



www.pipelinepub.com Volume 4, Issue 4

OSS NewsWatch (September 2007)

by Alana Grelyak

The last few weeks have brought us many changes in the VoIP news sector. Some encouraging, and some not so much. In any case, the VoIP world gets a few mentions in this issue, along with the usual mergers and acquisitions, new hires, and various other news items we thought would pique your interest. Here's your NewsWatch for September, 2007.

With the sudden demise of VoIP provider SunRocket last month, questions have been posed as to whether or not the entirety of the VoIP industry is going to survive in the long run. Looking at Jaxtr, a new VoIP provider, the industry may do better than currently expected. Jaxtr is currently signing up over 12,000 new customers on a daily basis. It also has plans to expand its service to include eighteen new countries, which is quite a leap for a startup company. Even so, VoIP is still facing many challenges. Recently, professionals in the computer security sector have demonstrated that VoIP may be an easy target for hackers and other criminals. Weaknesses exist in the technology that allow the nefarious individuals to spy on conversations, steal data from networks and PCs, and inflict other harm.

Also in the world of VoIP challenges is the emergency-call factor. Many VoIP services are having issues with the emergency calls, citing customers neglecting to change their addresses when they move or using the service from multiple locations. Some VoIP customers in the UK are finding that they don't have emergency services at all, and others find themselves at a loss when power outages occur.

On a fun and exciting note, however, VoIP customers may be privy to a new service called "Botanicalls." The service allows your house plant to phone you when in need of water or light. "I'm going to need to put you on hold, my ficus is calling."

Several new appointments and position changes have occurred recently. Verizon Communications appointed a new Chief Technology Officer in July. Dick Lynch, who was the Vice President and Chief Technology Officer of Verizon Wireless, has moved into the position.

Motorola has decided to reorganize in an effort to help cut costs, but says that they are not looking to replace current CEO Ed Zander.

BT has promoted internally, placing Sally Davis in the position of CEO of BT Wholesale, formerly held by Paul Reynolds. The switch will happen in September.

Qwest Communications International CEO Richard Notebaert has retired as of mid-August and will be replaced by Edward Mueller, who has previously held the positions of CEO of Williams-Sonoma and executive of SBC Communications.

As for Qwest Communications, CEO Joseph Nacchio was sentenced to six years in prison for insider trading of Qwest stocks on April 19, 2007. Nacchio must surrender the \$52 million he made on the stock sales as well as pay a \$19 million fine, which Nacchio has appealed. The appeal will go on while Nacchio is serving time in prison.

As happens almost every month, there were quite a few mergers and acquisitions that were either hinted at or completed recently. Golden Telecom, a Russian company, has sold its portion of MCT Corp to Finnish-Swedish company TeliaSonera for \$48 million, with \$38 to be paid at closing at another \$10 to be paid after certain specifications have been met. TeliaSonera has plans to acquire 100% of MCT's outstanding shares.

Sprint Nextel has partnered with Google in an effort to provide a WiMAX network. Google will add e-mail, instant messaging, and other capabilities to Sprint's WiMAX technology in order to better compete in the wireless arena. Sprint plans to begin testing on the service in Baltimore, Chicago, and Washington by the end of 2007.

Nortel has announced that it is open to possible acquisitions in an effort to expand its growth opportunities. The company has begun talks with possible takeover companies in the hopes that a takeover will allow Nortel to expand its reach.

Cellular company Vodafone has stated that it plans to keep the entirety of its 45% stake in Verizon Wireless instead of exercising its option to sell \$10 billion worth of its \$45 billion in stocks. Verizon Communications has expressed interest in buying out Vodafone, but it doesn't appear that will be happening too soon.



Reliance Communications, an Indian telecommunication company, has purchased U.S. Ethernet service provider Yipes for a sum of \$300 million, and is Reliance's largest acquisition to date. "...We see enormous potential to rapidly expand Yipes coverage in the U.S. and to globalize Yipes service by leveraging our customer relationships and network reach around the globe," said Anil D. Ambani, Chairman of Reliance Communications. "We confidently expect this acquisition to significantly enhance the growth rate, profitability and returns of our global data business."

Amp'd Mobile, a U.S. mobile phone service that came about in 2005, has shut down its service. Customers were notified via text message. Unable to find investors willing to take on its debt, Amp'd was forced to sell its assets. The debt seems to have partially come about when much of Amp'd customer base failed to pay its bills. Amp'd specifically marketed its services to a younger generation of customers.

The iPhone, which made big news last month, is hoping to have made its millionth phone sale by the end of September. Apple has confirmed that it will be slowly making the iPhone available to European customers beginning next quarter, but only in certain select countries. Analysts suspect there will be more than 14 million iPhones sold by the end of 2008. Good news for AT&T, who right now sports the exclusive iPhone services contract.

In other AT&T news, AT&T has recently rolled out a new Video Share service that allows subscribers to send video clips to each other during phone calls. AT&T has also announced a new Mobile Backup service that will allow customers to store contact information on a server for use in the event of breaking or losing their mobile phones. The service will cost \$1.99 a month. Things are clearly going well for AT&T, whose profit rose 61% in the second quarter, up from last year's second quarter.

In an effort to further connect customers to the wireless world, American Airlines is planning to test an in-flight broadband service in 2008. The service will use technology from AirCell, and will provide Wi-Fi access to laptops and various other wireless devices.

In yet another instance of price cutting, of which we have seen quite a few in the last several months, Australia's 3 Mobile has trimmed their data prices in an effort to allow their customers to pay less money and send more data. The new plans allow customers to transfer 1 gigabyte of data for \$29 per month, increased from just 200 megabytes. The price maneuver may lead to price cuts by many of 3 Mobile's competitors.

A recent decision against Microsoft that would have it paying \$1.5 billion to Alcatel-Lucent for patent infringement was recently overturned by a U.S. judge. Alcatel-Lucent plans to appeal the decision.

Enhanced Telecommunications, Inc. (ETI) is proud to announce that it has been named one of Broadband Properties magazine's top 100 Fiber-to-the-Home technologies for 2007, for the second year in a row. "Being named to Broadband Properties' Top 100 once again puts us in excellent company with other leading-edge firms," says Peter M. Pifer, President and CEO, ETI Software. "Without a doubt

the key to our success over the years has been the ability to seamlessly connect different technologies together, coupled with the largest proven inventory of video and fiber interfaces in the world.”

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