

## This Week's Stories

### **Earthquake Aftershocks Spread on Social Media**

August 23, 2011

When the ground starts shaking, the tweets pour in.

The 5.8-magnitude earthquake that struck near Washington, D.C., at 1:51 p.m. caused a rumble across the East Coast and within the social media realm. Within seconds, people took to Twitter for confirmation.

"Anyone else not notice/feel anything at all? #earthquake #NYC," user @davetisch tweeted.

Twitter streams filled with a range of #earthquake Tweets -- everything from 140-character messages about rumbling buildings to shaky humor.

Trending topics included "5.8" and "Earthquake in DC" and "FELT IT." Twitter held up under the deluge - its famous Fail Whale never appeared -- but its network slowed slightly. Five minutes after the quake hit, Twitter's average response time doubled from 2.16 seconds to 4.17 seconds, according to monitoring site AlertSite.

Social media users also took to Facebook. Right after the quake, "we saw the term 'earthquake' appear in status updates for nearly 3 million people on Facebook in the US," a Facebook representative told CNNMoney.

After the quake, cell service along the East Coast was spotty for about half an hour, so the Department of Homeland Security took to Twitter to encourage people to use e-mail and social media to reach out to friends and family.

New York's MTA transit system also used the microblogging service to update commuters. "There are no impacts to subway, bus or LIRR or Metro-North service as a result of the earthquake," they tweeted.

It's yet another example of social media's increasingly important role in chronicling unexpected events.

"Regular people can document real-time experiences and broadcast news simply using personal mobile devices," said Sav Banerjee, strategy director of digital ad agency Rokkan. "Twitter single-handedly creates a domino effect of real-time reporting, enabling the world to share news quickly and

effectively using multiple mediums -- photos, videos, text -- as it happens."

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### **Apple CEO Steve Jobs Resigns**

August 24, 2011

Apple CEO Steve Jobs has resigned and will be replaced by former Chief Operating Officer Tim Cook, the company said late Wednesday. Jobs will stay on as Apple's chairman.

Apple made no mention of Jobs' health in its statement about the change, but Jobs alluded to it in the letter of resignation he sent to Apple's board on Wednesday and later released publicly.

"I have always said if there ever came a day when I could no longer meet my duties and expectations as Apple's CEO, I would be the first to let you know. Unfortunately, that day has come," wrote Jobs, who has been on medical leave since January. Cook has been filling in as the company's leader. (For more on Tim Cook, see Fortune's landmark profile: "Tim Cook: The genius behind Steve")

Apple's (AAPL, Fortune 500) board took pains to praise Jobs, who led a historic turnaround for the once-ailing company. Apple shares were briefly halted in after-hours trading as Apple announced its leadership change. When trading resumed, shares dropped 5%.

"Steve's extraordinary vision and leadership saved Apple and guided it to its position as the world's most innovative and valuable technology company," board member Art Levinson said. "In his new role as chairman of the board, Steve will continue to serve Apple with his unique insights, creativity and inspiration."

In January, Jobs said he would take another medical leave of absence, two years after a six-month sabbatical during which he received a liver transplant. Although it was his third medical leave of absence, he continued to make Apple's major strategic decisions while Cook took over the day-to-day operations.

Cook has nearly 30 years of experience in the computer industry, serving in leadership roles at IBM (IBM, Fortune 500), Intelligent Electronics and Compaq before joining Apple in 1998.

Jobs made his last public appearance in June when he unveiled iCloud, a free wireless storage and syncing service, at Apple's annual Worldwide

Developers Conference. Jobs received a standing ovation when he took the stage.

"I believe Apple's brightest and most innovative days are ahead of it. And I look forward to watching and contributing to its success in a new role," Jobs wrote in his resignation letter. "I have made some of the best friends of my life at Apple, and I thank you all for the many years of being able to work alongside you."

"One of the most important things that Steve Jobs did in Apple 2.0 is rebuilding the culture," said Mike McGuire, analyst at Gartner. "But it's not quite the 'cult of Steve' like many believe. He built incredible teams that didn't quite have free reign, but had plenty of room to innovate. It's going to be hard work, but Apple will be fine without him."

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## Products & Services

### **AT&T to Simplify Texting Plans**

August 19, 2011

AT&T confirmed today that it will slim down its text-messaging service plans, offering customers either unlimited messages for a flat monthly fee, or a pay-per-text service.

The company is eliminating its middle-of-the-road option, a plan that allows customers 1,000 text messages for \$10 monthly.

"The vast majority of our messaging customers prefer unlimited plans," an AT&T spokesman said in a statement provided to Wired.com. "With text messaging growth stronger than ever, that number continues to climb among new customers."

AT&T's change in service, which was first reported by Engadget, will begin on Sunday. AT&T made a point to note that its existing customers aren't required to make the switch if they'd rather stick with 1,000 monthly messages, the spokesman said, "even when changing handsets."

Text messaging services are in a state of tumult, as a carrier-backed SMS (or short message service) is no longer the only texting option.

Apps like Pinger provide free SMS to users through its ad-supported system. Facebook recently released its Messenger application, which allows users to send chat, text or e-mail messages to one another using the Facebook platform alone.

RIM has offered its BlackBerry Messenger platform, which allows BlackBerry smartphone owners to trade

text messages freely to one another using instant messaging protocols, skipping out on carrier fees. And Apple, of course, plans to introduce a similar service for iOS device users when iOS 5 launches later this year.

Still, the majority of the world's mobile phones are still "dumbphones" -- not BlackBerrys, not iPhones, and not smartphones that run Facebook's app -- so SMS isn't going anywhere in the short term.

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

### **Sprint to get iPhone 5 in October**

August 23, 2011

Sprint Nextel will begin selling Apple's iPhone 5 in mid-October, according to a report in the *Wall Street Journal*, a move that would give Sprint even footing to compete with larger rivals Verizon Wireless and AT&T Mobility.

The report, which cited unnamed sources familiar with the matter, also said Sprint will sell the iPhone 4 at the same time it starts selling the iPhone 5. Landing the iPhone 5 as well as the iPhone 4 could help Sprint both reduce churn and attract subscribers. If Sprint keeps its \$79.99 unlimited smartphone data plan, the carrier also could have a major leg up on Verizon and AT&T, both of which have discontinued their unlimited data plans in favor of tiered data plans. (Verizon launched the iPhone with unlimited data, and subsequently introduced tiered data pricing.)

Verizon activated 2.3 million iPhones in its most recent quarter, and AT&T activated 3.6 million. Apple shipped 20.3 million iPhones globally in its most recent quarter, making the company the world's largest smartphone vendor.

A Sprint spokesman declined to comment and an Apple spokeswoman did not immediately respond to a request for comment.

Gene Munster at Piper Jaffray expects Sprint to sell 6 million iPhones this year, according to a report in Business Insider.

Sprint executives have continually expressed interest in acquiring the iPhone, but have steadfastly refused to engage in speculation about whether or when the carrier will do so. Sprint has developed a strong relationship with Google (NASDAQ:GOOG) and currently sells Android phones such as the HTC Evo 3D and Motorola Mobility (NYSE:MMI) Photon 4G. Sprint also supports the search giant's Google Voice and Google Wallet offerings.

Many expect the new iPhone to be unveiled in September and go on sale in October.

TechCrunch reported that, according to an unnamed application developer, the next iPhone will be a dual-mode, GSM/CDMA handset. The report dovetails with comments Verizon Communications CFO Fran Shammo made in May at an investor conference. He said Verizon will offer the next model of the iPhone at the same time as AT&T and that the Verizon version of the next iPhone will work in the same number of countries as AT&T's version--comments that likely indicate the next version of Apple's iPhone will support both CDMA and GSM. Verizon operates a CDMA network and AT&T runs a GSM network; Sprint also operates a CDMA network. Apple never confirmed the comments.

[www.fiercewireless.com](http://www.fiercewireless.com)

## Emerging Technology

### **Twitter Founders Fund New Project: Lift**

August 24, 2011

Twitter's co-founders announced this week that they are throwing their money and support behind a new app called Lift, which, according to a blog post that sounds like it was written by "Lost's" Dharma Initiative, is "an interesting new application for unlocking human potential through positive reinforcement."

"We love this software for what it does, and because we've tried it and it works. Our plan is to build something extraordinary together," the post says.

Right. Well. But what is Lift, exactly? And what makes it so awesome that every tech blog on the planet is writing about it despite the fact the app is in "alpha testing" and isn't open to pretty much anyone.

Perhaps it's the fact that Evan Williams and Biz Stone, author of Tuesday's aforementioned welcome-to-the-future announcement, are such rock stars in the tech world. This is the first investment for the Obvious Corporation (yes, that's the real name), which the Twitter alums started this year. Obvious' goal, as stated on its website -- which, obviously, is obvious.com -- is to make "systems that help people work together to improve the world."

The partnership between Obvious and Lift is "more interesting" than the "scant details" about the app itself, writes Pascal-Emmanuel Gobry at the blog the Silicon Alley Insider.

ReadWriteWeb, a tech blog, offers some analysis about what the new Lift app may look like.

In a word? It's like Twitter.

"It sounds like Twitter in its simplicity and from what I've seen it looks a lot like Twitter too -- but with more structure," Marshall Kirkpatrick writes in a post on that site. "What's called Lift today was apparently called Mibbles just weeks ago and was described then as 'a very simple tracking and encouragement tool.'" Williams and Stone are funding Lift, but the app's creators are Jon Crosby and Tony Stubblebine, who are also big names in the tech world.

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

### **Three New Nokia Phones Run Updated Symbian OS**

August 24, 2011

Nokia has taken the wraps off three new smartphones powered by the latest refresh of its Symbian operating system. Among other things, the new Symbian Belle platform features a more polished user interface, improved browser performance, and single-tap Near Field Communication (NFC) technology for sharing files as well as pairing handsets with devices such as stereo headsets and speakers.

According to IDC Research Manager Francisco Jeronimo, the refreshed Symbian Belle platform is an extraordinary improvement from the capabilities a year ago.

"For the first time, the user interface and user experience of Symbian Belle significantly close the gap with Android and iOS user interfaces," Jeronimo said. He expects the move to help Nokia "attract current Symbian users to the new Windows phones to be launched this year."

What's more, the release of Symbian Belle -- even as Nokia continues its transition to Microsoft's Windows Phone 7 platform -- demonstrates Nokia's continuing commitment to delivering Symbian-based handsets. "These will not be last products or updates we will deliver on Symbian," Nokia Vice President Ilari Nurmi said Wednesday.

Though formerly the world's leading smartphone vendor, Nokia's 15.2 percent market share in this year's second quarter ranked third behind Apple (18.5 percent) and Samsung (17.5 percent), according to Strategy Analytics. This helps explain Nokia's newfound sense of urgency when it comes to delivering improvements and innovation to users of the company's latest Symbian products.

"Nokia has made it clear that Symbian will continue to play an important role in its product portfolio alongside Windows Phone 7," said IDC analyst Nick McQuire.

By launching two Symbian platform releases so far this year, Nokia has demonstrated that it's capable of moving faster than rivals when it comes to meeting customer expectations, Jeronimo observed. "While Google and Apple are releasing new versions within approximately 12-month time frames, Nokia is doing it within six months," he said.

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

## **Mergers & Acquisitions**

### **Sprint in Talks to Buy Clearwire**

August 22, 2011

Rumor has it that Sprint is in talks with Clearwire, to acquire the struggling WiMAX provider. Currently Sprint has a 54% stake in Clearwire and they might be looking to buy out the remaining shares. Bloomberg reported that Sprint may be partnering with several cable providers, including Comcast and Time Warner, to come up with the money needed for an acquisition. This comes as surprising news, as it was believed that Sprint would drop Clearwire after entering a 15 year agreement with Lightsquared. Some analysts believe that Sprint is hedging their bets, in case Lightsquared's network gets put on hold by the FCC. If Lightsquared tanks, Sprint would have Clearwire's network to fall back on.

Recently Clearwire announced that it plans to supplement their WiMAX network with an LTE network. To expand their current WiMAX network and build up an LTE network, they would require more than \$600 million. According to Craig Moffett, an analyst at Sanford C. Bernstein & Co, it is unclear where Sprint would get the money to build an LTE network from the ground up. If Sprint can successfully build up Clearwire's network, it would give them an even footing with Verizon and AT&T.

If Comcast backs Sprint financially, it would give them access to a wireless network. This would enable them to offer quadruple play: cable television, home Internet, telephone and mobile Internet. Currently both Verizon and AT&T offer quadruple play packages, having another provider offering service can only be good for the consumer.

[www.goingwimax.com](http://www.goingwimax.com)

### **Dish Network Looking to Enter the 4G-LTE Market**

August 23, 2011

First Clearwire then LightSquared and now Dish Network, it seems that everyone is jumping on the LTE bandwagon. Dish Network submitted a proposal to the FCC yesterday, asking for a waiver which would allow them to combine the spectra acquired when Dish purchased TerreStar Networks and DBSD North America earlier this year, in order build a 4G-LTE network of their own. The FCC granted a similar waiver to LightSquared, which allowed them to build out their network with the intention of expanding mobile broadband across the nation.

In March 2010, the FCC unveiled the National Broadband Plan, the goal of which is to provide all Americans with fast affordable Internet. In their proposal to the FCC, Dish promised to bring mobile and fixed broadband service to the areas that lack the Internet speed that most of us take for granted, rural America. If given the green light, Dish agreed to adhere to a build-out schedule for the new network.

Unlike Lightsquared which plans to offer mobile Internet wholesale, Dish Network plans to offer service directly to subscribers, through a newly created subsidiary called Gamma. Also unlike Lightsquared the spectra that Dish intends to use is not adjacent to the GPS band and will not cause any interference. Recently Lightsquared's network has been under fire as there have been reports that their network interferes with GPS devices.

Acquiring FCC approval is the first step of many that is required when building a network. According to Jonathan Chaplin, an analyst for Credit Suisse, Dish Network is best off partnering with an existing carrier and building up with them. It could be years before Dish Network is offering service to consumers and is viewed as a serious competitor to incumbent mobile carriers.

[www.goinglte.com](http://www.goinglte.com)

### **FCC Restarts the Clock for AT&T, T-Mobile Merger**

August 26, 2011

The Federal Communications Commission has officially restarted the clock it's using to time its decision on AT&T's acquisition bid for T-Mobile USA.

In a letter posted on the FCC site today, the organization's Wireless Telecommunications Bureau chief, Rick Kaplan, said that the clock is now ticking

once again after a month-long hiatus. According to Kaplan, today marks the 83rd day in the FCC's review. The clock runs for a total of 180 days.

Last month, the FCC decided to halt the clock after it requested AT&T provide more information "to bolster its arguments concerning the size of the efficiencies made possible by the merger as weighted against the potential anticompetitive effects." The FCC now has the information it needs to continue to review the deal.

There is a lot riding on the FCC's decision. When AT&T announced earlier this year that it intended to acquire T-Mobile USA for \$39 billion, several lawmakers, along with competitor Sprint, spoke out against the deal, saying that it would create an anticompetitive environment in the mobile space.

For its part, AT&T has argued that it can deliver better service to customers with the deal. The company has especially highlighted its ability to offer LTE high-speed wireless service to 95 percent of the U.S. population if the deal is approved.

The FCC is not the only regulatory body deciding the deal's fate: the U.S. Department of Justice must also approve the merger. A final ruling is expected to be made early next year.

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

## Industry Reports

### **The Death of the Text Message**

August 22, 2011

The smartphone boom is a mixed blessing for wireless companies. While the devices have boosted data plan sales considerably, they are threatening to kill another revenue stream dead in its tracks: text messaging.

Dozens of smartphone applications offer "free" text messaging services, which allow wireless customers to send and receive texts by piggybacking on their existing data plans. That means people who download those apps -- such as GroupMe, Google Voice, Disco, Beluga, Kik and WhatsApp -- are able to bypass the expensive texting plans offered by wireless companies.

What's more, an increasing number of free text messaging services are being baked into the smartphones themselves. Research In Motion (RIMM) offers BlackBerry Messenger, which allows BlackBerry users to text one another over their data

plans. Apple (AAPL, Fortune 500) plans to introduce its similar iMessage app in the fall for the iPhone.

And Verizon Wireless embeds Skype onto every one of its smartphones. Skype bought GroupMe on Sunday, in a deal valued at around \$80 million, according to several reports. Since Microsoft's (MSFT, Fortune 500) deal to buy Skype will likely close in the coming months, GroupMe could soon appear on every Windows Phone device.

Even Facebook got into the game this month with a free messaging service for phones.

These services threaten to derail the roughly \$9 billion in text messaging sales that the U.S. wireless industry brought in last year, according to analysis from UBS and data provided by the CTIA wireless industry association.

"As smartphone penetration increases and applications like WhatsApp take off, we believe high-margin texting revenues could be at risk," John Hodulik, telecom research analyst at UBS, said in a recent note sent to investors.

Texting growth has slowed in recent years, according to CTIA, but the trend has grown more dramatic in recent months. The number of texts sent per U.S. subscriber actually fell for the first time ever in the first quarter, said UBS' Hodulik.

That's a concern to Verizon (VZ, Fortune 500), AT&T (T, Fortune 500) and Sprint (S, Fortune 500), which each offer text messaging plans priced at 20 cents per message or up to \$20 per month for unlimited messages.

Those plans are incredibly lucrative for wireless companies: Hodulik estimated that texting charges represent 11% of the average wireless consumer's cell phone bill, and up to 25% of the profit mobile providers make off their customers.

AT&T led its peers in an attempt to stave off any significant loss of revenue from a decline in text messaging. Last week, the company discontinued its cheaper texting plans, forcing users to either pay per message or subscribe to a \$20 unlimited plan.

That may be a first step toward wireless companies requiring smartphone users to buy text messaging plans as part of their service -- the same way they now do with data plans.

"If pressure mounts on messaging, we believe carriers could begin to bundle it with voice service, similar to how they bundled more minutes in voice

plans when texting started to pressure minutes of use," Hodulik wrote.

Wireless companies have also largely done away with unlimited data plans (Sprint remains the lone holdout). The new tiered data model means "free" texting isn't quite free, since sending messages via apps uses up customers' valuable data allotment.

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## How East Coast Operators Brace for Hurricane Irene

August 26, 2011

A Category 3 hurricane nearing the East Coast has wireless operators up and down the seaboard bracing for an onslaught from the second storm of this year's Atlantic hurricane season.

Hurricane Irene is expected to gain power as it nears the coast and has maximum sustained winds near 110 mph.

A storm surge of as much as six to 11 feet above ground level is expected to rock the North Carolina Coast when Irene makes landfall on Saturday, with water rising four to eight feet over southern portions of Chesapeake Bay and three to six feet along the New Jersey shore as the storm makes its way up the coast.

The hurricane poses a major threat to wireless networks, which are vulnerable to high winds, rain, power outages and flooding. Verizon Wireless, AT&T, Sprint, T-Mobile USA and Cricket Communications all report that they are taking steps to protect their networks.

The companies are moving in portable generators, batteries and fuel to maintain the flow of power to their networks. Response teams are being readied to conduct repairs in the wake of the hurricane, and cell sites on wheels are being moved to neighboring areas unaffected by the storm to quickly restore wireless service.

"Wireless communication is critical before, during and after hurricanes and other weather-related emergencies," said Nancy Clark, Northeast president for Verizon Wireless, in a statement. "Preparation is key to staying safe. We have years of experience of planning for and maintaining service during severe weather and are very proud of how our employees and network have performed in meeting these challenges."

Wireless networks are often inundated with calls during emergencies. An earthquake that struck Virginia and sent tremors throughout the East Coast earlier this week left wireless infrastructure unscathed, but a high volume of calls in the wake of the temblor jammed networks and left customers without service.

Hurricane Katrina knocked down more than a thousand cell sites when it devastated the Gulf Coast in 2005, according to damage estimates from the FCC.

Operators recommend customers limit non-emergency calls during the hurricane to conserve battery power and free up capacity for disaster relief agencies. Customers are also advised to send text messages instead of making calls.

Hurricane Irene is predicted to be the largest storm to hit parts of the East Coast in more than 70 years, according to the American Red Cross. It is the second major storm of the 2011 Atlantic hurricane season after Tropical Storm Arlene struck Veracruz, Mexico in late June.

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