

This Week's Stories

Top WiMAX Operator Yota Chooses LTE Over WiMAX for New Market Rollouts

May 23, 2010

Russian operator Yota, one of the world's top WiMAX operators, dealt a blow to the WiMAX community by announcing plans to roll out Long Term Evolution (LTE) technology in five Russian cities this year.

However, it appears the operator will continue using WiMAX for the time being in markets it has already rolled out, including Moscow, St. Petersburg and three other Russian cities. It supports more than 500,000 subscribers in those markets. The operator is also active in Belarus, Peru and Nicaragua.

"The only reasons we are delaying its launch everywhere is the fact that LTE technology is so new," the company told *Reuters* in an email. Yota had planned to roll out WiMAX in 15 more cities, but now they will have LTE, Yota said. The operator plans to spend \$100 million on its rollout in the five markets.

Clearwire has increasingly voiced its interest in deploying LTE. During its latest quarterly conference call with analysts, Clearwire announced it changed the terms of an agreement it has with Intel that allow either party to exit the deal with 30 days notice. The previous agreement had forced Clearwire to use WiMAX through Nov. 28, 2011. CEO Bill Morrow recently indicated the company wouldn't deploy LTE until at least 2012.

"The decline of growth in WiMAX and shift to tier one suppliers who are prepared for a transition to LTE as it becomes widely available now signals a rapid deterioration in WiMAX and its chances of achieving mainstream market momentum," said Robert Syputa, senior strategic analyst and advisor with Maravedis. "It remains to be seen if WiMAX momentum will continue in India and North America. We now forecast that Clearwire will shift at least part of their deployments to LTE by the end of 2011."

<http://www.fiercebroadbandwireless.com>

The Real World: Comparing 3G/4G Speeds

May 25, 2010

T-Mobile USA this week laid down the gauntlet by declaring its HSPA+ network will provide "4G speeds." While that's debatable (I realize the International Telecommunication Union has a definition for 4G, but no carrier abides by that definition in its marketing, and for all

practical purposes it's irrelevant), T-Mobile's assertion certainly serves as a competitive wake-up call to the rest of the nation's Tier 1 carriers.

Today's EVDO networks from Verizon Wireless and Sprint Nextel and WCDMA/HSPA networks from AT&T Mobility and T-Mobile provide real-world speeds of around 500 Kbps to around 1 Mbps on good days. But carriers' network upgrades set to roll out throughout the rest of this year should provide significantly faster speeds. How do those speeds compare?

Carrier	Real-world download speeds	Real-world upload speeds	People covered by the end of 2010
Verizon (LTE)	5-12 Mbps	2-5 Mbps	100 million
AT&T (HSPA+)	7 Mbps	?	250 million
T-Mobile (HSPA+)	3.12 Mbps - 8.26 Mbps	1.26 Mbps - 2.5 Mbps	185 million
Sprint (WiMAX, via Clearwire)	3-6 Mbps	500 Kbps	120 million

Now, make no mistake, this chart needs a lot of explaining. First, and most importantly, real-world speeds are notoriously difficult to pin down, and vary wildly based on factors including distance from cell site, general load on the network, backhaul and a host of other factors. Further, it's worth pointing out that the speed numbers for each carrier have plenty of caveats:

- For Verizon, the carrier hasn't yet launched commercial LTE services, and speeds promised before launch are often much different than those provided by a real, working network. Further, the numbers cited above were provided in March, and could change by the time the network launches in the fourth quarter. Indeed, a recent Verizon promotional video shows users accessing speeds of around 8 Mbps on the downlink and 2 Mbps on the uplink.
- For AT&T, the carrier only recently announced it would upgrade to HSPA+ and so far has no commercial HSPA+ services. When questioned, the carrier didn't immediately provide expected real-world HSPA+ speeds, but AT&T Operations CEO John Stankey recently set a ballpark of 7 Mbps on the downstream. Of course, for AT&T, HSPA+ is only a stepping stone to its planned LTE rollout next year.

- For T-Mobile, the carrier is in the midst of rolling out HSPA+ and has a number of markets online. A carrier spokeswoman said, "With peak download speeds demonstrated on the T-Mobile webConnect Rocket laptop stick between 5 to 8 Mbps (as noted in recent reviews), T-Mobile's HSPA+ service is outperforming competing wireless networks," and declined to elaborate. However, she provided links to a number of published speed tests from the likes of PCMag.com, jkOnTheRun, the [Financial Times](http://FinancialTimes) and others.
- As for Sprint, which is relying on Clearwire's mobile WiMAX rollout, the carrier is promoting real-world speeds on its website, albeit in tiny text at the bottom. Clearwire does note that users can see bursts of 10 Mbps, and Sprint advertises its upload speeds as "up to a 1 Mbps cap."

So what do these numbers mean? Well, for starters I think they show that all of the nation's Tier 1 carriers should have solid, high-speed mobile broadband offerings in place for the critical fourth-quarter holiday shopping season. Of course, fast networks are just one of a huge range of factors that play into success, so there's no telling how things will shake out next year and beyond.

<http://www.fiercewireless.com>

RPT-Suicides Expose Stresses of China Factory Life

May 25, 2010

A spate of nine employee deaths at global contract electronics manufacturer Foxconn, Apple's main supplier of iPhones, has cast a spotlight on some of the harsher aspects of blue-collar life on the Chinese factory floor.

The worker deaths at Foxconn factories this year, initially dismissed as isolated incidents, have since multiplied and triggered a growing controversy and scrutiny of Foxconn's tight and secretive corporate culture, raising broader questions about the social cost of China's cheap labour manufacturing model.

The latest death, the ninth in the past six months, followed a similar pattern of behaviour -- young factory workers plunging from buildings in a Foxconn industrial complex.

While not all have been confirmed as suicides, this was the 11th such incident at a Foxconn plant this year according to the official Xinhua news agency. Two of the 11 who survived were gravely injured in what were described as "suicide attempts", including 18-year-old factory worker Rao Leqin whose fall was broken by a tree.

Foxconn has largely blamed the deaths on the workers' personal problems, but set up counselling hotlines, hiring new counsellors and monitoring workers for "abnormal emotional outbursts".

"I believe we are definitely not a factory of blood and sweat," Foxconn Chairman Terry Gou said earlier this week. "A corporation of 900,000 workers is very difficult to manage. I'm confident we will very quickly have the situation under control."

The stakes for Foxconn, the key manufacturer of Apple's iPhone and iPad, are potentially huge. A unit of Taiwan's Hon Hai Precision Industry, it is one of the largest manufacturers in China, employing nearly 800,000 workers there.

An Apple spokesman was not immediately available to comment. PC giants Lenovo and Acer 2353.HK, both customers of Hon Hai and Foxconn, declined to comment.

Hewlett-Packard Co said it had "high standards in place with our suppliers to ensure workers are treated with dignity and respect and operate in safe work environments".

Factory worker interviews conducted by rights group China Labour Watch, suggest difficult working conditions at some Chinese technology factories.

"Every shift (10 hours), we finish 4,000 Dell computers, all the while standing up," a Foxconn worker recently told China Labour Watch. "We can accomplish these assignments through collective effort, but many of us feel worn out."

Outside the tightly guarded Foxconn industrial complex in Longhua to the north of Shenzhen, workers appeared relaxed but few were willing to talk openly about the deaths.

"Wherever you work has pressure," said a uniformed young man who asked not to be named. "The high compensation package may have made them do it," he added, referring to reported payouts to victims' families of many times an average worker's annual wage.

<http://www.reuters.com>

T-Mobile CEO Robert Dotson Resigns

May 26, 2010

Dotson is capping a 15-year career with T-Mobile, and his resignation comes at a time of great uncertainty for the carrier. The company has been struggling with lackluster subscriber growth while searching for a clear 4G network strategy.

Humm will join T-Mobile as the designated CEO, effective July 1, and will formally take over as CEO in February 2011, and Dotson will remain on as a T-Mobile non-executive board member until May 2011. Humm, 50, is currently Deutsche Telekom's chief regional officer for Europe, and is responsible for sales and service in the area. He served as the CEO of T-Mobile Deutschland from 2005 until 2008, where he transformed the carrier into Germany's leading operator in terms of subscribers and service revenue. Recently, he played a crucial role in brokering the merger between T-Mobile UK and France Telecom's Orange UK brand.

In a statement, Dotson said he is stepping down to spend more time with his family and to take on new challenges.

T-Mobile USA reported a net loss of 77,000 subscribers in the first quarter, and it struggled with both postpaid customer losses and weaker prepaid growth. By year-end T-Mobile expects to have HSPA+ technology deployed across the vast majority of its 3G footprint, covering more than 100 metropolitan areas and 185 million people.

However, T-Mobile's 4G strategy is anything but clear. Earlier this month, Deutsche Telekom CEO Rene Obermann declined to comment on whether T-Mobile was holding preliminary talks with Harbinger Capital Partners to become a wholesale customer of its proposed LTE network. He said T-Mobile USA needs to be open to cooperation on 4G, "for instance with other network operators, where one could share the network in certain regions," because capital expenditures "would be huge if you plan to cover a large area. So we need to remain open to that, there's no question."

<http://www.fiercewireless.com>

Apple Overtakes Microsoft in Market Capitalization

May 26, 2010

Apple Inc., the computer maker turned mobile gadgeteer, overtook Microsoft Corp. to become the most valuable technology company on optimism it can keep adding customers for its iPhone, Macintosh computer and iPad.

By 4 p.m. New York time in Nasdaq Stock Market trading, Apple's market value was at \$222.1 billion, higher than Microsoft's \$219.2 billion. That made Apple the most valuable technology firm in the world. It's also the second-largest U.S. stock by market value, behind oil company Exxon Mobil Corp., valued at \$278.6 billion on the New York Stock Exchange.

In intraday trading, Apple climbed as high as \$252.13 before slipping \$1.11 to \$244.11. Chief Executive Officer Steve Jobs last month said second-quarter profit almost doubled and sales soared 49 percent on demand for the iPhone. The results don't yet include the iPad, which went on sale after the close of the period for the Cupertino, California-based company.

"Apple really checks all the boxes when you look at the tech sector," said Ryan Jacob, a fund manager at Jacob Internet Fund in Los Angeles, which has Apple as its top holding. "Do they have the opportunity to gain share in their markets? What are the prospects for margins? It's hard to find a company that you can have more confidence in than Apple."

The value shift underscores the changing fortunes of two technology industry pioneers. Microsoft, the world's largest software maker, has had mixed success expanding beyond its mainstay Windows operating system business into new markets, including mobile phones, Web search and gaming consoles.

Apple's Revamp

Apple, on the verge of bankruptcy when Jobs resumed leadership in 1997, has transformed itself from the maker of Macintosh personal computers into a consumer electronics trendsetter with the release of the iPod music player in 2001, the iPhone in 2007 and this year's release of the iPad tablet.

"With their relentless pursuit of technological and design innovations -- driven largely by Steve Jobs -- Apple has become the dominant technology company of this decade," said Michael Obuchowski, chief investment officer for First Empire Asset Management in Hauppauge, New York, which oversees \$3.5 billion including Apple and Microsoft shares.

Redmond, Washington-based Microsoft slipped 4.1 percent to \$25.01 in Nasdaq trading. That marked the seventh straight day of declines, the longest streak of losses since February 2007.

'Weak' Microsoft

The stock was dragged down after Microsoft CEO Steve Ballmer, in remarks to reporters in Singapore, said

European financial troubles "will not be isolated to Europe."

"Microsoft has been extremely weak over the last month, underperforming other technology stocks and that's really what's moved Apple into the leading position in terms of market cap," Jacob said.

Apple sold more than 1 million tablets in the U.S. in the first 28 days after its April 3 debut and has said that demand is outpacing supply. The iPad goes on sale outside the U.S., including in the U.K., France, Germany, Canada and Japan, on May 28. Jobs, 55, will give the keynote speech at Apple's Worldwide Developer's Conference, which begins June 7. He is expected to introduce a new iPhone at the event, according to analysts.

Microsoft said last month third-quarter sales rose 6.3 percent to \$14.5 billion, below the most optimistic estimates. While both profit and sales exceeded the average estimate of analysts in a Bloomberg survey, some investors held out for larger gains, said Dave Stepherson, a fund manager at Hardesty Capital Management in Baltimore.

Unearned revenue, a measure of multiyear contracts, also fell short of some estimates, a sign business demand for Microsoft products may not be picking up as quickly as some analysts had predicted.

AT&T: 40 Percent of iPhone Sales Are to Business Users

May 27, 2010

AT&T Inc said on Thursday that 40 percent of its iPhone sales since the beginning of the year have been to business customers, suggesting that the phone is encroaching on an area dominated by Research in Motion's BlackBerry.

AT&T also generates almost half of its total revenue from business customers, said Ron Spears, the head of the company's business services, at an investor conference.

The company would not say how many iPhones it sold during that period.

Analysts estimate that AT&T, which started selling iPhone in 2007, has about 15 million iPhone users or 17 percent of its total customer base. RIM reported a total customer base of about 41 million for the BlackBerry in its most recent quarterly report.

Comparing those numbers is difficult, however, because AT&T serves U.S. customers, while RIM's customer base includes the United States and other countries.

This includes wireless and wireline services and would imply business revenue of almost \$62 billion revenue for 2010, based on analyst expectations for 2010 total revenue of \$124 billion, according to Thomson Reuters I/B/E/S.

In 2009, the company said that its wireline service revenue from business customers was about \$40 billion out of total revenue of about \$123 billion.

<http://www.reuters.com>

Proposed Bill to Require ID for Prepaid Phones

May 27, 2010

New legislation advanced by U.S. senators Charles Schumer (D-NY) and John Cornyn (R-TX) would require buyers of prepaid cell phones to present identification and make phone companies keep prepaid buyers' information on file, as is already done with users of landline phones and subscription-based cell phones.

The proposal was made in the wake of the attempted bombing of Times Square by an alleged terrorist who reportedly used a prepaid cell phone to arrange the purchase of the Nissan Pathfinder that he attempted to turn into a car bomb.

Prepaid phones can be purchased and activated without signing a contract or undergoing a credit check, providing a high level of anonymity for users. The legislation is intended to deter terrorists and drug dealers from using the devices to anonymously coordinate illegal activities.

Calling the proposal "overdue", Schumer said prepaid cell phones presented a "dead end" for law enforcement officials. "There's no reason why it should still be this easy for terror plotters to cover their tracks," Schumer said in a statement.

Some states already require prepaid cell phone users to register their identifications, including Texas, Massachusetts, Pennsylvania, Missouri, Georgia and South Carolina. The legislation from Schumer and Cornyn is the first federal proposal on the issue.

There is no companion bill on the issue in the House and it is unclear whether Schumer and Cornyn's legislation will be put into law.

Countries such as Australia, Germany and Japan already require registration of prepaid cell phone users to deter terrorism.

<http://www.wirelessweek.com>

Product & Service News

T-Mobile's Garminfone Coming June 9 for \$199

May 27, 2010

T-Mobile USA will begin selling Garmin's first Android-powered smartphone--branded as the Garminfone--June 9. The smartphone will be available for \$199.99 after a \$50 rebate and with a two-year service contract.



T-Mobile's Garminfone will go for \$199.

The release date is notable because it falls at about the same time Apple is expected to debut its latest iPhone at the company's Worldwide Developers Conference. T-Mobile is trying to drum up interest in the Garminfone by kicking

off a two-week sweepstakes where Twitter users will have the opportunity to win one of five Garminfones.

The release of the Garminfone is key for Garmin, which in partnership with computer maker Asus is hoping to parlay its successes on the personal navigation device front with an expansion into location-capable smartphones. So far, the company's success has been limited: Garmin earlier this year admitted "disappointment" in sales of its first smartphone, the nuvifone, which is selling through AT&T Mobility in the United States.

<http://www.fiercewireless.com>

Verizon Wireless's New Plan: So Long Unlimited Data, Hello Buckets?

May 28, 2010

Remember the bad old days, before the advent of unlimited wireless data plans? Well unfortunately, with the vaunted arrival of 4G, it looks like those times might be returning if Verizon Wireless has its way. At the Barclays Capital conference in New York City this week, Verizon Wireless's CEO Lowell McAdam said he hopes to ditch unlimited plans entirely on the company's upcoming 4G LTE network, charging instead for "buckets" of megabytes.

McAdam also noted that, after the release of the first LTE-enabled device, Verizon anticipates using its 4G LTE network for voice starting in 2011. It remains unclear, however, whether Verizon's LTE will also spell the end of unlimited voice calling plans.

Meanwhile, big carriers haven't even been waiting for 4G to get here before doing whatever they can to increase people's phone bills. A survey released this week by the

Federal Communications Commission (FCC) shows that one in six mobile phone users has been hit by "bill shock," or an unanticipated hike in their monthly service fee not caused by a change in their calling plan. The majority--or 52 percent--of these "shocks" added \$25 or more to the consumer's monthly bill, with the hikes amounting to \$100 or more 23 percent of the time.

Also this week, AT&T--another big carrier now readying 4G LTE services--upped its early termination fee (ETF) on smartphones and netbooks by an astounding \$150, from \$175 to \$325. For its part, Verizon has already been charging an even higher ETF of \$350--or \$25 more than AT&T--on Droids and other high-end mobile devices.

By the way, in the very same study released by the FCC this week, 43 percent of the respondents acknowledged that ETFs have represented a "major reason" why they've remained with their current carriers. (Yet somewhat ironically, 18 percent of the cellular customers surveyed were apparently blissfully unaware of ETFs at all.)

So, as for Verizon's future intentions around unlimited service plans, although 4G bandwidth constraints might play some kind of role here, the primary driver is far more likely a old-fashioned desire to boost the bottom line.

The timing of MacAdam's remarks this week couldn't have been more unfortunate, actually, if wireless carriers really want to sell 4G services. Many folks are still struggling to pay all kinds of existing bills. Right now, the still impending 4G stands to many as a glittering diversion, a shining beacon of hope for better times ahead.

In the midst of this seemingly endless grim economy, who wants to be brought down ahead of time by thoughts of how much these sparkling new 4G wireless services might cost you in the future? Verizon Wireless might find it tough to turn back the hands of time, anyhow. Sprint is about to start selling the U.S.'s first 4G phone, the EVO 4G, and it offers unlimited 4G data--albeit at a \$10 premium over 3G. In the wildly competitive wireless services market, how can Verizon abandon unlimited wireless calling plans unless all of its rivals decide to do just about the same?

<http://www.pcworld.com>

Industry News

Study: Mobile VoIP Users Will Top 100M by 2012

May 27, 2010

A new report from Juniper Research predicts strong uptake of mobile VoIP in developed countries, such as the United States, because of the likelihood that traditional mobile operators will form relationships with mobile VoIP players such as Skype. In fact, the research firm estimates that mobile VoIP users will top 100 million by 2012 thanks to VoIP running over both 3G and WiFi networks.

The company points to Verizon Wireless' alliance with Skype as an example of what is to come. Earlier this year Verizon Wireless and Skype launched a custom Skype Mobile application for Verizon smartphones. The application is free and available for smartphone users with an existing voice and data plan; it allows users to place Skype calls for no additional charge.

The research firm also said that revenues from circuit-switched voice will continue to diminish over the next five years. This conclusion correlates well with comments made yesterday by Verizon Wireless CEO Lowell McAdam at an investor conference in New York. McAdam said he expects that by 2012 much of the carrier's voice traffic will be handled by VoIP over LTE, and not the circuit-switched network.

Meanwhile, Verizon rival AT&T Mobility has been criticized for preventing VoIP iPhone applications from running on its 3G network. However, the carrier relented on the topic last year, thereby paving the way for Skype's iPhone app to transmit low-cost calls across AT&T's cellular network (previously, only WiFi connections could carry iPhone VoIP calls).

The Juniper report also predicts that a large percent of mobile VoIP will be carried over WiFi networks. In fact, the firm estimates that mobile operators could lose up to \$5 billion in voice revenue by 2015 from mobile VoIP calls being delivered over WiFi.

<http://www.fiercewireless.com>



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