

This Week's Stories

Apps Let You Rent Out Your Home - and Yourself

October 26, 2011

If nature calls at 8.00 a.m. on your Starbucks run, good luck trying to use the bathroom. Chances are you'll find long lines, an out-of-order sign, or a loo hog who ties up the facilities a touch too long.

So the crew behind Cloo came up with a proposed solution: An app that lets you rent a pit stop. Pull up your iPhone, click a few buttons, and find a nearby person willing to time-share their toilets. Cloo's founders claim they're actively developing this app and plan to release it early next year.

Strange? Yep. But it's just the latest and oddest example of a broader trend: apps to let you share everything in your life. We're not talking about sharing your thoughts through tweets or Facebook status updates. These apps want you to rent out your home, your car and even yourself.

Rent-your-home site Airbnb, which launched in 2008, was one of the early pioneers. It has now booked more than 3 million nights on the service and lists property rentals in nearly 20,000 cities around the world. Investors sank more than \$100 million into the venture in a recent funding round.

Getaround, a peer-to-peer car sharing service that allows users to rent out their vehicles when they're not using them, took home the grand prize at TechCrunch Disrupt in May. Meanwhile, the tech community is buzzing about Skillshare, a New York-based service that allows anyone to become a teacher and make extra cash coaching others on their hobbies and skills.

And then there's TaskRabbit, which lets you rent out your spare time. Customers can hire TaskRabbits to do everything from running errands to drafting love letters.

"I think people are going to become more comfortable about the idea of sharing things between their neighbors both online and offline, and so I see all of these markets really [becoming] more mainstream," TaskRabbit founder Leah Busque says.

Zaarly falls into a similar category. The new company serves as a marketplace that allows people to outsource tasks and buy products from people in their community.

"The recession was a big force in this movement. The idea of people just having less money to spend and less resources forced people to live within their means a little more," he says. "Rather than putting a lot of investment in things, you can pay for access rather than ownership."

Underlying all of these sharing apps is the question of trust. Before I open up my bathroom to the public, I've got to know who I'm letting in the door. But Busque thinks that the evolution of social networks like Facebook has helped make the technology smarter, and in turn, safer.

"Five years ago there's no way we could have built TaskRabbit and leveraged the technology pieces that we've done today -- things like social networking, mobile platforms and location-based analysis are all key components to building trust really between people," she says.

After one woman had her house ransacked after renting it on Airbnb, the company created a \$50,000 insurance policy and doubled the size of its customer support team. To reassure those concerned about renting out their vehicles, Getaround teamed up with insurance giant Berkshire Hathaway.

Shapiro thinks that as the trend continues to grow, people will begin to develop an online reputation similar to their financial reputation in the credit realm.

"Instead of measuring financial health, you need to be able to look someone up and say 'is he trustworthy?'" he said.

That's a top item on his wish list for the Collaborative Fund's portfolio: A venture with a good formula for measuring trust online, to facilitate transferring it from the online world to the offline sharing realm.

"That's the area we're really looking at from an investment perspective," he says. But ultimately, it's up to people decide how much they'll share -- and where they'll draw the line.

For me? For the time being, my bathroom is closed to the public.

money.cnn.com

Consumers Sue RIM Over BlackBerry Outage

October 27, 2011

A group of consumers upset over the company's recent three-day BlackBerry service outage have filed a class action lawsuit against Research in Motion (NASDAQ:RIMM). The suit, which was filed in Quebec Superior Court by Consumer Law Group, asks RIM to compensate BlackBerry users directly or indirectly by arranging for wireless service providers to refund their customers for the loss of service.

RIM has not yet been served with the complaint and said it would respond to the matter in due course.

The outage, which was the largest in RIM's history, lasted around three days earlier this month in Europe, the Middle East, India and Africa; one and a half days in Latin America and Canada; and one day in the United States.

RIM has said the outages were the result of a core switch failure in RIM's network infrastructure, which encrypts and routes email messages and other data, making it more secure. Although RIM's system is designed to failover to a back-up switch, it did not work as previously tested, creating a backlog of data. This caused RIM to "throttle" service in the affected regions, which then created more disruptions in regions not previously affected, including North America.

In an interview earlier this month with *Bloomberg*, RIM co-CEO Jim Balsillie said that the company is considering compensating wireless carriers a result of the service outage. The company is also providing affected users with free premium applications as well as offering one month free of technical support to corporate customers.

www.fiercewireless.com

Products & Services

Verizon's 4G LTE Roll-Out Well Ahead of Schedule

October 25, 2011

Verizon's 4G LTE roll-out has already surpassed its targets for coverage set for the year. Verizon had stated that its goal was to cover 185 million Americans by the end of the year with the new network, but in figures released recently, Verizon announced on Monday that as of then, the company provided coverage to more than 186 million Americans. Having exceeded its goal before the end

of the year, the company does not anticipate slowing down. Verizon Wireless confirmed that it will additionally provide 4G LTE coverage to 13 more markets on November 17th (for a grand total of 178 markets) and it will continue its activation of the 4G network in several new cities in December.

In addition to the new network coverage, Verizon is also dedicated to saturating the market demand for LTE enabled devices. It stated that it looks to offer a total of 15 4G LTE devices not including the newly announced DROID RAZR and Samsung Stratosphere. In its official press release, the company stated that:

"To coincide with the rapid expansion of our 4G LTE network, we've steadily introduced an array of 4G LTE-enabled devices, ranging from notebooks and netbooks; to hotspots and modems; and tablets and smartphones... We're excited to lead the market in the deployment of 4G LTE technology and look forward to continuing to set the pace."

With such rapid expansion of LTE coverage from Verizon and other companies, market analysts state that competition among handset vendors for shares in the LTE smartphone market will intensify in the coming year. Among smartphone retailers, HTC, Samsung Electronics, Motorola Mobility and LG Electronics have released a number of LTE-enabled models, with HTC currently taking up a 60% share of the 4G segment in the US. The competition is set to increase in 2012 with the anticipated entry of Apple, RIM and Sony Ericsson and Nokia into the LTE club.

www.goinglte.com

Sprint Inks Deal with Clearwire, Predicts up to \$8B in Value from iPhone

October 26, 2011

Sprint Nextel (NYSE:S) reported a narrowing loss in the third quarter and improving customer acquisition numbers. But perhaps more importantly, the company provided insight into its agreement with Apple (NASDAQ:AAPL) to sell the iPhone, and its steps toward a possible LTE agreement with Clearwire (NASDAQ:CLWR).

"We expect the lifetime value of a typical iPhone customer to be at least 50 percent--yes, at least 50 percent--greater than a typical smartphone user, driven primarily by more efficient use of our network and lower churn," said CEO Dan Hesse, who likened Sprint to the struggling baseball team in the recent movie "Moneyball" and the iPhone to the expensive player brought on to help the team succeed. "The

iPhone has an expensive contract, but he's worth every penny."

Sprint executives said the carrier expects to sell more than 1 million iPhones in the fourth quarter. Sprint executives said the carrier expects \$7 billion to \$8 billion in "net present value" during the carrier's 4-year contract with Apple--carrier executives said the iPhone generates 20 percent higher monthly margins than other devices. Moreover, the carrier said it expects the iPhone to account for 20 percent to 40 percent of its postpaid gross additions and upgrades during that period.

Interestingly, Sprint executives said the carrier has a \$15.5 billion 4-year contract with Apple, which is subject to a variety of factors including the number of models offered, and that Sprint expects to "outperform" that contract.

Sprint launched the iPhone earlier this month, joining Verizon Wireless (NYSE:VZ) and AT&T Mobility (NYSE:T) in selling the device. Sprint has said that the main reason customers leave the carrier is to obtain the iPhone.

Separately, Sprint announced it signed an agreement with Clearwire that essentially will allow the companies to work together toward a joint LTE network.

"We're pleased to announce we've signed a non-binding cooperation agreement with Clearwire to work together on technical specifications for the Clearwire LTE network and to ensure a superb customer experience for Sprint customers on the Clearwire LTE network," Hesse said, noting the agreement covers cell site selection, site builds, chipsets for devices and is intended to assure seamless handoffs between Sprint's network and Clearwire's LTE network.

The news offers a bright spot for Clearwire, which was left out of Sprint's initial LTE announcement earlier this month. Sprint intends to deploy LTE on its 1900 MHz spectrum and to launch commercial service in the middle of next year.

Hesse said the new agreement between Sprint and Clearwire paves the way for the companies to work together to deploy LTE, but does not represent a final contract to that effect. Clearwire has said it needs an additional \$600 million to build an LTE-Advanced network across two-thirds of its current WiMAX network footprint.

www.fiercewireless.com

Emerging Technology

Nokia Proclaims New Dawn with Windows Phones

October 26, 2011

Nokia unveiled two sleek new Microsoft Windows phones Wednesday, a first step in the ailing cell phone maker's fight back against Apple and Google.

The flagship Lumia 800 and more basic Lumia 710 will go on sale in key European markets by the Christmas holiday season.

They are the first fruits of Chief Executive Stephen Elop's big bet on Microsoft software that spooked investors earlier this year. Analysts said the pairing remains well short of finding an iPhone killer.

"It's a new dawn for Nokia," Elop told about 3,000 customers, partners, developers, analysts and journalists gathered in London for the much-anticipated launch at the company's annual conference.

He said the new phones' minimalist design and superior navigation features would make them stand out among rival Windows phones, some of which have been faster to market with Microsoft's new mobile platform.

The Lumia 800, with vivid colors and a curved, black display, features live icons on the home screen that automatically update news, weather or Facebook feeds. It also boasts free navigation and Microsoft's new Internet Explorer 9 browser.

It will sell for about 420 euros (\$584) excluding taxes and subsidies, putting it in the same bracket as Apple's new iPhone and Samsung's top-end Galaxy phones. The Lumia 710 will sell for about 270 euros.

"These devices are a good start but the reality is that they are pretty much plain vanilla Windows Phone products," said Ben Wood, director of research at UK-based telecoms analysis firm CCS Insight.

"The real fruits of Nokia's and Microsoft's labors will come next year... but it remains a Herculean task to recapture this lucrative market from Apple and Android."

Others said that Microsoft's marketing muscle and Nokia's still-strong relationships with mobile phone operators should help push the new phones into the hands of consumers through prominence in stores and attractive package deals.

"The Lumia phones do have some strong selling points in their own right... and they offer a look and feel that's radically different from anything seen previously on a Nokia device," said John Delaney, research director at technology research firm IDC.

"These devices are strong contenders."

The phones will go on sale in France, Germany, Italy, the Netherlands, Spain and Britain in November, with 31 operators and retailers providing marketing support, and in Hong Kong, India, Russia, Singapore and Taiwan before the end of the year.

Nokia said it would address the crucial U.S. market, where it has always struggled, early next year, and mainland China in the first half of 2012.

news.yahoo.com

BlackBerry PlayBook Upgrade Delayed Until 2012

October 26, 2011

Research in Motion's turnaround effort has hit yet another roadblock: The BlackBerry maker said Wednesday that it is delaying a much-needed update to the PlayBook tablet's operating system until February 2012.

The PlayBook has sold sluggishly since its April debut and drew criticism for its unfinished feel. One major oversight: The tablet lacks built-in apps for key functions including e-mail, calendar, address book and BlackBerry Messenger access.

Those updates are coming in PlayBook 2.0, which RIM executives have cast as a Big Bang overhaul.

"The great thing is that we can upgrade the PlayBook," RIM co-CEO Michael Lazaridis told analysts on an earnings call last month. "The PlayBook 2.0 release is going to be something that [customers are] looking forward to, and I expect them to be very, very happy with. ... I think our customers have been waiting for the native e-mail, calendar and contacts."

They'll have to keep waiting. On last month's earnings call, RIM executives referred to the software's "upcoming" launch and said that they would show it off at RIM's developer conference, held last week in San Francisco.

RIM did demo OS 2.0 at BlackBerry DevCon, where it handed out PlayBooks that included a beta version for

developers. But consumers won't get the update until next year.

"As much as we'd love to have it in your hands today, we've made the difficult decision to wait to launch ... until we are confident we have fully met the expectations," PlayBook senior vice president David Smith wrote in a company blog post late Tuesday.

And even with the delay, the OS 2.0 will still lack a key feature when it's finally released: the popular BlackBerry Messenger service. Smith wrote simply: "We're still working on it."

money.cnn.com

Mergers & Acquisitions

Microsoft Signs Compal Deal, Now Takes Money From Half of all Android ODMs

October 24, 2011

Despite Steve Ballmer's apparent disdain for the Google OS, he must love it really.

He's now making money from ten separate Android and Chrome licensing deals, having just inked yet another agreement with Compal -- a large Taiwanese original design manufacturer (ODM) that builds tablets and smartphones for brands like Lenovo. From this point on, a "reasonable and fair" chunk of Compal's \$28 billion annual income will be diverted to the coffers at Redmond.

Overall, this means that Microsoft's tentacles have spread across 55 percent of the Android ODM industry and -- more importantly -- are poked firmly into two different mobile OS pies. As cut-throat as this approach might seem, however, it's surely better than freezing the market with cold and ceaseless waves of litigation.

www.engadget.com

Motorola Mobility Reports \$3.3 Billion in Revenue and \$32 million Net Loss, Offers More Details on Google Buyout

October 27, 2011

Just in time for the company to be acquired by Google, Motorola Mobility is beginning to right the ship, as evidenced by today's quarterly earnings report. The company reported total net revenues of \$3.3 billion -- precisely the same amount earned last quarter,

incidentally, and up 11 percent from this time last year -- and a GAAP net loss of \$32 million. While the number may put frowns on a few faces, it's still an improvement from Q2's loss of \$56 million, and more than half (\$18 million) of the losses were attributed to expenses from the Google acquisition. Mobile device revenues are up 20 percent year-over-year and 11.6 million devices were shipped, including 4.8 million smartphones and 100,000 Xoom tablets.

On the regulatory front, Moto offered a few new details about the progress of the company's acquisition. It announced that it will hold a meeting with stockholders on November 17 to gain approval of the Google merger, and -- pending antitrust clearance by the US Department of Justice, the EU and several other government entities -- expects to close the transaction by the end of this year or early 2012 at the latest.

www.engadget.com

Industry Reports

Forecast Calls for Millions on Shared Data Plans

October 24, 2011

Tekelec today released findings from Infonetics Research showing that the number of mobile broadband devices sold globally on shared data plans is forecast to grow an average of 89 percent a year from 2011 to 2015, reaching nearly 187 million units.

Smartphones, USB cards and tablets will comprise 89 percent of the devices on shared plans.

According to Infonetics, the shared data plans first will gain traction in markets with advanced 3G competition, such as North America, Western Europe, Japan, South Korea and Australia.

"It's going to be a phenomenon that's going to become common very soon," says Randy Fuller, director of strategic marketing at Tekelec, which already is getting a lot more requests for products that assist in implementing shared data plans.

By 2015, the majority of mobile users worldwide still will be on individual plans, but 15 percent of all smartphones will be sold as part of a shared data plan, which are similar to the shared voice/family plans with which many people are familiar.

Infonetics notes that even in 2010, few such shared data plans were in the market, but things are changing. In North America, Rogers Wireless is

perhaps the best example, with its offers of various plans ranging from \$30 to \$50 a month.

What's in it for Tekelec? The company provides network intelligence to allow service providers to manage and monetize data growth. Shared data plans are exponentially more difficult to administer, so Tekelec offers its product suite to ease the transition.

Tekelec executives will be at 4G World in Chicago this week to discuss policy management and enforcement around 4G and how to scale and secure Diameter traffic in 4G networks.

www.wirelessweek.com

Netflix Stock Sinks 35% as Subscribers Flee

October 25, 2011

The Netflix nightmare continues. Shares plunged 35% on Tuesday after the video service revealed that it lost 800,000 subscribers in its difficult third quarter.

Netflix (NFLX) earned \$62 million, or \$1.16 a share, on a record \$822 million in revenue in the quarter that just ended, beating analysts' estimates. But shareholders focused on the sharp decline in subscribers and high costs for international expansion.

Analysts promptly downgraded the stock Tuesday morning, with one calling the report a "nuclear winter scenario." Shares finished the day at \$77.37, after nearly topping \$300 in mid-July.

Shares started the year around \$180 and rallied in the spring thanks to a growing subscriber base. But Netflix kicked off last quarter on a sour note by announcing it would begin charging separate prices for its DVDs-by-mail and streaming video plans, resulting in a big price hike for Netflix customers.

As a result, for the first time in years, Netflix's U.S. customer base shrank. Netflix had 23.8 million total U.S. subscribers as of Sept. 30, down from 24.6 million three months earlier.

By the end of the ongoing quarter, which wraps up Dec. 31, Netflix said it expects to lose even more subscribers. It forecast that it will have 20 million to 21.5 million streaming customers and up to 11.3 million DVD subscribers in the U.S.

Perhaps even more concerning: Netflix's streaming video service expansion into the United Kingdom and Ireland, announced earlier on Monday, will make the

company's overall business unprofitable "for a few quarters" starting at the beginning of 2012.

Downgrades pour in: The dour report led JP Morgan analyst Doug Anmuth to downgrade Netflix shares on Tuesday to "neutral" from "overweight."

"The long-term potential for streaming-only in the U.S. and international markets remains intact," Anmuth wrote in a note to clients. "[But] start-up costs in Latin America and UK/Ireland are likely to come in much higher than we anticipated."

Anmuth also expressed concern about rising content licensing costs. He lowered his price target on Netflix to \$67 a share, a steep drop from his previous target of \$205.

Susquehanna Financial was even more bearish in its note, which was titled "The End of the Road." Analyst Vasily Karasyov cut Netflix to "negative" from "neutral," citing both the subscriber decline and the international costs.

"Looks like the nuclear winter scenario is playing out for NFLX," Karasyov wrote. He cut his price target to \$60 from \$124.

Citigroup's Mark Mahaney cut shares to "neutral" from "buy" late Monday night, calling Netflix's situation "a major reset."

Mahaney had upgraded Netflix to "buy" in May, but he admitted in his note Monday that "our call has been drastically wrong."

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