

## This Week's Stories

### **Can Windows 8 Save the PC From Extinction?**

September 14, 2011

There's no question that Microsoft got the message: Mobile devices and tablets are the future of computing. Here's the next quandary: Is Windows 8 enough to salvage the PC, or is it too late?

Love it or hate it, Microsoft made a bold bet with its radically redesigned, re-engineered Windows 8. It rejected Apple (AAPL, Fortune 500) chairman Steve Jobs' declaration in March that the post-PC era has begun.

Rather than simply putting its Windows Phone software on a tablet to try to compete with the iPad, a battle all other rivals are currently losing, Microsoft (MSFT, Fortune 500) gambled that people want more out of their tablet experience. It believes that buyers -- including home users, not just office workers -- are still clamoring for storage, processing power, and robust content creation tools.

Yet consumers have been voting "no" with their pocketbooks. PC sales growth has tumbled in the United States and have even come to a screeching halt globally. The unstable economy has contributed significantly to that, but the iPad has also chomped away at the PC. When Hewlett-Packard (HPQ, Fortune 500) decided to exit the PC business, CEO Leo Apotheker cited as a prime reason that "the tablet effect is real."

With Windows 8, Microsoft is in a sense betting the house on form factor. The company believes that when people buy an iPad, what they really want is a PC on the go that's just not available to them yet.

"It looks like Microsoft is finally on the right track, writing the evolution of the Windows PC on its own terms," said Al Hilwa, analyst with IDC.

Time is not on Microsoft's side. It's still very early on in the Windows 8 development cycle, with the developer preview just launched on Tuesday. Microsoft wouldn't say when Windows 8 will be ready for a test release, never mind general availability. Meanwhile, the iPad is already five months into its second-generation device.

"I think it's too early to call Windows 8 the revival of the moribund PC market," said Carl Howe, analyst with Yankee Group. "It's really easy to demo stuff that is completely unusable in real life -- see Windows

Vista -- and sells poorly when the final product packaging is done -- see Windows Vista."

Laptop and desktop PCs will never die off entirely; the keyboard and big-screen form factor is ideal for desk-bound tasks.

But will users always need software like Windows and Microsoft Word to power those computers? Google's current batch of cloud-powered Chromebooks are more like proof-of-concept prototypes than actually useful devices, but they point the way toward a very different future of what "the PC" could look like.

Microsoft needs to steer the world in another direction.

It will have from now until Windows 8 hits store shelves to work on its sales pitch. Consumers have become accustomed to simplicity when using tablets. Microsoft may need to convince them that they're missing out on a fuller experience.

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### **AT&T Opens Silicon Valley Foundry**

September 14, 2011

Today's grand opening of AT&T's Foundry in Palo Alto, Calif., gave some smaller companies a chance to shine, but AT&T Chief Technology Officer John Donovan made it clear that it's not just a "show and tell" type of facility but one where work is going to get done.

In an event that was webcast, Donovan welcomed visitors to the facility, which is designed for maximum utility -- with furniture on wheels -- and minimal impact on the environment. The facility is a showcase in and of itself -- it's a LEED Platinum building -- but more importantly, "this is about where the work gets done," he said.

The foundry gives developers one place to link up with AT&T and test their applications on the network. Already, 106 projects are under way and in the past 12 months, AT&T has launched more than 80 APIs, or access points so that others can use its network.

The Palo Alto center is sponsored by Ericsson, and it's the third permanent AT&T Foundry facility to open. A center in Plano, Texas, is sponsored by Alcatel-Lucent and another one in Ra'anana, Israel, is sponsored by Amdocs. The new California location joins two temporary facilities that were in the Bay

Area and is unique in that it sits in the technology epicenter that is Silicon Valley.

Håkan Eriksson, Ericsson Group chief technology officer and president of Ericsson Silicon Valley, was on hand to celebrate the opening and took to the stage with a device on his wrist to measure his heart rate and send it to his phone. "I was very calm this morning ... might be different now," he quipped.

Eriksson went to Stanford in the mid-'80s, returned to Sweden and relocated to Silicon Valley in early 2010, an indication of how important Stockholm-based Ericsson views the region.

Ericsson expects pretty much everything will be connected in years to come. In the future, a device that is not connected will be seen as dead, Eriksson said, with people expecting to be able to do things like check to see if an iron was turned off after they leave the house and then turn it off remotely by phone if necessary.

AT&T executives said the foundry is about speed and innovation, with AT&T working with startups and others to get the best products and services on its network first. One project under way to help developers more quickly build apps involves opening the network through services such as messaging, location, payments and advertising accessible via HTML5.

Sencha, provider of HTML5 frameworks and tools for desktop and mobile apps developers, collaborated with AT&T to develop the HTML5 interface. They're also working with Apigee and Amdocs, and on the mobile ad side, Amobee, to offer better ways for developers to make money.

As Sam Ramji, vice president of strategy at Apigee, explained during a webcast Q&A, the most successful monetization is Apple's App Store, but outside of that, it's basically broken. Apigee started working with AT&T about a year ago to open the APIs and offer better monetization for developers so they can write an app, have it run pretty much on any platform and lessen the headaches they otherwise would have working on their own.

AT&T joins others in highlighting their commitment to working with developers in a more open format. Verizon Wireless, which is holding its developer conference in Las Vegas this week, opened its Application Innovation Center in San Francisco last month.

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

## Products & Services

### **Verizon Unveils First Unlimited Prepaid Plan for \$50**

September 14, 2011

Verizon Wireless is launching its first prepaid unlimited phone plan on Thursday, with voice calls, text messaging and Web access for \$50 a month.

Verizon (VZ, Fortune 500) Wireless has offered prepaid plans since its inception in 2000, but its previous plans offered services only a la carte -- for example, voice calling for \$1.99 a day, mobile Web for 99 cents a day and unlimited texting for \$20 per month.

The prepaid market has long a stronghold of regional carriers and smaller wireless companies like MetroPCS (PCS), which offers unlimited prepaid plans that start at \$40 a month. Sprint (S, Fortune 500) also offers prepaid plans through Virgin Mobile and Boost.

Verizon is hoping to capture a larger part of that customer base.

"We want to allow customers who have more of a prepaid lifestyle to join the network," said Brenda Raney, a company spokeswoman. "It's a 'cash and carry' relationship with Verizon Wireless."

Verizon's hottest smartphones -- including the iPhone and its Droid line -- won't be part of the offering. New customers can put the prepaid plan on one of four phones: LG Revere, LG Cosmos, Pantech Caper and Samsung Gusto. More will be added in the coming months, Raney said.

These so-called feature phones can access the Web, but they don't have the full capability of smartphones. Verizon is offering the phones at prices ranging from \$40 to \$100 for the handset.

Customers who already own phones that work with Verizon's other prepaid plans can now use them for the \$50 unlimited plan, Raney said, "which opens it up to about 30 phones total."

The phones for the \$50 unlimited prepaid plan will be available at Target (TGT, Fortune 500), Best Buy (BBY, Fortune 500), RadioShack (RSH, Fortune 500) and Wal-mart (WMT, Fortune 500), in addition to Verizon's stores and website.

Raney declined to say how many Verizon customers are currently on prepaid plans.

Verizon moved two months ago to end unlimited data plans for phones carrying monthly contracts. Its cheapest monthly plan for smartphones, which offers 450 voice minutes and 2 gigabytes, currently starts at \$70.

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## **AT&T to Activate Faster 4G Network on Sunday**

September 15, 2011

AT&T Mobility is saddling up for the initial launch of its faster fourth-generation data services.

The 4G LTE network is set to debut on Sunday, said John Stephens, AT&T's financial chief, at a conference on Thursday.

AT&T said earlier that the network will debut in five cities, reaching 70 million people. The launch cities are Atlanta, Chicago, Dallas, Houston and San Antonio, Texas.

AT&T began selling two gadgets last month that were designed to connect to its 4G LTE network. Cellular carriers don't typically release products tailored to networks that aren't yet accessible to customers. AT&T announced last month that access to 4G LTE service using wireless cards for computers would cost \$50 for five gigabytes per month. AT&T has not detailed prices for smartphone data or announced when those phones would launch.

Verizon Wireless launched its own 4G LTE on a Sunday in December covering 38 cities or 110 million people, the company said then. Verizon released the first phone capable of connecting to that network a couple of months later, and prices are comparable to 3G smartphones.

Each of the four major carriers has been marketing its data services as 4G. Sprint Nextel's WiMax 4G is usually slower than LTE connections. AT&T and T-Mobile USA, which are looking to merge their businesses, describe their current technologies as 4G, though they are not LTE.

AT&T has said its proposed acquisition of T-Mobile would improve cell service and allow the expanded operator to expand 4G LTE service into more rural areas.

Verizon, which is AT&T's closest competitor, was the first to deploy LTE, and AT&T will be the second. Ralph de la Vega, the CEO of AT&T's mobile unit, said in June that AT&T's 4G would catch up to Verizon's in two or three years.

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## **Emerging Technology**

### **VZW Rolls Out 26 New LTE Markets**

September 14, 2011

Verizon Wireless announced 26 additional LTE cities and the expansion of its network in San Francisco, Indianapolis and Cleveland/Akron. The company will now offer LTE in a total of 143 markets across the United States.

Starting Thursday, Sept. 15, Verizon Wireless' LTE network will be available in Fort Smith and Jonesboro, Ark.; San Luis Obispo and Santa Barbara, Calif.; Daytona, Fla.; Bloomington, Champaign/Urbana, Rockford and Springfield, Ill.; the Quad Cities, Ill./Iowa; Iowa City, Iowa; Shreveport, La.; Kalamazoo and Saginaw, Mich.; Reno, Nev.; Las Cruces, N.M.; Fargo, N.D.; Canton, Lima and Mansfield, Ohio; Dyersburg, Tenn.; the Tri-Cities, Tenn./Va.; and Austin, Beaumont/Port Arthur, Wichita Falls and El Paso, Texas.

Verizon says it plans to bring LTE to rural areas through partnerships with communications companies in those areas. The company says 11 rural companies have announced their participation in the LTE in Rural America program and have leased spectrum covering, in total, more than 2.1 million people in rural communities and nearly 62,000 square miles. These companies include: Bluegrass Cellular, Carolina West/Clear Stream, Cellcom, Chariton Valley, Convergence Technologies, Cross Telephone, Custer Telephone Cooperative, Pioneer Cellular, S&R Communications, Strata Networks and Thumb Cellular.

Verizon says users can expect real-world average data rates on LTE of 5 to 12 megabits per second (Mbps) on the downlink and 2 to 5 Mbps on the uplink.

Verizon Wireless currently offers 11 4G LTE-enabled devices, including the recently launched Droid Bionic from Motorola, which is the first Verizon Wireless smartphone to combine LTE with a dual-core 1 GHz processor, 1 GB of RAM and a 4.3-inch qHD display.

Verizon Wireless' 3G network covers more than 290 million Americans, and given the additional markets announced today, the company's LTE network will cover more than 160 million Americans and will be available in 143 cities. The company says it will have rolled out LTE to its entire footprint of 290 million subscribers by 2013.

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

## Microsoft to Launch Xbox TV Later This Year

September 15, 2011

Microsoft is trying to succeed where Google, Apple and Sony have all flopped: The software giant wants to change the way people watch TV.

At Microsoft's financial analyst meeting in Anaheim, Calif., on Wednesday, CEO Steve Ballmer previewed the new Xbox TV platform that will launch this holiday season.

The demonstration was short on critical details like content partners, pricing, and what movies and shows will be available. But Ballmer said Microsoft would be working alongside "dozens or hundreds of additional video content suppliers" to grow the content choices available on the Xbox.

In addition to video on-demand, that Xbox content will include live television. Ballmer said the live TV offerings will include "news, sports, and your favorite channels."

It's not clear exactly how that will work, but Ballmer hinted it will be similar to what Microsoft (MSFT, Fortune 500) has already done with foreign partners like Sky TV in the United Kingdom, Canal Plus in France, and FoxTel in Australia. Those partnerships allow Xbox customers to stream a limited set of channels right through the Xbox, without requiring them to install any additional equipment like cables, satellite dishes or set-top boxes.

Microsoft believes the key differentiator between Xbox as a TV platform and the sea of failed competitors will be its voice and motion search tool. Utilizing the Kinect attachment, users will be able to navigate through content with voice commands. The search function will be powered by Bing.

"Having all of that content is right on, it's fantastic, but it brings a new challenge with it," Ballmer said. "Certainly we all know the frustrations of using guides and menus and controllers, and we think a better way to do all of this is simply to bring Bing and voice to Xbox. You say it, Xbox finds it."

In the demonstration, a Microsoft employee announced, "Xbox, Bing 'The Office,'" and the television immediately displayed all of the available seasons of NBC's "The Office" for on-demand viewing. Another voice search, in theory, could allow users to navigate to a particular season or episode, but that demo failed.

"It's a good thing that's shipping for Christmas," Ballmer quipped, to laughter from the audience.

Microsoft also hopes to integrate its community of 35 million Xbox Live users to create a social experience around watching TV and movies.

"The vision is kind of simple," said Ballmer. "You should have any entertainment you want with all the people you care about, really simply and on any screen."

The fact that the Xbox is the top-selling gaming console will give it a leg up over the competition.

"Microsoft has a very large install base," said Van Baker, an analyst at Gartner. "This is not about going out and buying a new piece of hardware, it's about adding capability to device that already exists in living rooms. It greases the skids for them to get further into the content game."

But can Xbox TV succeed where Apple TV, Google (GOOG, Fortune 500) TV and many others have failed -- including Microsoft, with Windows Media Center? Can it become more than just a "hobby," as Apple (AAPL, Fortune 500) chairman Steve Jobs likes to call Apple TV?

Some analysts believe Microsoft is uniquely positioned to succeed.

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## Mergers & Acquisitions

### AT&T Makes Claim of Increased Competition if Deal Goes Through

September 12, 2011

Anyone with half an eye to the wireless mobile industry is aware of the lawsuit filed in the DOJ against AT&T last month. But in case you *have* been asleep, the facts are as follows: Mobile giant AT&T made a bid last Spring to purchase the nation's 4th-largest wireless service provider, T Mobile, for a whopping \$39 billion.

This ambitious move greatly disturbed competitor Sprint Nextel (whose own bid fell short of AT&T's offer), as the merger would relegate the WiMAX operator to a distant 3rd place in the national mobile market as well as, as Sprint credibly claimed, would kill their business. Thus, Sprint hastily filed a lawsuit with the Department of Justice which stated that the

acquisition was in direct violation of the Clayton Anti-trust Act. The DOJ followed that up in August with a suit of their own. Experts give the deal a 25% chance of going through.

Now AT&T has made the dubious claim that a merger would actually serve to increase competition in the global mobile market. As [informationweek.com](http://informationweek.com) reported, AT&T recently released a statement which included the following claim: "Rather than substantially reducing competition, the combined firm will usher in more intense competition to an already vibrantly competitive market."

I smell a rat here. More intense competition for who exactly? Certainly not AT&T. Furthermore, it is asking a lot of the DOJ to believe that AT&T is actively seeking increased competition. If the Justice Department is to be swayed, it won't be with this argument.

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

## Google Bid Against Itself for Motorola Mobility

September 14, 2011

Almost immediately after Google lost the bidding for a package of Nortel patents that the search giant dearly wanted, it moved on to Plan B and contacted Motorola to see what it had for sale. Less than six weeks later, Google's blockbuster acquisition came together -- but only after Google raised its purchase price. Twice.

In a regulatory filing submitted Tuesday, Motorola Mobility breaks down in startling detail the timeline and milestones of Google's \$12.5 billion takeover deal. Patents were what originally piqued Google's interest because it wants to arm up for Silicon Valley's ongoing patent war. But it didn't take long for Google to come around to Motorola's view that if Google wanted the patents, it should buy the whole company.

After a month-long series of meetings among the two companies' top executives -- initiated by Andy Rubin, Google's senior vice president of mobile -- Google decided to make its move on Aug. 1. It sent Motorola an acquisition offer for \$30 a share.

Four days later, Motorola rejected that bid and suggested Google open its wallet a bit further. Google obliged: It came back on Aug. 9 offering \$37 per share.

But in a sign of just how badly and how quickly Google wanted this deal done, it raised its offer again later that same day. After Motorola CEO Sanjay Jha

told Google he would back a slightly higher proposed price, Google upped its all-cash offer to \$40 a share -- kicking in an extra \$3 billion over its initial bid even though Motorola was not in talks with any other potential buyers.

Google (GOOG, Fortune 500) told Motorola it wanted an answer within 24 hours. This time, Motorola (MMI) said yes. After a week of hammering out the fine print, the two companies stuck a final deal the morning of Aug. 15, and fired off their press release soon after.

Throughout the discussions, Motorola's board stayed in touch with Carl Icahn, a famously hands-on shareholder who owned 11% of Motorola Mobility's stock. He was sniffing around for a deal: In late July, he sent Motorola a letter suggesting it shop around its patent portfolio. Once Google's takeover bid hit \$40 a share, Icahn threw his support behind it.

Motorola took advantage of Google's eagerness to extract some additional deal-sweeteners, including the steep \$2.5 billion breakup fee Google will owe Motorola if it can't get antitrust clearances.

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## Industry Reports

### Study Examines Wi-Fi Attacks and Security Responses

September 14, 2011

U.S. researchers say they can measure how seriously differing types of attacks would disrupt a Wi-Fi network-- a step toward improved security technologies.

Wi-Fi networks, allowing computer users to access the Internet via radio signals, are commonplace in both large businesses and at local coffee shops, and are becoming more and more important for both business and personal communication, researchers at North Carolina State University said in a release Monday.

The researchers examined two Wi-Fi attack types -- persistent attacks, in which the attack persists non-stop until it can be identified and disabled, and intermittent attacks, which block access on a periodic basis, making them harder to identify and stop. They developed a measure called an "order gain" to compare the impact of the attack strategies in various scenarios.

For example, if an attacker has an 80 percent chance of accessing the network, and other users have the other 20 percent, the order gain would be 4.

A Wi-Fi network can only serve a single computer at a time, and normally functions by rapidly cycling through requests from multiple computers. Therefore, attacks work by giving the attacker greater access to the network, which effectively blocks other users.

"If we want to design effective countermeasures," Wenye Wang, N.C. State professor of electrical and computer engineering, said, "we have to target the attacks that can cause the most disruption.

"It's impossible to prevent every conceivable attack," she said.

Countermeasures should focus on continuous attacks that target networks with large numbers of users, because that scenario represents the largest order gain, the researchers said.

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

## **Google Developing Propeller Social Reader for Android and iOS**

September 16, 2011

Google (NASDAQ:GOOG) is reportedly at work on Propeller, a social and news reader designed to compete with Flipboard, the popular iPad application that lays out personalized headlines, photos, videos and social media content in a magazine-like format.

Tech evangelist and blogger Robert Scoble first reported on Propeller Thursday, stating "I heard from someone working with Google that Google is working on a Flipboard competitor for both Android and iPad. My source says that the versions he's seen so far are mind-blowing good." All Things Digital subsequently confirmed the Propeller initiative with numerous sources close to the situation, adding it is one of several social-themed efforts currently in the Google pipeline.

Flipboard--co-founded by former TellMe CEO Mike McCue and onetime Apple (NASDAQ:AAPL) senior iPhone engineer Evan Doll--launched in mid-2010. Inspired by the look and format of traditional print publications, the free Flipboard app assembles pages from content within the user's social media network, rendering links and images directly inside the magazine--users may also create sections based on topics or people most important to them.

All Things Digital adds Google entered negotiations to acquire Flipboard last year. Flipboard--currently valued at about \$200 million--declined Google's overtures. Sources say Google told Flipboard that if the two sides could not reach an agreement, it would introduce its own magazine-style social reader app, joining other Flipboard rivals including Yahoo's Livestand and Zite.

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