

NewsWatch

By Jesse Cryderman

One Network to rule them all

Wireless carriers in the United States have made dramatic moves in recent weeks in order to grab diminishing spectrum and expand their mobile broadband footprint. The biggest story is of course the AT&T/T-Mobile merger, which has sent competitors scrambling to devise their own growth strategies, who now have about 12 months of lead time while the government mulls over the deal.

“Going forward, new competition for AT&T may come from emerging cable MVNOs who resell wireless service from Sprint/Clearwire and even LightSquared. Cox Communications is building its own wireless broadband network. Even Google is experimenting with high-speed wireless network operations. Serious new competitors are on the horizon,” noted Sue Rudd, Director, Service

“[The AT&T/T-Mobile] deal challenges Sprint, Clearwire and LightSquared and raises the stakes for Verizon Wireless”

The Critical Role of Next Generation BSS/OSS in Cable Providers' Business

DOWNLOAD FREE WHITE PAPER

COMARCH



Provider Analysis (SPA) at Strategy Analytics. “However, AT&T must prove that the deal does not have an immediate anticompetitive impact.”

Sprint has wasted little time, investing another \$1 billion in Clearwire and entering into talks with Lightsquared to both obtain spectrum and improve Sprint’s LTE strategy. Verizon will also have similar announcements in the coming weeks.

According to Phil Kendall, Director, Strategy Analytics Global Wireless Practice, “This deal challenges Sprint, Clearwire and LightSquared and raises the stakes for Verizon Wireless...this deal will probably increase mobile broadband competition in the top tier of carriers. The long period required for regulatory approval and integration work means that Verizon still has time to strategize for remaining ahead in 4G deployment and innovation.”

FCC commissioners have expressed concern over the proposed AT&T/T-Mobile merger this month, and believe the monumental task of reviewing the deal will drain FCC resources, placing other important work on the back burner. In a filing with the FCC on April 20, 2011, AT&T made a case for the deal, claiming that “other competitors are rapidly growing and investing and will ensure the wireless marketplace remains vibrantly competitive after the transaction.” The carrier also played on the National Broadband Plan angle, arguing that the merger would “help fulfill this Administration’s pledge to connect every part of America to the digital age...”

Similar conglomerate-building strategies do not appear to be in play in Europe, however. In a recent Reuter’s article,

Not for distribution or reproduction.

bankers and analysts claimed shareholders of telecoms in Europe are wary of M+A strategies, and are instead investing in companies with keenly focused agendas and smaller footprints. Morgan Stanley's Jean Abergel was quoted, saying: "Management teams of large western European incumbents know what their strategy is about, people will stick to their existing plans. People are not here to build empires anymore."

Is there a storm in the clouds?

Amazon's cloud services took a hit after "erroneous mirroring" caused two days of problems characterized by increased "instance connectivity, latency, and error rates," according to Amazon's realtime cloud service monitoring site. Websites Foursquare, Reddit, and Quora were down for around 24 hours as a result. While some analysts claim that the problem can be blamed on Amazon's data centers, and not cloud computing as whole, the news highlights the concerns enterprise customers voice when discussing a move to the cloud.

Analyst Rob Enderle commented on the significance of the Amazon outage in Datamation April 22, saying, "Use this Amazon failure as a warning that cloud services are not bulletproof and that they are likely to fail at any time for the same reasons any complex system can fail. They will then take many, most, or all of their customers off-line with them."

"Use this Amazon failure as a warning that cloud services are not bulletproof."

Despite this first rather large and public cloud-based outage, research firms continue to project massive growth for cloud computing, and consumer cloud computing services, like Dropbox, are exploding. A brand new report from Forrester Research expects the overall cloud computing market to grow from \$40 billion in 2011 to \$241 billion by 2020. And Dropbox, the popular cloud storage service, reported 500% growth in the past 15 months, with paid users in 175 countries.

With the recent release of Amazon's cloud music service and do a similar offering from Apple on the horizon, it's likely that the recent thunderstorm in Amazon's cloud will do little to slow growth in the sector.

Charlie who? Apple is "winning"

Apple's tightly controlled ecosystem and sexy device and app catalog has proven to be both incredibly popular and profitable. The Cupertino goliath recently overtook Nokia to become the world's largest handset manufacturer, according to a Strategy Analytics report released on April 21, 2011, with \$11.9 billion in wholesale handset



revenues for the first quarter of 2011. “The PC vendor has successfully captured revenue leadership of the total handset market in less than four years,” Strategy Analytics said in a press release.

Despite being the market leader, it wasn't always roses for Apple in the press this month, as details of their GPS tracking and logging “function” re-surfaced and became the fodder for privacy pundits and wireless blogs. Apple is also engaged in litigation with Samsung over patent infringements. Apple claims Samsung copied the iPhone and iPad with its Galaxy series, and Samsung countersued two days later in Germany, Japan and Korea, claiming Apple stole patented technology related to data transmission.

Testing the speed limits of next-gen networks

Broadband carriers have been busy this month upgrading and testing their networks as super-speed broadband becomes both a competitive differentiator and a premium service offering. Virgin Media is testing a 1.5Gbps broadband network in London that operates on current network infrastructure, which it claims will be the “world’s fastest broadband.” In Australia, a 1Gbps fiber network was rolled out to a test customer base of about

“[Apple] has successfully captured revenue leadership of the total handset market in less than four years.”

2900, and in the United States, Google selected Kansas City, Kansas for a high-speed fiber-based broadband network.

While Google is busy testing their own gigabit fiber broadband network, Comcast has launched its Extreme 105 Xfinity broadband service this month in major US markets, which delivers a blazing 1.05 Gbps connection at a pricey \$200/month [ed. note: quoted service rate in Chicago, IL at press time]. It remains to be seen if the price to performance ratio of Extreme 105 will be enticing enough to draw customers away from other highspeed broadband services that offer about half the bandwidth for about half the price—especially once people learn how quickly Comcast’s 250gb data cap can be reached with a 1.05Gbps connection.