

Newswatch

By Jesse Cryderman

LTE: What's the Buzz?

The fourth generation of wireless technology has been a deployed reality for several years, but now global deployments are really picking up steam, thanks to LTE. This month, Movitel (with help from Huawei) deployed the first LTE network in Africa, 45 days ahead of schedule. Croatia, dubbed little France for its stunning cuisine and wine culture, also moved into the LTE fast lane thanks to Hrvatski Telekom and Nokia Siemens Networks. Moving East, research from ABI indicates Asia-Pac operators are betting heavily on LTE, and moving to the forefront in the race to advanced radio access technology. Looking South, LTE is booming in Brazil; Pyramid research predicts more than 18 million users will be on LTE networks in Brazil by 2015.

Wireless carriers in the United States still lead the pack, however, with Verizon the clear leader in LTE footprint and AT&T the leader in the speed race (according to PC World). The inevitable LTE wholesale shakeup is nearing as well, as Clearwire announced an LTE strategy that includes deployments in 31 markets by early 2013. Perhaps this will throw Sprint a lifeline; the Zeppelin-eqsue flameout of Lightsquared scorched Sprint's LTE strategy.



Innovation: Convergence, Ubiquity, and Virtualization

Installing brains and connectivity in everyday devices is a core goal of the next generation of telecommunications. From soda machines to washing machines, everything is getting a "smart" makeover. Certainly one of the most commonly discussed areas of innovation in this realm is the smart grid—connecting power generation and consumption in an intelligent network to improve efficiency, reduce costs, and lower environmental impact. Deutsche Telekom took smart grid a step further by announcing the availability of virtual power plants for energy suppliers. Virtual power plants?

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That's right, decentralized combined heat and power plants (CHPPs).

"This solution allows energy suppliers to quickly market small CHPPs and then control them in the form of a virtual power plant. In this way, providers will in the future be able to compensate for power grid fluctuations at the push of a button," explained Gabriele Riedmann de Trinidad, Head of the Group business area for Energy at Deutsche Telekom.

One must ask the logical follow-up question: With decentralized micro-power generation and web-based energy control, will Energy as Service (EaaS) become a viable telecom revenue stream?

It wasn't just power plants that received the virtualization treatment this month. TELUS virtualized the private cloud, with a unique enterprise-class cloud offering delivers 24x7 remote access and management designed specifically for business needs. Virtual power, virtual clouds, what's next, virtual over-the-top voice service?

In reality, that's not too far off. Once the kinks are ironed out (and it may be another year or more), large-scale VoLTE deployments will offer the same packet-based voice service that billions of users already enjoy from OTT services, but with some unique advantages that only carriers and package layering can provide. In the meantime, Sprint leveraged a piece of its Nextel heritage to outmaneuver OTT apps for international voice with International Push To Talk. As we uncover increasingly intrusive data monitoring tactics, is push to talk traffic monitored by governments in the same way voice conversations are? Inquiring minds want to know...

In Russia, SevOne and Rostelecom joined hands to provide election transparency.

This month saw some innovative partnerships as well. Orange and Microsoft announced Orange TV for Xbox 360 with Kinect, Telefonica and Avea went in on M2M, and in Russia, SevOne and Rostelecom joined hands to provide election transparency. In the US, Comcast consummated its relationship with TiVo by integrating Xfinity On-Demand content into TiVo Premiere on the west coast.

One of the biggest partnership stories came from Verizon and Comcast. For years, we've covered the two companies as opposing teams on the cableco versus telco battlefield. Times have changed. Now the two CSPs are engaging in a cooperative marketing strategy. How so? Expanding from their honeymoon in San Francisco, Seattle, and Portland, Comcast is offering Verizon Wireless service in six new markets, including Chicago, Kansas City, Salt Lake City, and Minneapolis. Since Comcast also offers free text messaging to Xfinity Voice customers, does that mean Verizon SMS revenues are going to take a hit in these new markets?

Earnings Reports

As first quarter earnings reports rolled in last month, two trends emerged: operator revenue growth is tied to the mobile data boom, and Chinese network equipment manufacturers have delivered some damaging blows to incumbent market leaders.

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Tata Teleservices, AT&T, Verizon, and Sprint all posted revenue growth in the first quarter. Mobile data was the big driver, which should be no surprise. Sandvine's internet traffic report revealed just how much data we're streaming through our wireless devices, and CTIA research indicated a 123-percent jump in mobile data traffic in the US. Carriers are reporting lower levels of churn as well, which flies in the face of a research report from Strategy Analytics that pegged worldwide mobile loyalty at an all time low.

In the equipment sector, two earnings reports told the story: ZTE's revenue grew nearly 30 percent, while Ericsson revenue fell 4 percent. Similarly, Huawei's international revenues were up over 14 percent, while Alcatel-Lucent's revenues fell more than 12 percent. Juniper Networks also felt the pinch, reporting an 8-percent drop in revenue.

Acquisitions

If you've got the money to spend, acquisition is the quickest path to a new business opportunity, and several stories in this vein made headlines this month.

The biggest news in acquisitions land came from Vodaphone. The massive corporation engaged in a difficult takeover of Cable & Wireless Worldwide (CWW). CWW's chief shareholder rejected Vodaphone's bid of roughly \$1.7 billion, saying it demonstrated that Vodaphone undervalued CWW. Vodaphone went to the shareholders for support, successfully garnering the support of at least 75 percent in order to push the sale through. Vodaphone also promised an additional investment into CWW, which was undisclosed at press time.

The converged all-IP network is a future Acme Packet prepared for with the \$21 million purchase of IPTEGO GmbH, an IP communications network management software company. "Both enterprise and service provider customers are looking for ways to optimize their IP communications networks – not only to reduce cost and complexity, but also to better deploy new value-adding applications and services," said Andy Ory, Acme Packet's president and chief executive officer. "The addition of IPTEGO's software to the Acme Packet portfolio enables us to help customers get the most out of their IP communications networks with unique, real-time management capabilities."