

## **This Week's Stories**

### **T-Mobile Merger Will Fix Bad Service, AT&T Says**

April 22, 2011

As regulators scrutinize the impact of AT&T becoming the nation's biggest wireless provider, the carrier is telling regulators the \$39 billion deal won't hurt competition. It also says its purchase of T-Mobile will lead to better service and wider adoption of high-speed broadband Internet access -- a priority for the Federal Communications Commission.

The "transaction will give the combined company the scale, resources and spectrum that will enable it to deploy LTE to more than 97 percent of Americans -- approximately 55 million more Americans than under AT&T's current plans," AT&T wrote in its official FCC proposal. "That deployment will help fulfill this administration's pledge to connect every part of America to the digital age, and it will create new jobs and economic growth in the small towns and rural communities that need them most."

But in an interesting turn, AT&T also made a case for how the deal will benefit its current customers, citing its own reputation for dropped calls.

"AT&T faces network spectrum and capacity constraints more severe than those of any other wireless provider, and this merger provides by far the surest, fastest and most efficient solution to that challenge," the carrier said. "The network synergies of this transaction will free up new capacity -- the functional equivalent of new spectrum -- in the many urban, suburban and rural wireless markets where escalating broadband usage is fast consuming existing capacity."

"This transaction will thus benefit consumers by reducing the number of dropped and blocked calls, increasing data speeds, and dramatically expanding deployment of next-generation mobile technology."

The deal is strongly opposed by the nonprofit Consumers Union, which publishes Consumer Reports. The group warns that the merger would put 80 percent of the U.S. wireless market under just two companies, AT&T and Verizon Wireless.

[www.mobile-tech-today.com](http://www.mobile-tech-today.com)

### **Walmart's Hefty Investment in Mobile Lends Legitimacy to the Space**

April 25, 2011

With the news that Walmart will acquire mobile and social commerce firm Kosmix, the big-box retailer became the latest of several large brands last week demonstrating a healthy commitment to the mobile space by investing heavily in related acquisitions or new business.

EBay's decision to acquire Where, Groupon's deal for Whrri and Visa's launch of a mobile deals business -- as well as the Walmart news -- all point to the growing recognition by big brands that mobile is a force to be reckoned with.

"These deals show that a company like eBay or Groupon is looking forward and saying, 'How can we be a player in the emerging mobile commerce and mobile marketing ecosystem,'" said Neil Strother, Kirkland, WA-based practice director at ABI Research. "They're not sitting back and letting others be the leaders."

Driving consumers into stores

In the eBay, Groupon and Walmart deals, in particular, the companies acquire mobile marketing technology rather than develop it in-house.

But what all of the deals have in common is that big brands are placing bets on mobile in terms of driving in-store visits and to directly spur sales.

"There is an acknowledgement that we're rapidly shifting from a place where smartphones make up a small population of phones, particularly in North America, to a large population of mobile phones -- which makes a lot of these GPS/local or just high-quality interactions via mobile much more attractive," said Nikki Baird, managing partner at Retail Systems Research, Miami.

"I've always thought of eBay as sort of the secondary market alternative to purchasing new from a retailer," she said. "So, Where, in combination with PayPal, seems on the surface to be enabling more competition for eBay's own sellers, not less."

"But I can also see the potential for money to be made on the affiliate side in paying to participate in the search through offers or other mechanisms."

Ms. Baird said that Groupon and a check-in capability makes a lot of sense. It would make an even better way to virally share great deals, plus adding more on the social side of redemption.

More retailers and credit card companies and probably others that have not even been considered yet will be offering deals of the day soon.

The Walmart deal for Kosmix could bolster the retailer's international multichannel retail strategy.

"The acquisition is part of our commitment to mobile and social commerce and our efforts to integrate the shopping experience between traditional stores – brick and mortar – and ecommerce," said Lorenzo Lopez, spokesman for Walmart, Bentonville, AZ.

Kosmix, based in Mountain View, CA, has developed a social media technology platform that filters and organizes social media content with the goal of connecting people to real-time information that matters to them.

The founders and the Kosmix team will operate as part of the recently formed @WalmartLabs group, which is focused on creating technologies and businesses around social media and mobile commerce.

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## LocationGate: Now Microsoft is in on it as well, and not just Apple

April 27, 2011

Well now you can add Microsoft Windows Phone 7 to the list of mobile operating systems that secretly transmits the approximate physical location of your smartphone back to a central database at Microsoft.

But first, let's go back to last week. Apple presented some research on April 20 that detailed a file in its iPhones and iPads unknown to the vast majority of its users that happens to store a rather long list of their time-stamped physical locations, sometimes with alarming detail.

A forensics expert who sells specialized location-based software to law enforcement agencies gave a first-hand account of why scrutiny of the location-tracking database is so crucial. And he wasn't too impressed with the flagrant lack of accuracy from the two devices.

The most common criticism was that the contents of the SQLite file, which is stored on the phone and on any computer backups, were wildly imprecise. Blogger and web developer Will Clarke, for instance, used the researchers' freely available software to map out the coordinates gathered by his own iPhone during a recent round-trip bike tour he took from Philadelphia to New Jersey.

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Then Apple announced on Monday that a lawsuit has been filed against the company in the ongoing saga over its clumsy location tracking feature regarding the whereabouts of users of its iPhones and iPads devices.

"Great injury has resulted and continues to result from Apple's unauthorized location tracking of millions of U.S. citizens," alleges the lawsuit, filed this morning in the U.S. District Court for the Middle District of Florida.

"It is unconscionable to allow Apple to continue unlawfully and without proper consent tracking Plaintiffs as to their location," plaintiffs Vikram Ajampur and William Devito contend after requesting that the lawsuit be raised to class-action status.

But coming back to Microsoft, the software giant has said that when location services for Windows phones are switched on, the devices transmit a unique ID along with nearby wireless networks, their signal strength, and GPS-extracted location to the company's servers. (That's all?)

The company added that Windows phones don't store any of the locations on the device itself. By contrast, iPhone 4 stores locations in an easy-to-read file that can store months, and potentially years, worth of data that police have been tapping for years.

Like the Apple iPhone and iPad, the Android OS indexes locations of cellphone towers and Wi-Fi networks the mobile handset has connected to, but limits entries to 200 and 50 respectively. Wow! Does that make you feel better?

But sarcastics aside, both Apple and Google have said their phones report their location, but only when the devices' location services are turned on, in keeping with previous disclosures. Neither Apple nor Google have disclosed that location information is also stored on the handset.

So the question is: Are location services turned on by a factory default setting? What if the answer to that is yes?

A Microsoft spokeswoman declined to make anyone from the company available to speak about these and other practices.

Coming back to Apple's recent lawsuit, to the plaintiffs, Apple's location-tracking information is both very intrusive, violates their privacy rights and is outright dangerous. "Indeed, in many instances it may be

information to which employers and spouses are not privy," the suit reads. "The accessibility of the unencrypted information collected by Apple places users at serious risk of privacy invasions, including stalking."

Ajjampur and Devito allege that any such tracking is, in their opinion, outside the law, saying that iOS 4—device users "were personally tracked just as if by a tracking device for which a court-ordered warrant would ordinarily be required." They seek an injunction preventing Apple from collecting the information.

The lawsuit also seeks damages plus attorney fees and costs, and requests a jury trial. As is usually the case in such legal matters, Apple did not immediately respond to a request for comment.

According to a MacRumors reader, he sent an email to Steve Jobs that read "Could you please explain the necessity of the passive location-tracking tool embedded in my iPhone? It's kind of unnerving knowing that my exact location is being recorded at all times. Maybe you could shed some light on this for me before I switch to a Droid. They don't track me."

Jobs reply "Oh yes they do. We don't track anyone. The info circulating around is false.

[www.wirelessindustrynews.org](http://www.wirelessindustrynews.org)

## **Nokia to Cut Thousands of Jobs, Symbian OS Work**

April 27, 2011

In March came the announcement of Nokia's new strategy to phase out the Symbian operating system and focus on Microsoft's Windows Phone. Now comes some of the hard reality of the change.

The Finnish phone maker announced today that it's transferring 3,000 Symbian employees to consulting firm Accenture and cutting an additional 4,000 by the end of 2012. Most of the cuts will affect employees in Denmark, Finland, and the U.K.

The cuts are necessary for the company's new focus on smartphones and "future disruptions," Chief Executive Stephen Elop said in a statement. "This is a difficult reality, and we are working closely with our employees and partners to identify long-term re-employment programs for the talented people of Nokia."

The job cuts and Accenture deal are part of a Nokia plan to reduce operating expenses for devices and services by 1 billion euros, or \$1.46 billion, for 2013 compared to 2010.

Under the deal with Accenture announced today, Accenture's Communications and High Tech Group will take over delivering and supporting the mobile OS. Accenture, which already has 215,000 employees, also will provide software and services involving Windows Phone to Nokia and others.

"With the influx of highly qualified talent from Nokia, Accenture can help our clients rapidly leverage mobility to advance their business strategy," said Marty Cole, group chief executive of the Accenture unit absorbing the employees. "One of our areas of focus is mobility software, where we provide engineering consulting and product development services to mobile phone manufacturers, chip manufacturers, and mobile operators worldwide."

How Symbian got sidetracked

Terms of the Accenture deal weren't announced. However, Nokia spokeswoman Jennifer Lyons said the company is keeping the Symbian intellectual property.

"The scope of the agreement with Accenture is to outsource development of Symbian software activities to help us deliver the 150 million more Symbian smartphones we expect to sell, but does not involve the transfer of platform ownership or intellectual property," Lyons said. "We will continue to make the Symbian platform available to platform developer collaborators at <http://symbian.nokia.com>."

The move begins a sad chapter in Symbian's history. Years ago, the operating system--and Nokia--were at the center of the smartphone revolution. But with the arrival of Apple's iOS-powered iPhones, and later of Google's Android, the United States moved from smartphone laggard to leader; last week, Apple's phone revenue exceeded Nokia's. An effort to improve Symbian's relevance by making it open-source software largely failed.

In the new era, attracting outside programmers became paramount as purchasing a smartphone became a decision that involved an entire ecosystem of software, not just a phone and its built-in features. Nokia hired Elop from Microsoft in 2010, and this year he announced Nokia is pinning its turnaround hopes on an effort to help make Windows Phone into a viable competitor to iOS and Android.

Alas for Nokia and Microsoft, there's a lot of work to be done. Windows Phone 7 is judged a to be a reasonable operating system, but developers are focused on iOS and Android to the detriment of WP7, updated Appcelerator survey data released yesterday show.

Symbian still is a factor at Nokia, which plans to sell 150 million Symbian devices in the future.

But it's clear Nokia is trying to become less encumbered by its old strategies and their expenses.

"As we move our primary smartphone platform to the Windows Phone platform, the transition of skilled talent to Accenture...shows our commitment to provide our Symbian employees with potential new career opportunities," said Jo Harlow, Nokia's executive vice president for smart devices.

As for the 4,000 losing their jobs, Nokia will try to cushion the blow.

"All employees affected by the reduction plans can stay on the Nokia payroll through the end of 2011. Nokia expects personnel reductions to occur in phases until the end of 2012, linked to the roll-out of Nokia's planned product and services portfolio," Nokia said.

[news.cnet.com](http://news.cnet.com)

## **Sprint Nextel Improves its Bottom Line a bit**

April 28, 2011

The third largest U.S. mobile-phone carrier, Sprint Nextel, reported earlier this morning a narrower loss after mobile-phone contract subscriber defections slowed down a bit, and prepaid-customer rolls increased. Nextel's 1st quarter loss was \$439 million compared to \$865 million for the comparable period a year earlier, the company said in a statement today.

Wireless industry analysts had previously predicted a loss of \$575 to \$580 million. Sprint Nextel also said it added 846,000 new prepaid users, while losses of the more lucrative mobile subscribers who sign up for two-year contracts shrank to 114,000 from 578,000 a year earlier.

The wireless carrier added mobile handsets such as the HTC Evo to pull customers away from larger rivals AT&T and Verizon Wireless and draw users to its 4G network.

"Sprint Nextel had a significant improvement in postpaid customer churn and their prepaid results were well ahead of expectations," said Michael Nelson, a Mizuho Securities analyst in New York. He estimated Sprint would lose 75,000 postpaid customers and add 450,000 prepaid customers.

The rate at which contract customers left Sprint's network, known as churn, fell to 1.81 percent from 2.15 percent a year earlier. Contract customers spend more each month than prepaid users. Overall,

average churn rates among prepaid customers dropped to 4.36 percent from 5.74 percent.

Verizon Wireless, which started sales of the Apple iPhone in the quarter, and AT&T are rolling out competing 4G networks and boosting their subscriber rolls. AT&T added 62,000 postpaid customers last quarter and Verizon won 906,000.

Sprint Nextel's overall sales rose 2.8 percent to \$8.31 billion in the quarter. Mobile phone industry analysts estimated about \$8.2 billion on average. The wireless carrier cut operating expenses by 2.6 percent to \$8.05 billion.

For the same corresponding period last year, Sprint added 348,000 new wireless customers for its prepaid services, which include the Boost Mobile and Virgin Mobile USA brands.

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## **Products & Services**

### **RIM's New PlayBook Tablet Sold Better Than Expected on Day One**

April 25, 2011

Last Tuesday, when Research In Motion (RIM) launched its new PlayBook tablet, some critics said it was launched prematurely, without having any of its many bugs fixed, and that RIM didn't really care if it worked or not as long as it was out the door.

However, and to be fair to the BlackBerry maker, it's best remembered that RIM has the benefits of a large and loyal user base, and that the company prides itself in placing enterprise security first and foremost.

And although the biggest lineup for the PlayBook launch only had ten or less customers, and despite early negative feedback with lukewarm reviews, the new tablet device actually sold better than expected on the very first day of its launch.

So what's exactly the difference between the short PlayBook lines and the long ones witnessed during the recent launch of Apple's competing iPad 2 tablet?

Duncan Stewart, a representative of market research firm Deloitte & Associates, said that the device's much higher level of virtually military grade security will be a big catalyst for some large companies and big organizations both here and abroad.

Many analysts, including Stewart himself, say that while there will be consumers placing PlayBook

orders, the principal target of all of this are businesses using BlackBerry smartphones.

Stewart added that many of Deloitte's customers are asking if they should go with the iPad, the PlayBook or an Android-based tablet.

"The ones who are more security conscious have been saying we're going to end up going with the PlayBook. It's not the whole market, but it is an important market," said Stewart.

According to a report from RBC Capital Markets, RIM is on track and projected to sell over 500,000 tablets in the first three months of 2011.

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Ryan Biden, the PlayBook's project manager, said that the overall security for the tablet is a key focus for him. "From a security standpoint, what's really cool about this is when the Bluetooth connection is broken, at which time none of the information stays on your PlayBook. So it's really like you have big screen access to all the content and all the security that's there on your BlackBerry," said Biden.

He said that RIM is looking ahead in terms of Internet connectivity, countering criticism the PlayBook lacks many corporate must-haves, such as standalone email access and 3G wireless data connectivity.

"Obviously, we've got 4G and advanced connectivity versions coming very soon, because we do know that people actually do want to do that as well," said Biden.

While the PlayBook's first day sales of 50,000 units pales in comparison to the iPad's, RIM's numbers are stronger than first-day sales of Motorola's Xoom and Samsung's Galaxy Tab.

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## AT&T Starts Selling 'Cell Tower in a Suitcase'

April 25, 2011

For the first time, AT&T is selling small, portable cellular antennas that will allow corporate and government customers to provide their own wireless coverage in remote or disaster-struck areas.

Usually, cellphone companies have to restore service after disasters like hurricanes by sending in their own trucks that act like mobile cell towers. But AT&T's new

product would let first responders such as police and emergency workers immediately control where they have coverage.

One of AT&T's options is a unit that packs into a suitcase, with a satellite dish carried separately. The unit requires outside power, such as a generator, to work.

The Remote Mobility Zone can handle 14 simultaneous calls, and data at less-than-broadband speeds. Coverage extends up to half a mile from the unit. The "portable cell tower" can also be mounted in a car or truck.

The Remote Mobility Zone's satellite dish makes it independent of broadband service. AT&T also sells smartphones that can talk directly to satellites. The Remote Mobility Zone would be able to be used with any AT&T phone.

The cost of the units will range from \$15,000 to \$45,000, AT&T said Monday, plus some monthly fees.

Like other carriers, AT&T also sells "femtocells," even smaller cellular antennas that users can place indoors. Connected to broadband service, they provide added coverage inside a home.

[news.yahoo.com](http://news.yahoo.com)

## Industry Reports

### Smartphone Boom Lifts Phone Market in First Quarter

April 29, 2011

Strong demand for smartphones gave a further boost to overall cellphone market volumes in January-March and made iPhone supplier Apple Inc a rare winner on the market, research firms said on Friday.

IDC saw January-March market growth of 20 percent, helped also by strong gains by smaller vendors as the three largest phone makers -- Nokia Oyj, Samsung Electronics Co Ltd and LG Electronics Inc -- lost market share.

Apple's iPhone sales more than doubled from a year ago, buoyed by strong sales on Verizon Wireless and additional carrier deals elsewhere, with market share rising to 5 percent.

"The iPhone once again sold particularly well in developed economic regions of the world, such as North America and western Europe," IDC said.

Apple is now within striking distance of LG, which had a 6.6 percent market share in the quarter. Nokia's share dropped to 29 percent from 35 percent a year ago while Samsung slipped to 19 percent, IDC said.

Blackberry-maker Research In Motion Ltd benefited from the smartphone boom in the quarter, winning market share, but warned late on Thursday its quarterly sales would miss earlier forecasts.

The Canadian group is in a transition period as it revamps its product line and launches its first tablet computer.

Separately Strategy Analytics estimated handset shipments grew 17 percent from a year ago, driven by surging smartphone demand in mature regions and increasingly popular models with multiple SIM cards in emerging markets.

"The first quarter of 2011 was marked by supply-chain disruptions related to the Japan earthquake tragedy and by ongoing mild component constraints in areas such as touchscreens, memory and cameras," said Neil Mawston, analyst at Strategy Analytics.

Mawston said component shortages would continue for at least the next six to nine months, causing restricted volumes or rising input prices, but operational challenges from this would remain minor for most manufacturers.

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