the rest of the market will also quickly recognize the centrality of mobile because of the enormous potential of mobile advertising to engage with consumers," said Jumtap CEO Dan Olschwang, adding that an open approach to mobile advertising is better for everyone. "At Jumtap, we are platform agnostic, working with our many advertisers in reaching their target audience on whatever device. We also think that this will not be the last of many interesting acquisitions, mergers and partnerships."

"Google's acquisition of AdMob is a great validation of the mobile advertising space, specifically the focus on in-application which is the dominant reason for the acquisition," said Michael Chang, CEO for mobile ad network Greystripe, in a statement. "With AdMob and Quattro now both being acquired, Greystripe sees great opportunity as the leading independent mobile advertising network with an unbiased commitment to all major mobile platforms."

The FTC says it will continue to monitor the mobile marketplace to make sure a competitive environment exists.

<http://www.wirelessweek.com>

## **Product & Service News**

### **AT&T Business Customers Can Now Enjoy Unlimited Calling to Their A-List**

May 17, 2010

AT&T today announced it has extended its popular A-List feature to its enterprise mobility customers, spanning small, medium and large sized businesses. AT&T is the only major U.S. carrier to offer businesses customers up to ten VIP numbers per user on individual or pooled plans.

With AT&T A-List for Business, customers' corporate liable users can experience unlimited mobile calling to and from

up to ten "VIP" domestic phone numbers from any U.S. carrier, at no additional cost per line on qualified individual or pooled plans, or per group on qualified group rate plans.

"We're excited to take this popular consumer wireless offer and bring it to mobility business customers of all sizes," said Chris Hill, vice president, mobility product management, AT&T Business Solutions. "AT&T A-List for Business provides an incredible value for organizations seeking to control their spending while maintaining mobile communications with their customers and suppliers."

Adding and modifying phone numbers on A-List for Business is easy through the online tools that AT&T offers its customers. Any online changes will result in an email confirmation for security purposes.

<http://www.fiercemobilecontent.com>

## **Mergers/Acquisitions/Partnerships**

### **Huawei Open to Buys, No Immediate Target**

May 19, 2010

Ken Hu, the company's chief marketing officer, told the Reuters Global Technology Summit that Huawei will take "cross cultural" integration into consideration when making decisions, but dismissed the potential acquisition of Alcatel Lucent (ALUA.PA) as a "rumor".

"When we think about making an acquisition we need to think about our capability to consolidate the new business and whether we will be able to manage it well, especially for the cross cultural element," Hu said.

Unlike its peers, Huawei posted 2009 profit that more than doubled and forecast strong revenue growth in 2010, fed by an ambitious export drive and strong 3G spending in its home market.

Although Hu made it clear that Huawei had no current targets, he emphasized the firm's open attitude and healthy financial status with regard to making buys.

"Huawei has a very healthy financial status. Very good revenue growth, profit growth and very strong cash flow," Hu said.

"We have an open attitude toward acquisitions and if an opportunity shows up we won't turn off the possibility," he added.

Analysts, who forecast 2 percent growth in the industry this year, said the tough conditions will be a catalyst for consolidation in the sector with market leader Ericsson (ERICb.ST) and Huawei weathering the storm, but loss-making French firm Alcatel could be a target for takeover.

Alcatel shares soared last August on talk that the ailing firm could be bought by a Chinese buyer. Huawei also denied the buzz then.

"Alcatel is a respectable company and currently Alcatel Lucent is doing great, especially in providing the end users with very good service experience," Hu said.

Huawei, which is targeting 20 percent revenue growth this year, said it is investing heavily in cloud computing and is also trying to improve its services. Cloud computing is a term used to describe online computing services.

The firm, which is seeing global capital expenditure spending stronger in the first 4 months of the year compared to last year on increased LTE investments said it is building 60 Long Term Evolution (LTE) networks worldwide.

Huawei is building commercial LTE networks for European carriers Telenor (TEL.OL) and TeliaSonera (TLSN.ST), and trial ones for the likes of Vodafone (VOD.L) and T-Mobile TMOG.UL.

It is also trialing an LTE network for Australia's Telstra Corp (TLS.AX).

Huawei, which said in February it may try to revive its spin-off plan of its devices unit after an aborted attempt in 2008, has no such current plans.

"The devices unit accounts for a key part of the whole connectivity strategy for Huawei. So currently, we don't have any plans to spin off that business," Hu said, adding that there were no plans for an initial public offering.

#### INDIA AND TRANSPARENCY

Huawei, one of China's biggest success stories on the global stage, has found it hard to crack the North American market where its ambitions and technologies are viewed with suspicion by various lobby groups.

The firm's founder, Ren Zhengfei, was an officer in China's People's Liberation Army before founding Huawei. The company also recently suffered a setback when India decided to ban gear from Chinese telecom equipment makers.

When asked about the security spat with India, Hu said Huawei had not received any official notification from the

Indian government regarding restrictions on Chinese telecom equipment.

Huawei's cross-town rival, Shenzhen-based ZTE Corp (0763.HK) have also been affected by the ban.

"This (transparency) issue concerns Huawei a lot," said Hu.

"Having a transparent image in society will help us to get better relations with society and the government," he said.

<http://uk.reuters.com>

### **Harris Buys CapRock Communications for \$525M**

May 21, 2010

Harris Corp., which makes communication equipment, said Friday it will buy satellite provider CapRock Communications for \$525 million in cash.

Harris said the deal expands its international presence and customer base.

"The acquisition provides an entry into the energy market while expanding our present offering for the government and maritime markets to include managed satellite communications solutions," Harris CEO Howard L. Lance said in a statement

Privately held CapRock had 2009 operating income of \$28 million on revenue of \$359 million, according to Harris. Some of the Houston-based company's biggest clients include Chevron, Diamond Offshore, ExxonMobil, Halliburton and the U.S. Defense Department.

Harris said the acquisition will begin to benefit its earnings in fiscal 2011, excluding acquisition-related charges, and become a more significant earnings contributor in fiscal 2012.

Shares of Harris rose \$1.74, or 3.8 percent, to \$47.52 in morning trading.

<http://www.wirelessweek.com>

## **Industry News**

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### **Report: Mobile Broadband Devices Will Top 100M This Year**

May 20, 2010

Wireless analysts are burning up the batteries in their calculators to come up with mobile broadband and LTE device projections. Strategy Analytics today released its new mobile broadband market outlook report and found that sales of new devices with integrated mobile broadband connectivity, along with external USB modems, will top 100 million in 2010 and grow to 200 million modem sales by 2014. Of those, the company says that 42 percent will be LTE modems.

This comes on the heels of WiseHarbor Research's report released yesterday that predicted it will be 2016, or five years after the first LTE devices (USB dongles, aircards, etc.) make their debut, before LTE accounts for more than 25 percent of mobile broadband device sales.

Susan Welsh de Grimaldo, director of mobile broadband opportunities at Strategy Analytics, said that the drivers behind the growth are the carriers' aggressive promotion of mobile broadband devices, such as embedded notebooks, netbooks, e-readers, tablets and even M2M devices such as smart meters.

<http://www.fiercewireless.com>

### **FCC Dings Wireless Industry on Competition**

May 20, 2010

Dealing a blow to the U.S. wireless industry, the FCC said for the first time in nearly a decade that the industry is not "effectively competitive." The commission, in its annual report on the state of wireless competition, did not say the industry is uncompetitive, but instead took a neutral stance.

The FCC voted to approve the 300-page report, the 14th version of the Mobile Wireless Competition Report. But the commission's two Republican commissioners, Robert McDowell and Meredith Attwell-Baker, voted to concur with the report, expressing displeasure with some of its conclusions.

Last August, the FCC opened its probe into wireless competition. Previously, the FCC has produced a report focusing on Commercial Mobile Radio Service, known as the CMRS report. The new report focused on a wider range of players in the mobile ecosystem, including "upstream" players such as network equipment vendors and backhaul and tower providers, and "downstream" elements such as handset makers, application developers,

software makers and mobile content providers. The report also looked at how new technologies affect competition and how competition varies across different geographies, especially the difference between urban and rural areas.

FCC Chairman Julius Genachowski said that the commission is not trying to "reach an overly simplistic 'yes-or-no' conclusion" about the level of competition in the industry, and applauded the granular approach the report took in analyzing competition. "Instead, the report complies with Congress's mandate to assess market conditions by providing data on trends in competition and choice over time," he said.

In presenting the report, the FCC staff noted the surge in smartphone usage and mobile data use. Chelsea Fallon, a senior analyst in the FCC's Wireless Telecommunications Bureau, noted that in 2004, 4 percent of consumers' monthly wireless bills related to wireless data charges; in 2008 that number grew too close to 22 percent. Fallon also noted that users of USB modems and laptops with embedded mobile broadband generated 1.4 GB of data usage per month.

Commissioner Michael Copps expressed concern about consolidation in the wireless market. "All of the findings of this report are not comforting," he said. "Some are downright sobering and worrying, too." The report found that consolidation among carriers in the industry has increased 32 percent since 2003.

McDowell noted that 74 percent of Americans have access to five or more wireless service providers, up from 65 percent a year ago. He also said that report shows the growth in mobile broadband access, noting that 76 percent of consumers have access to three mobile broadband service providers, up from 51 percent in 2008. "If nothing else, the report shows that the wireless sector is so dynamic, ever-improving and responsive to consumer demands," he said. "Thus, we should tread cautiously." He also warned that the report could lay the foundation for further regulation of the industry. "I cannot support the theory that government policy would produce better results than the market," he said.

However, Commissioner Mignon Clyburn said she was worried by how rural Americans are being left behind. She noted that more than 900,000 Americans do not have access to wireless service, and that 24 million Americans have access to only one carrier. She, like McDowell, applauded Verizon Wireless' recently announced proposal to share its 700 MHz LTE spectrum with rural carriers.

Baker said that the data in the report should have led the FCC to conclude that there was "effective competition" in the industry. "I welcome the dialogue with those who have concerns, but I see nothing in this report that should question the overall competitiveness and vitality of the industry," she said.

The CTIA, too, expressed its disappointment with the report. "We believe the commission missed an opportunity today to truly highlight one of the few glowing examples of investment, innovation and consumer choice in the U.S. economy," CTIA President Steve Largent said in a statement. "While we understand that the Commission is not making any conclusion about the state of competition in the market, nor are they suggesting that the marketplace has changed to the detriment of consumers during 2008, we nonetheless are disappointed and confused as to why they've chosen not to make a finding of 'effective competition' for that year."

"We are very concerned, however, about the potential misuse of 'policy levers' that are referenced in the report and believe that any attempt to add regulation to wireless as a result of this report would be both misguided and harmful to consumers," Largent added. "We hope--and expect--that in the future, the chairman and commissioners will take every opportunity not only to highlight all of the good that is flowing to consumers and the U.S. economy from this industry, but also to make policy decisions based on this incredible fact-based record."

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