

This Week's Stories

Doh! The Top 10 Tech 'Fails' of 2011

December 29, 2011

Can't win 'em all, can you?

The highs were pretty high in the tech world in 2011, as new gadgets, updates and advances delighted the masses. I mean, Facebook made a change that most people (so far) seemed to actually like. What are the odds?

But the lows were lower. For every moment of digital bliss, it seemed, there was a clunker of equal or greater magnitude.

So, who are we to not rub salt in the wounds of those who got it oh-so-wrong this year?

In fairness, some of these "Doh!" moments came from folks who had otherwise good years. And nobody, not even perennial tech darling Apple, is perfect. (One hard-working journalist even had to write this very story twice after he accidentally deleted it and was forced to start over. Sweet, sweet irony.)

Sure, tech successes are nice. But these social-media miscues, foot-in-mouth e-moves and other digital duds gave us more to talk about in 2011.

Here are our 2011 "Tech Fails of the Year." Feel free to jump in the comments and let us know what we missed.

Weiner on Twitter

In a crowded and competitive field, former U.S. Rep. Anthony Weiner grabs our "What Were You Thinking?" award for this one.

The congressman (we're staying away from name jokes because ... well ... too easy) was being talked up as possibly the next mayor of New York City when his Twitter account was apparently hacked by someone who sent lewd photos to some of his female followers. That's the story Weiner gave, anyway. Except, as it turned out, that someone was him. Many of us gave Weiner the benefit of the doubt in the scandal's opening hours. I mean, what public official would be dumb enough to get raunchy on a platform like Twitter, where anyone who wants to can follow your every tweet?

Turns out ...

He wasn't alone. Comedian Gilbert Gottfried tweeted jokes about the Japan tsunami and earthquake that killed more than 15,000 people. Actor and Twitter pioneer Ashton Kutcher posted a hasty tweet defending Penn State coach Joe Paterno -- before, he says, learning the full extent of the school's child-sex scandal. The resulting backlash even led him to quit Twitter, at least temporarily.

But for so badly misunderstanding the public nature of Twitter, for the whirlwind of lies that followed before he fessed up and resigned and ... yes ... for thinking women like it when you send them closeup pictures of

your crotch on the Internet, Weiner earns this bulging "Fail."

Go Daddy's SOPA misstep

When the vast majority of the Web's most active players are against something, and when your livelihood depends on the Web's most active players, it's probably best to either go along or keep quiet about it, right?

Not so for Go Daddy, the Web registrar and hosting company known for its titillating TV ads. In December, the company made the ill-fated decision to come out in support of the Stop Online Piracy Act (SOPA). Google, Yahoo and Facebook are just some of the Internet heavyweights that have lined up to stop the proposed federal law, which would penalize websites that host pirated content. The bill has come under fire from Web-freedom advocates, who say it could dampen online expression.

Go Daddy, which had submitted testimony to Congress in support of the bill, issued a public statement supporting it -- even doubling down with a stronger statement when the Web backlash began. Fast forward 24 hours and the company -- which had already earned ire in some quarters for its racy (some might say sexist) TV commercials and its founder's penchant for elephant hunting -- changed its mind amid a rash of defections.

Tens of thousands of domains, including more than 50 owned by Wikipedia's Jimmy Wales, were moved from Go Daddy, and that's before a Reddit-organized boycott planned for Friday. Oops.

'Duke Nukem Forever'

When video gamers wait 14 years for a follow-up to one of their favorite titles, they sort of expect it not to suck. In the minds of many, "Duke Nukem Forever" failed that important test.

Longtime gamers waited 14 years for "Duke Nukem Forever." Many would have been happy to wait longer.

First announced in 1997, "Forever" was to be a follow-up to a game that got lots of love for good-heartedly pushing the boundaries of sex, violence and naughty language in the emerging field of shooter games. It was delayed. And delayed. And delayed. What finally emerged in June hit with a thud.

"At best, it can look a few years out of date; at worst, it is a blurry, stuttering mess," wrote CNN's Ravi Hiranand, in what actually was one of the kinder reviews of the game "Playing the game feels like being thrown back into the mid-'90s, and not in a happy, nostalgic sense."

In a post-"Grand Theft Auto" world, maybe waiting "forever" would have been a better idea after all.

The other tablets

As 2011 dawned, it appeared that Apple had created a thriving new space in personal computing with its iPad.

Beginning in January at the Consumer Electronics Show, a host of competing companies stepped forward with their rival tablets. The Motorola Xoom. BlackBerry's PlayBook. Samsung Galaxy Tab. The HP TouchPad.

One problem: Nobody bought them.

Most of the new tablets, many running Google's Android operating system, came in at roughly \$500 -- about the same price as Apple's new iPad 2. And the public showed that at that price, they were happy going with the industry leader.

Some tablets got pulled. Others never made it off the production line. HP had some luck selling TouchPads -- after throwing up its hands and slashing prices to fire-sale levels.

One exception. Amazon may have cracked the code late in the year with its Kindle Fire, a smaller, simpler tablet that, at \$199, is \$300 cheaper than the least-expensive iPad 2.

Game off at PlayStation Network

When roughly 70 million users lose access to your gaming and entertainment network, it's a "fail."

In April, a hacker accessed account information for users of Sony's PlayStation Network, ultimately knocking the network offline in late April. It wasn't completely restored until early June and some gamers lacked access for weeks.

While getting hacked was bad, some users were even madder after Sony took a week from the time of the attack to let them know what happened.

Another, much smaller, attack happened in October. In the end, it looks like most of the network's fans stuck around -- a fact no doubt aided by multiple blockbuster game releases this year.

iPhones and bars don't mix

Seriously, Apple employees?

No ... seriously?

In 2010, the tech world was aflutter after an Apple employee, reportedly celebrating his birthday, lost a prototype of the unreleased iPhone 4 in a California beer hall.

Tech blog Gizmodo bought the phone, showcased it on their site, and touched off a firestorm that included everything from police raids to legal threats.

Well, at least we know that after all of that, it could never possibly happen again.

No ... wait. It happened again.

Tech blog CNET reported that an Apple left a prototype of the iPhone 4S in a Mexican bar and restaurant in San Francisco.

As our John Sutter wrote: "Here's a theory: Maybe there's some sort of connection between drinking and losing things?"

Netflix-Qwikster

Netflix, the Web's most popular movie-rental service, first rattled some customers by raising prices in July.

Then, in September, the company announced it was, basically, splitting itself in half. Web-streaming video

would still come from Netflix. DVD-by-mail rentals would come from a separate company.

Called ... "Qwikster."

Where to start here? Customers who wanted both services complained about having to set up and maintain two different accounts on two different websites. Then there was the new name, which felt dated (Napster and Friendster, anyone?) and like it was spat out by some zany-misspelled-startup name generator.

Oh yeah ... and there was the fact that the "Qwikster" Twitter handle was already owned by a guy whose avatar was a weed-smoking Elmo muppet.

Chris Taylor, of Mashable, questioned whether Qwikster was "the worst product launch since New Coke."

It didn't even last as long as that syrupy mistake. About three weeks later, Netflix announced that Qwikster was dead.

PayPal plays Scrooge

Shutting down a fund to give presents to children in need at Christmas? Sounds like something one-percent Mr. Potter from "It's a Wonderful Life" would endorse.

But that's essentially what Web-payment titan PayPal was doing before getting popped in the nose by the Internet.

PayPal temporarily shut down Regretsy's Christmas drive for kids in need.

Snarky blog Regretsy, when not mocking regrettable craft projects, has long maintained various charity funds. With the holidays approaching, actress and blog runner April Winchell (who writes on the site as "Helen Killer") announced a fund drive to buy toys for 200 children submitted by community members.

It was hugely successful, meeting its fundraising goal in the first 24 hours. Then PayPal, which was processing the donations, stepped in and froze the fund because it said Winchell used a "Donate" button that's supposed to be for nonprofits only.

The Web wasn't pleased.

Winchell used her popular blog to blast PayPal in less-than-friendly terms. Twitter users and other sites amplified the outrage.

A day later, PayPal said it "recognized our error" and even offered to donate to the fund.

God bless us ... every one.

iPhone 4S battery life

OK ... this one never reached the fever pitch that the iPhone 4's antenna problems did last year.

And maybe it's a sign that, when millions of people buy your product in the first few hours it exists, there are bound to be problems.

Despite not being the mythical iPhone 5, the 4S flew out of Apple stores when it was released October 14. But within hours, users started flocking to Apple's support forum to complain their batteries were running out of juice faster than Herman Cain's presidential campaign.

Apple publicly ignored the complaints for a little over two weeks. Then the company issued a statement saying that "a small number of customers" had complained about the battery and that an update to the phone's operating system was on the way. As with the iPhone 4 "death grip," we'll call this a modest "fail" wrapped inside an epic win. The battery gripes didn't stop Apple from selling an iLoad of the new phones.

Bad year for BlackBerry

BlackBerry customers complained of mail delays and connectivity outages on their devices in October. Alas, poor BlackBerry.

Research in Motion's crack-like gadget was once synonymous with "smartphone," effectively ushering in the era of messaging, e-mail-checking and other Phone 2.0 behavior.

But, 2011 wasn't kind.

It's bad enough that the iPhone and the rise of the Androids continue to muscle BlackBerrys out of the limelight. Then the BlackBerry PlayBook, RIM's effort in the burgeoning tablet space, arrived with a thud in April.

The capper, however, was an October outage at a data center that caused users to lose messaging ability in parts of Europe, the Middle East, India, Africa, Latin America and North America. (To their credit, RIM ultimately gave away a pile of free apps to the folks affected).

The outage lasted for several days and was the final straw for some users, who abandoned ship for other phones.

www.cnn.com

Products & Services

Fee Alert: Verizon Tacks On \$2 For Phone and Online Bill Pay

December 29, 2011

Looks like Bank of America isn't alone in wanting to charging customers new fees.

Come January 15 Verizon Wireless will charge you \$2 when you pay your bill online or by phone. Ironically, they are calling it a convenience fee but there's nothing convenient about having to pay a fee for paying your bill.

In a statement Verizon explains that "the fee will help allow us to continue to support these single bill payment options in these channels and is designed to address costs incurred by us for only those customers who choose to make single bill payments in alternate payment channels (online, mobile, telephone)."

When BofA tried to pull a similar move this year with its \$5 monthly debit card fee it backtracked after customers reacted pretty negatively and threatened to pull out their money. It will be interesting to see if Verizon customers react the same way.

In its statement Verizon points out that there are plenty of ways to avoid the fee like visiting one of its store, AutoPay or sending a check in the mail. Here's the list of exceptions from Verizon:

1. Electronic check online (My Verizon Online, My Verizon Mobile/Handset). Fee waived.
2. Electronic check via telephone. Fee waived.
3. Enrollment in AutoPay using credit/debit/ATM card or electronic check; fee does not apply
4. Online from the customer's home-banking service provider website; fee does not apply.
5. Credit/debit/ATM card, electronic check or cash at a Bill Payment Kiosk, Panel or with a representative at a Verizon Wireless Communications Store; fee does not apply.
6. Use of a Verizon Wireless Gift Card or Verizon Wireless device Rebate Card to pay a bill in-store, online or by telephone; fee does not apply
7. Paper check or money order mailed to the VZW remit address on customer's bill; fee does not apply.

Carriers prefer their customers to use the steady, reliable AutoPay feature. The AP points out that carriers like AT&T and Sprint Nextel have programs to lure customers into AutoPay. From the AP: "AT&T (T) offers a \$10 gift card for those who set up AutoPay. Sprint Nextel (S) charges subscribers who have caps on the fees they can rack up each month. Those people are charged \$5 monthly unless they set up autopay."

www.forbes.com

With Month's 3rd Outage, Is Verizon Still 'Most Reliable?'

December 29, 2011

Verizon Wireless' 4G network suffered its third nationwide outage in as many weeks on Wednesday, calling into question whether Verizon can continue to live up to its branding as "America's most reliable network."

Irate customers without service took to forums once again, poking fun at Verizon's "Can you hear me now?" commercials and "It's the network" motto. Many complained that Verizon lacked transparency

about what was going wrong and when the issue would be resolved.

The company said in a terse statement that the issue was resolved overnight, and 3G data, calling and texting were uninterrupted during the 4G network's outage. Verizon's 4G phones can connect to the 3G network when 4G is unavailable.

Verizon (VZ, Fortune 500) has built its brand on network reliability, and the company said its 4G-LTE network that launched late last year was built with "the same performance and reliability for which Verizon has long been recognized." The company said that its network was the most reliable because of "rigid engineering standards and a disciplined deployment approach year after year."

But Verizon's 4G network has been anything but reliable. It has suffered four nationwide outages this year -- one in April, and now three in consecutive weeks.

Meanwhile, the company has remained tight-lipped about the issue, saying it's "investigating customer complaints" when it goes down and declining to comment on what might be causing its network to fail. Though that's par for the course for wireless networks, it's also little source of comfort for customers.

Making matters worse for Verizon and its customers is that wireless infrastructure experts expect this isn't the last time the 4G network will go down. Since Verizon was the first company in the world to deploy a 4G-LTE network at any great scale, it is dealing with the usual early-adopter growing pains.

4G is a myth (and a confusing mess)

LTE is a much more intricate technology than its predecessors. Unlike previous systems that use switches to control traffic, 4G uses "cores," which act like large, centralized command-and-control centers. Switches covered city blocks, but 4G cores are now serving multiple states. If one goes out, entire regions could lose service.

Next-generation networks are based end-to-end on Internet Protocol, which routes packets of information over the Internet rather through circuits. That makes 4G about 10 times faster and gives it significantly more capacity for data traffic than 3G, but it also brings a new host of issues to the table.

Unlike older, circuit-based networks, which were inherently resilient, IP-based networks need to be engineered to be reliable. That's tricky to accomplish

with a brand new technology at a scale that's never been tried before.

Despite the frequent service interruptions and lack of transparency, some marketing experts believe that customers will give Verizon a pass -- not because they're pleased with their service, but because other options aren't necessarily any better -- or available.

Verizon's 4G-LTE network covers 200 million Americans. AT&T's (T, Fortune 500) 4G-LTE network is in its infancy, covering just 70 million Americans. Sprint (S, Fortune 500) has a 4G network on a different network standard that covers about 120 million, and T-Mobile's "4G" network is really a 3G network.

Customer satisfaction for all carriers fell this year, according to a survey conducted by Consumer Reports. And switching carriers can be a major hassle, particularly mid-contract, when customers are subject to sizable break-up fees.

"Verizon's 'It's the network' motto isn't something that's really resonant with users, because there's a general resentment of wireless carriers," said Tom Dougherty, CEO of marketing firm Stealing Share. "Telephone companies have us locked in with lead handcuffs. We can't get out of the contracts we sign anyway, so Verizon's risk is really minimal here."

There also simply aren't that many 4G customers for Verizon to lose. Verizon doesn't break out how many of its customers are using its 4G network, but Verizon has 91 million total retail customers, and the company has sold just 3.1 million 4G devices through September.

money.cnn.com

Emerging Technology

Visa Launches its iCart NFC Contact-Less Payment System

December 26, 2011

In its role as official NFC (near-field communications) payment sponsor for the 2012 Summer Olympics in London, Visa has been promising the first contactless games. The concept is that neither athletes nor spectators will need to use cash anywhere on the Olympic site. Many credit card companies are betting that the London 2012 Olympics will give NFC technology a needed boost to promote the system, and rightly so. However, rather than wait around for other companies to bring NFC to the masses, Visa

has decided to enter the mobile accessories market itself.

To achieve that, Visa is releasing its new iCart mobile app to European customers earlier this year. "We have the iCart. It's just a small casing just a couple of millimeters thicker at the bottom of an iPhone or a BlackBerry where the payment application sits," said Sandra Alzetta, head of Visa's mobile payment unit.

"And we're looking at putting the NFC payment application on the microSD chip and that will all be ready in time for the summer Olympics," she added.

Companies note that the beauty of the microSD system - a small memory card commonly found in digital cameras - is that the card can be inserted into most currently-available mobile handsets, independent of mobile phone network operator. That could prove to be a great business advantage, according to Guillermo Escofet, a wireless industry analyst with Informa, a market research firm.

"The reason why companies like Visa and MasterCard are pursuing this-- one is simply because it gets over the problem of a lack of handset choice. The other reason is that you don't have other players trying to crowd into the value chain, and everything is nicely controlled by Visa and the banks."

But, of course, not all phones have SD card slots - most notably, the iPhone - hence the new add-on case. Meanwhile, the new giants of the mobile phone market are also moving to secure their own slice of the NFC pie, including Google, which launched its NFC payments service in the United States, with a U.K. debut slated for early in 2012.

Intriguingly, Apple just published a patent in the U.S. for their own NFC system, which could bring the whole payments process and even mobile network selection under the control of the iPhone user.

There are also a number of plug-in devices - like the iZettle from Sweden, or the American company, Square - that convert a phone into a credit or debit card reader. The stakes are high in a market potentially worth many billions. But the winner isn't necessarily going to be the company with the best phone or payment system, however.

But in the end, NFC may not only transform the mobile market, but banking as well, and credit card companies such as Visa and MasterCard already know that all too well.

"It simply comes down to who do you trust with your money?" said David Snow, an NFC expert at Juniper research. "An older generation would say 'the bank

looks after my money carefully,' but a younger generation might say 'I have more affinity with Google or Facebook than I have with my bank.'"

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Mergers & Acquisitions

FCC Clears AT&T's \$1.9B Flo TV Deal

December 26, 2011

The FCC cleared AT&T's \$1.9 billion purchase of Qualcomm's Flo TV spectrum on Friday, allowing the operator to move forward with plans to use the bandwidth to add extra downlink capacity to its LTE network.

AT&T and Qualcomm expect to close the deal, first announced more than a year ago, "in the coming days."

Qualcomm is making chips that will support the technology AT&T is using to integrate the Flo TV spectrum with its LTE network.

The Flo TV spectrum sold to AT&T is comprised of 700 MHz D block and E block spectrum covering more than 300 million people in several top markets, including 12 MHz in New York, Boston, Philadelphia, Los Angeles and San Francisco. Qualcomm scuttled its Flo TV mobile television service last spring, and the airwaves have since been sitting vacant.

Approval of the transaction had been held up by competitive concerns related to AT&T's failed attempt to purchase T-Mobile, namely a concentration in AT&T's spectrum assets.

The FCC said in its order that the Flo TV deal "raises some competitive concerns based on AT&T's post-transaction spectrum holdings."

To address its concerns about competition, the agency is requiring that AT&T comply with certain conditions, but did not make the operator divest any of the spectrum. The FCC also did not impose interoperability requirements that had been requested by several of AT&T's smaller competitors.

The FCC is requiring AT&T to continue to comply with its existing regulations on data roaming. Under the terms of the deal, AT&T is barred from configuring its network to block data roaming from operators who already roam on the lower 700 MHz band and AWS, Cellular and PCS bands.

The FCC also took steps to prevent AT&T's use of the Flo TV spectrum from interfering with operators running networks in adjacent bandwidth. AT&T cannot use the Flo TV spectrum from uplink transmissions, and must stick to the same power limits and antenna height restrictions that apply to the lower 700 MHz A block and B block licensees.

FCC Commissioner Michael Copps, who is set to retire on Jan. 1, voted against the deal's approval.

"Even assuming that what we've been told about the Qualcomm spectrum is correct - that its unpaired spectrum might go unused but for this transaction - there is no dispute that it will concentrate even more highly-valuable 700MHz spectrum in the hands of one of the two dominant wireless carriers," he said in a written dissent.

Regional wireless operators had lobbied the FCC to mandate that AT&T make devices running on its Band Class 17 LTE network interoperable with all paired spectrum on that part of the band. The interoperability requirement would have forced AT&T to migrate from Band Class 17 devices, which can only access B block and C block spectrum in the 700 MHz band, to Band Class 12 devices, which can also access A block licenses.

Many regional operators hold 700 MHz A block spectrum and have been shut out of LTE roaming with Verizon Wireless and AT&T because of a lack of interoperability between the different classes in the 700 MHz band. Roaming deals are critical to smaller providers who lack the spectrum and financial resources to build out a nationwide network.

Even though the FCC declined to impose an interoperability mandate as part of its approval for the Flo TV deal, it did give regional operators some reason to hope. The agency said in its order that it planned to begin a rulemaking proceeding during the first three months of 2012 that would "consider the numerous technical issues raised by the lack of interoperability."

"The lack of interoperability in the 700 MHz band raises important public interest concerns," the FCC said. "We do not believe, however, that it is appropriate to address as part of this transaction the various interoperability obligations requested by several parties as possible conditions."

Carri Bennet, general counsel of the Rural Telecommunications Group, said the FCC's promise to begin a rulemaking proceeding on the interoperability issue was "most encouraging."

"Without such interoperability, the data roaming rules lose their meaning on technical incompatibility grounds," Bennet said in a statement.

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Industry Reports

Mobile Phone Users Don't Know What's Going On in Their Devices

December 28, 2011

After the news of Carrier IQ's numerous security and privacy issues that were recently discovered, it's now getting clearer than ever that most mobile phone users don't have a clue of what's going on inside their smartphones. Some anti-virus firms have already begun releasing Carrier IQ's detection apps for the Android operating system, but only after the controversial software became a talking point on Capitol Hill.

Additionally, more than a month after a security researcher first discovered it while working on a HTC EVO smartphone, it now looks like this issue won't go away anytime soon.

For its part, BitDefender has released Carrier IQ Finder, an app that identifies the presence of the controversial mobile diagnostic tool, following Lookout's earlier release of a similar tool called Carrier IQ Detector.

And it gets worse. Users don't have any control over the situation and are totally at the mercy of Carrier IQ.

Carrier IQ's sudden jump into the national spotlight ignited widespread confusion and anger. On Dec. 2nd, the U.S. Senate and former late-night funnyman Al Franken has called on Carrier IQ to explain why its diagnostic software, buried in the bowels of 141 million smartphones, isn't a massive violation of U.S. wiretap laws.

An Android mobile application developer has wrote about what he thinks could be a conclusive proof that millions of smartphones all over the globe are secretly monitoring key presses, geographic locations, and received messages of its users. If true, this is a serious security risk, and one that needs to be rapidly addressed and corrected by all phone makers.

The whole thing started on November 30 after Android developer Trevor Eckhart released a 17-minute YouTube video indicating that the little-known application was sending everything you do on your

phone back to your carrier, including what websites you visited, what your texts say and what keys you press at any time.

Making matters worse, Carrier IQ and the various wireless operators that are involved actually increased the anxiety level by staying very quiet about the whole issue. They refuted the charges that they logged or tracked keystrokes, but couldn't immediately explain everything the software -- intended to help carriers troubleshoot network problems-- was actually doing.

"We're as surprised as anybody to see all that information flowing," said Andrew Coward, Carrier IQ's director of marketing, soon after Eckhart posted his YouTube video. Three weeks later, Carrier IQ and its customers have finally finished dissecting their products. We now mostly know how Carrier IQ works, how it got there, and what its purpose is. Well kinda, sorta that is.

It turns out that those initial statements were mostly right (!) Carrier IQ sends innocuous data from your phone back to your wireless carrier like when and where you sent a text message, when and where a call is dropped, and what apps are draining your battery. That information helps carriers find problems. But 'what' problems, exactly?

Here's what it doesn't do: It doesn't send your keystrokes, the content of your text messages or what websites you visit to your carrier. Huh?

The log exposed on Eckhart's video, captured on an HTC EVO 3D from Sprint, turned out to be a specific, one-off issue.

Carrier IQ and a security consultant, Dan Rosenberg of Virtual Security Research, determined that HTC had turned on a debug logger that should have been left off by default. As a result, the Carrier IQ app was temporarily storing everything a user did on the phone. The software maker said it is working with HTC to fix the issue.

At any rate, Carrier IQ is installed on an estimated 155 million or more mobile devices, but the specific problem Eckhart uncovered appears to be limited to a small handful of devices, although he still can't be 100 percent sure of that for now.

So was all the mayhem over nothing? Not really. "I want to make it clear that just because I do not see any evidence of evil intentions does not mean that what's happening here is necessarily right," said Rosenberg.

"Consumers still need to be able to opt out of any sort of data collection," he said. "There needs to be more transparency here. Right now, there's almost none."

One option would be to require government or third-party oversight. Even Carrier IQ suggested that some regulation would be necessary and the company hinted that it is all for it.

Each wireless carrier it works with chooses to gather different information from their customers' phones, and the scope varies a lot, further compounding the problem. But cell phone owners have been largely left in the dark about what carriers are collecting, and that's another issue as well.

"The way I see it, Carrier IQ raises a lot of questions for the whole wireless industry and not only just for itself," said Andrew Coward, Carrier IQ's director of marketing. "It puts in doubt the trusted relationship between a consumer and his wireless carrier, among other things."

And this is a story that is becoming all too familiar as well, and has been brewing for a while. Mobile handset makers and wireless carriers keep tripping over security holes and privacy bugs that leave customers' movements and communications more exposed than anyone had ever realized just a year or two ago.

In April 2010, data researchers discovered that the iPhone appeared to be recording users' every move and sending the information back to Apple. iPhone users became furious. The question is: was Carrier IQ involved as well at that time?

Nobody seems to know for sure, and at that time, Apple didn't comment for about a week, but finally posted an explanation on the company's website. The iPhone was not technically recording users' locations. Rather, it was logging nearby Wi-Fi network locations to assist with GPS tracking. Really? Wow!

Still, the company admitted that it catalogued and stored a lot more data than it ever intended. Apple eventually fixed the problem with a software update in iOS.

On any given day, Smartphones hold a boat load of information about their owners, and they're constantly transmitting some of that data to and from the handset's manufacturer, the wireless carrier and the companies that design the phones' software.

Conclusion-- unless those so-called data transfers become more transparent to all mobile phone users, these blow-ups will likely keep happening, and we will hear and read a lot more about them. As always,

Wireless Industry News will keep you posted on this and other news that affect you.

www.wirelessindustrynews.org

2012 Tablet Spending Spree by SMBs Predicted

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Tablets are high on the 2012 shopping lists of small- to mid-sized business hardware buyers at companies based in the United States, according to NPD Group's latest SMB survey. And Apple's iPad remains the top preferred brand among purchasing decision makers at U.S. companies with fewer than 1,000 employees, which collectively employ 121 million people.

NPD reports that 73 percent of the nation's SMBs overall intend to spend more on tablets in 2012 -- up from 68 percent of the respondents to a similar NDP survey conducted in this year's second quarter. Moreover, 90 percent expect to spend the same amount or more on tablets over the next 12 months.

Though many industry observers have predicted that the rising sales of tablets would lead to PC cannibalization, NPD's latest survey demonstrates that less than 20 percent of SMBs overall expect to cut their PC purchases during the year ahead.

"Spending continues on PCs, and on tablets, and few companies -- even the smallest ones -- are significantly reallocating their spending away from the personal computing needs of their employees," said NPD Vice President Stephen Baker.

"As we head into 2012, the SMB market continues to provide an important source of volume and dollars to the PC market," Baker wrote in a Thursday blog post.

SMB PC Spending Intentions

According to Baker, the heightened interest that SMBs have expressed about acquiring tablets for their employees next year by no means equates to the death of the PC market.

"The combination, however, of the length of time since the Windows 7 launch, the need to spend on higher cost infrastructure, and the increased spending on tablets has clearly put a crimp on PC spending intentions -- especially among the largest firms," Baker explained.

NPD's SMB Technology Monitor reports that 36 percent of the businesses surveyed with fewer than 50 employees said they expect to increase their

spending on PCs during the year ahead. Moreover, Baker observed that their average spend of \$3,400 would equate to upgrading 10 percent to 15 percent of each firm's PC base.

Only 23 percent of SMBs with 501-999 employees expect to spend more on PCs in 2012, with the average spend approaching \$75,000. According to Baker, this would likewise equate to replacing around 10 percent to 15 percent of the installed base at these larger firms.

By contrast, 89 percent of U.S. SMBs with 501 to 999 workers plan to make new tablet purchases next year. What's more, a significant majority of companies with 201 to 500 employees (81 percent) and 50 to 200 workers (70 percent) intend to follow suit. And at the smallest companies with less than 50 workers, 54 percent plan on making new tablet purchases and with 88 percent expecting to either increase or maintain 2011 spending levels.

"Businesses of all sizes appear to be determined to capitalize on the tablet phenomenon," Baker said. "NPD's research shows that iPad purchase preference is higher among larger firms than smaller ones, which is an important indicator that Apple is gaining traction far outside its typical consumer space."

NPD's new survey did not attempt to gauge the impact that Microsoft's forthcoming Windows 8 operating system for PCs and tablets might have on the 2012 purchasing decisions of SMBs. "We ask about what people intend to do now and what their plans are based on what they know today," Baker said in a Thursday e-mail.

In other words, NPD did not ask respondents "to speculate on what they might do under a different set of circumstances in the future" nor query "about any potential impact of Windows 8," Baker added.

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120 Madison St. 15th Floor
Syracuse, New York 13202
(315) 470-1350
1-888-8KSRINC