

## This Week's Stories

### **FCC Sued Over New Net Neutrality Internet Rules**

October 3, 2011

A media and Internet advocacy group sued the federal government Wednesday over its new rules covering Internet traffic, saying they don't protect wireless traffic from interference by phone companies.

The group Free Press filed its challenge to the Federal Communications Commission's so-called "net neutrality" rules in federal court in Boston.

The rules were adopted in December and take effect in two months. They prohibit Internet service providers from favoring or discriminating against Internet content and services.

They give greater leeway to cellphone companies to manage data traffic because wireless systems are more easily overwhelmed. But Free Press objects to that distinction.

"There is no evidence in the record to justify this arbitrary distinction between wired and wireless Internet access," Free Press policy director Matt Wood said in a statement.

A spokesman for the FCC did not immediately respond to a request for comment.

Two cellphone companies, Verizon Wireless and MetroPCS Communications Inc., sued over the new rules early this year, saying the FCC lacks the authority to regulate Internet traffic. Those lawsuits were thrown out by an appeals court that said they were filed prematurely. They could be refiled now that the rules have been published in the Federal Register.

The FCC adopted the so-called "Open Internet" rules because an earlier attempt to sanction Comcast Corp. for interfering with BitTorrent file-sharing traffic was overruled by a court. The FCC had based its action on broad net neutrality principles it first established in 2005.

"Net neutrality" has been a point of contention since then, with consumer groups and Democrats saying the power of Internet service providers needs to be curbed, while Republicans and cable and phone companies say freedom from regulation will encourage investment.

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### **Apple's Steve Jobs, Passed Away at 56, He Will Be Missed**

October 7, 2011

Steve Jobs, the man with great vision that helped build one of the most successful electronics companies in the world has died. Jobs had been suffering from pancreatic cancer for the past few years. He was only 56.

Born February 24, 1955, Jobs' death was officially announced late Wednesday by Apple, the company he co-founded with Steve Wozniak back in the early 80's.

"Apple has lost a visionary and a powerful genius, and the world has lost an amazing human being," Apple said in a statement on its website. "Those of us who have been fortunate enough to know and work with Steve have lost a dear friend and an inspiring mentor."

The hard-working executive pioneered the concept of the easy-to-use personal computer and of navigating them by clicking onscreen images with a mouse, instead of a keyboard.

In more recent years, he introduced the iPod portable music player, then the iPhone and the iPad tablet-- all of which changed how digital content was consumed by people on the go and with busy lives.

"He was a historical figure on the scale of a Thomas Edison or a Henry Ford, and set the mold for many other corporate leaders in many other industries," wrote Walter Mossberg, a tech columnist for The Wall Street Journal.

Jobs' death, while dreaded by Apple's legions of fans, was not unexpected. He had battled cancer for years, took a medical leave from Apple in January and stepped down as chief executive in August because he could "no longer meet his duties and expectations."

Jobs grew up in Cupertino, California, which would become home to Apple's headquarters and showed an early interest in electronics. As a teenager, he phoned William Hewlett, then president of Hewlett-Packard, to request parts for a school project. He got them, along with an offer of a summer job at HP.

While at HP, Jobs befriended Steve Wozniak, who impressed him with his skill at assembling electronic components. The two later joined a Silicon Valley computer hobbyists club, and when he was 21, Jobs teamed with Wozniak and two other men to launch Apple Computer Inc. The rest, as they say, is history.

The fact that Apple actually started in a garage is legendary. Many of today's best-known companies and their brands were started in a modest garage: Google, Hewlett-Packard, Apple, and a few more. And many of their founders also studied at Stanford University as well, just like Sergey Brin and Larry Page who founded Google.

"Steven Jobs was, and still is, an inspiration to many individuals and companies all over the world. His passing is a loss to innovators and visionaries everywhere," said Jong-seok Park, president of LG Electronics.

Microsoft CEO Steve Ballmer described him as "one of the founders of our industry and a true visionary." Jobs was among the first computer engineers to recognize the appeal of the mouse and the graphical interface, which let users operate computers by clicking on images instead of writing text.

Apple's pioneering Macintosh computer launched in early 1984 with a now-iconic Super Bowl advertisement. The boxy beige Macintosh sold very well, but the demanding Jobs clashed frequently with colleagues and in 1986 he was ousted from Apple after a power struggle.

But Jobs had more success when he acquired Pixar Animation Studios from George Lucas before the company made it big with "Toy Story." In 1996, Apple then acquired NeXT, returning Jobs to the then-struggling company he had co-founded.

Within just a year, he was running Apple again-- older and surely wiser but no less of a perfectionist. And in 2001, he took the stage to introduce the original iPod, the little white device that transformed portable music and kick-started Apple to a whole new level its original founders never dreamed of.

In 2004, Jobs sadly announced to his employees and the world that he was being treated for pancreatic cancer. He then lost a lot of weight and appeared unusually gaunt at keynote speeches to Apple developers, spurring concerns about his health, while creating wild fluctuations in the company's stock price.

By the late 2000's, Apple was entrenched at the uppermost tier of American business. Apple now operates more than 300 retail stores in eleven countries. The company has sold more than 275 million iPods, 100 million iPhones and 25 million iPads worldwide. The iPhone alone was launched only in 2007 and sold over 20 million units in its first 12 months.

Jobs' climb to the top was complete in the summer of this year, when Apple listed more cash reserves than

the U.S. Treasury, a new feat that has never been accomplished so far, and even briefly surpassed Exxon Mobil as the world's most valuable company.

But Jobs' health problems often cast a shadow over his company's success. Jobs had a secret liver transplant in 2009 in Tennessee during a six-month medical leave of absence from Apple. He took another medical leave in January 2011.

Perhaps mindful of his legacy, he cooperated on his first authorized biography, scheduled to be published by Simon & Schuster in November.

Steve Jobs always spoke with eloquence and with an immense pride about what he and his engineers accomplished over the years at Apple.

Yes, Steve Jobs was a great man, a great visionary, and he will be missed.

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## Products & Services

### **T-Mobile, Walmart Partner on \$30 No-Contract Data and Texting plan**

October 3, 2011

T-Mobile USA is teaming up with retail giant Walmart to offer a \$30 no-contract, data-centric plan, the latest evolution of T-Mobile's retail strategy following RadioShack's decision to drop the nation's No. 4 carrier.

The companies said the Monthly 4G plan will offer up to 5 GB of data on T-Mobile's HSPA+ network, unlimited texting and 100 voice minutes with a charge of 10 cents per minute beyond that. The plan will be sold exclusively at more than 2,200 Walmart stores and online starting Oct. 16.

In the aftermath of RadioShack's decision to stop selling T-Mobile products and service Sept. 14 and return to selling service from Verizon Wireless, T-Mobile has undertaken a series of steps to boost its retail presence including a redesign of 400 of its own retail stores. T-Mobile also inked a deal with Family Dollar Stores for the stores to sell T-Mobile's prepaid LG GS170 phone in nearly 6,000 Family Dollar locations. The deal comes shortly after T-Mobile announced the availability of the LG device in 7-Eleven's retail stores.

Interestingly, this is not the first time T-Mobile and Walmart have linked up to sell wireless service. Walmart announced its own postpaid wireless brand last fall, called Wal-Mart Family Mobile, which runs on T-Mobile's network and cost \$45 per month for unlimited voice and texting; additional lines can be added for \$25 per month. The Walmart service also has a prepaid component, allowing users who want mobile data to pay into a prepaid account that can be pooled for an entire family. T-Mobile also provides network service for TracFone's Straight Talk service, which is sold through Walmart.

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## **Sprint to Offer the iPhone 4S with Unlimited Data Plan**

October 6, 2011

Sprint has confirmed late yesterday that its new Apple iPhone 4S will come with the option of an unlimited data plan.

Sprint representative Michelle Mermelstein said that Sprint wouldn't change its pricing however, which range between \$69 and \$99 a month for an unlimited data package.

The \$69 a month plan comes with unlimited data as well, text messages, 450 calling minutes and unlimited calling to any cell phone in the country.

Additionally, an \$89 plan comes with 900 minutes on top of the data, text and mobile-to-mobile calls, while the \$99 plan features unlimited access to all services all at once.

The company is hoping that the appeal of an unlimited plan-- something AT&T and Verizon Wireless no longer offer to new customers, will be enough to reverse its trend of contract subscriber losses, revive its revenue and help it back on to the road to profitability. It also hopes that it will reduce churn as well.

It has long used unlimited plans as an additional sales tool beyond price, running campaigns that mock its competitors' tiered plans or willingness to slow down their customers' connection speed.

Apple said yesterday that Sprint would be getting the iPhone, putting its product lineup on par with AT&T and Verizon. The company reportedly bet heavily on the iPhone, committing to \$20 billion for an order of 30 million iPhones over the next four years.

The other wireless carriers have already come out swinging too. Verizon yesterday sent an e-mail to reporters touting its network quality, which it believes set its iPhone apart from the others.

For its part, AT&T also said that its iPhone 4S would be the only one to connect to the faster HSPA network, and also touted yesterday the availability of the free iPhone 3GS, with a minimum 2-year contract.

But the presence of Sprint will only drive further iPhone sales for Apple. Sprint will sell both the new iPhone 4S and the older \$99 iPhone 4.

But make no mistake-- that the iPhone 4S cannot ride on any of the U.S. major carriers' fastest networks has to be taken into consideration before any purchase of the device.

Many were hoping the iPhone 4S to make the leap to 4G and LTE. While AT&T considers it a 4G device, at Verizon Wireless and Sprint Nextel, the iPhone 4S will appear sluggish next to the LTE connection enjoyed by the Motorola Droid Bionic or the Evo 3D's WiMax speeds. Even at AT&T, the Samsung Galaxy S II enjoys a faster connection than the iPhone 4S launched yesterday with all the usual media coverage at Apple's headquarters in Cupertino, California.

"It's not the fastest phone on AT&T," said Avi Greengart, although a bit embarrassingly. Greengart covers consumer electronic devices for Current Analysis. "And it certainly isn't the fastest phone on Verizon or Sprint either."

These days, 4G and LTE technology is more of a marketing term than a technical classification, although it's important to note that LTE technology makes a better use of wireless spectrum. While Verizon and Sprint have what some in the wireless industry consider a true next-generation mobile network, AT&T and T-Mobile USA have reclassified their 'improved' 3G networks as 4G as well-- something that not everybody agrees with, and a topic that is still very controversial in some circles.

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## **Emerging Technology**

### **Apple Launches its New iPhone, But it's Not Exactly What We Expected**

October 4, 2011

With all the usual fanfare and media coverage at Apple's new product introductions, Apple today has

unveiled its new iPhone, but it's not exactly what people had expected. Instead of launching the iPhone 5, the company instead touted the iPhone 4S.

This marks the fifth update to its iconic smartphone model, but you could tell that people were disappointed and that the company didn't display a more radically redesigned iPhone 5, which is what people really expected.

At its Cupertino, Calif., headquarters, Apple's new CEO Tim Cook took the stage to demonstrate the long-awaited device. It was the first public appearance for the new CEO since he took the company's reins from Steve Jobs on August 24.

And this announcement comes at a very critical time for Apple in the mobile segment. Google's Android operating system, which runs on over one-hundred mobile devices around the globe, has grown to more than double the iPhone's share of the smartphone market, according to Gartner.

To be sure, Apple is closing in on No. 2 Nokia, but the Finnish company is expected to make a big push back into the U.S. after it unveils its first Microsoft Windows Phone devices later in 2011. Meanwhile, Research In Motion is itself amid a new refresh of its venerable BlackBerry lineup.

Mobile app developers are still largely favoring Apple's iOS operating system, since it also runs on the iPad and iPod Touch, in addition to the iPhone.

That has given Apple the opportunity to boast that it has the most applications available for its devices.

But that could change as well, as the iPad is also soon to face pressure. Amazon last week unveiled its new Kindle Fire tablet, which will run on the Android operating system and undercut the iPad's lowest selling price by \$300.

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## **Apple Introduces Siri, Web Freaks Out a Little**

October 4, 2011

When Apple introduced Siri, the talking, voice-activated "personal assistant" that will come with its new iPhone 4S, the Web leaped to the obvious, rational conclusion: That it's a sinister, potentially alien artificial intelligence that's bound to kill us all.

"If you're wondering, 'Siri' can be pronounced two ways: 'Skynet' and 'GLaDOS,'" wrote Twitter user @AshleyEsqueda.

That's a reference to the computer system in the "Terminator" stories that gains self-awareness and unleashes killer robots on mankind and the talking, sinister artificial-intelligence system that puts players through their increasingly life-threatening paces in the "Portal" video game series.

To be sure, Siri's coming-out party Tuesday at Apple's Cupertino, California, headquarters seemed the stuff of science fiction.

When Apple Vice President Scott Forstall asked Siri where to find a Greek restaurant in Palo Alto, a monotone female voice responded that she'd found five and had listed them for him in order of their customer-review rankings.

She told Forstall when he had a text message, read it to him, took his "dictation" to respond to it and then made a lunch date for him. "Do I have any meetings Friday at noon?" Forstall asked. "You don't have anything on your calendar," Siri replied.

She even knew where he was. Forstall said he could ask her to remind him to call his wife when he left work. Using global positioning, he said, Siri would see when he left Apple's campus and speak up.

But, for anyone who's ever pondered the inevitable rise of our digital overlords, here's the real kicker. Forstall asks this simple, if existential, question: "Who are you?" Siri's answer? "I am a humble personal assistant."

Uh huh. That's what they all say.

Of course, some folks go for a more classic approach to menacing, monotone. Enter HAL 9000, the digital antagonist in Stanley Kubrick's "2001: A Space Odyssey." This being 2011 and all, HAL has his own Twitter feed and, of course, was quick to chime in.

"I think I went to school with Siri," @HAL9000 posted. "Cute female computer but she talked too much."

By the way, we've used "she" here to refer to Siri. Apple's literature uses the gender-neutral "it." We're basing our determination on the female voice, as well as the fact that "Siri" is a female name that appears in several languages.

Plus ... do we really want to make her mad?

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## Mergers & Acquisitions

### **Yahoo and ABC Partner for News 'Alliance'**

October 3, 2011

The "alliance," announced Monday on "Good Morning America" and at a press conference in New York City, is expected to reach 100 million people per month. Both GMA anchors and executives at the events called the deal "game-changing" several times.

Much of the partnership revolves around original video, which has gained popularity in the online news space. The new video series "Newsmakers" will air its first online episode at 2:35 p.m., with ABC correspondent George Stephanopoulos interviewing President Obama. The live video will stream on Yahoo.com and ABCNews.com.

Other online series launching Monday are "Around the World with Christiane Amanpour," global reporter and "This Week" and "This Could Be Big" anchored by Bill Weir. More will roll out in 2012.

Beyond video, the deal also changes how each brand gathers some of its news. Walt Disney (DIS, Fortune 500)-owned ABC News will now be the main news provider on Yahoo News, which is the No. 1 online news site. Conversely, Yahoo editorial staff and content will appear on-air on ABC.

Editorial teams for both companies will work together on big projects and major news events.

Bureaus in New York, D.C. and Los Angeles will include staff from both ABC and Yahoo. Still, the companies said each brand will "maintain editorial control" of their respective sites.

Several ABC News anchors attended the small press conference, and a few talked about the advantages of partnering with Yahoo.

Katie Couric discussed the limitations of short-span TV interviews. "This platform provides us with an incredible opportunity to dig a little deeper. We have the luxury of [more] time online."

The ad sales teams will also join forces to sell online video advertising. ABC will lead sales efforts during the busy "upfront" selling season and Yahoo will manage sales the rest of the year.

At the press conference in Manhattan, Yahoo executive vice president Ross Levinsohn said the partnership "came together very quickly."

"We're really focused on premium content," Levinsohn said. "We believe that the value created around original content can't be replicated."

Last month, all 10 of the top 10 most-watched original online video series were Yahoo's.

A journalist asked Levinsohn whether more Yahoo alliances are to come. He ducked the question, saying, "We're running our business. We keep our heads down [and work], and the rest works itself out."

[money.cnn.com](http://money.cnn.com)

### **Rhapsody Acquires Napster from Best Buy**

October 4, 2011

On-demand music service Rhapsody has reached an agreement to acquire digital music platform Napster from Best Buy. Rhapsody will land Napster's subscribers and certain other assets, and Best Buy will receive a minority stake in Rhapsody. Financial details were not disclosed.

Best Buy acquired Napster in Sept. 2008 for \$121 million. Launched in 1999 as a free file-sharing service that became synonymous with the advent of the digital music era and the demise of the traditional recording industry business model, Napster quickly fell prey to legal challenges, and in late 2001 transitioned to a premium subscription approach to pay off past copyright violations and future licensing royalties.

Napster has nevertheless struggled to compete with streaming services like Spotify and Pandora--Gartner analyst Michael McGuire estimates that the service touts 200,000 to 300,000 subscribers, down from about 700,000 when Best Buy acquired the platform three years ago.

Rhapsody said it will combine its subscriber base with Napster's, adding the acquisition will also enhance its product line. Rhapsody now offers users more than 12 million songs, accessible via the desktop, home audio systems and mobile apps optimized for Apple's (NASDAQ:AAPL) iOS, Google's (NASDAQ:GOOG) Android and Research in Motion's (NASDAQ:RIMM) BlackBerry platforms. In August, Rhapsody teamed with MetroPCS (NYSE:PCS) to introduce Music for All, an unlimited, ad-free service optimized for Android handsets and bundled into the prepaid operator's \$60 monthly rate plan.

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## Industry Reports

### **Apple's iOS Driving 55% of Worldwide Mobile Web Traffic**

October 3, 2011

Apple's (NASDAQ:AAPL) iOS operating system now accounts for 54.65 percent of worldwide mobile web traffic, more than three times Google's (NASDAQ:GOOG) rival Android, according to new data published by web analytics firm Net Applications. In fact, at 16.26 percent global market share across mobile phones and tablets, Android web traffic even trails Java ME (18.52 percent). Symbian follows at 6.12 percent, trailed by Research In Motion's (NASDAQ:RIMM) BlackBerry at 3.29 percent.

The iOS platform's dominance over the mobile web landscape is somewhat surprising given that Android controls 48 percent of the worldwide smartphone market according to recent Canalys data, far ahead of iOS at 19 percent. But Apple's iPad continues to own the worldwide tablet market, increasing to 68.3 percent global market share during the second quarter, up from 65.7 percent a quarter ago. At the same time, Android's tablet market share slipped from 34.0 percent in the first quarter to 26.8 percent, due both to Apple's dominance and the introduction of RIM's BlackBerry PlayBook, which captured 4.9 percent market share.

By 2015, more U.S. Internet users will access the web via mobile devices than PCs or other wireline channels according to a forecast issued last month by research firm IDC. The number of mobile web users is expected to grow at a compound annual growth rate of 16.6 percent between 2010 and 2015, bolstered by increasing smartphone penetration and sales of tablets like the iPad--IDC adds that PC-based web access across the U.S. will first stagnate then slowly decline, with Western Europe and Japan following the same trend.

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### **FCC Wants all Cellphones to be GPS-Capable by 2018 for Improved 911 Service**

October 5, 2011

There's still no real indication of when you'll be able to send text messages, photos and videos to 911, but the FCC has now set a date for another promised enhancement to the service.

The agency is aiming to increase the service's location accuracy requirements, and to that end it

wants all cellphones and VoIP devices to be GPS-capable by 2018 (A-GPS, specifically).

As the FCC notes, it expects 85 percent of all cellphones to have built-in GPS by that point anyway, which it says should "contribute to minimizing subsequent costs" required to meet the cut-off -- it's not, however, adopting a specific sunset date just yet. As you might expect, however, there's not exactly unanimous support for the move in the industry, and the FCC itself notes in its recently-published document that AT&T, Sprint, T-Mobile, Motorola and the CTIA all insist that "a unitary standard is not technically or economically feasible at this time."

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