

Communications IT News

By Jesse Cryderman

Is the government monitoring your cell phone?

The hottest news in telecommunications last month came from Edward Snowden. The self-proclaimed whistleblower produced documentation that he claims is proof of the United States government's engagement in an elaborate surveillance program that monitors and records all telecommunications. Snowden, a former contractor for the National Security Agency (NSA), stated that the program infiltrates Chinese cellular networks as well. Pipeline outlined the possibility of government surveillance last year, and this story is likely the tip of an iceberg that will impact not only communications service providers (CSPs), but also providers of Big Data, cloud and network-security solutions. To read more, click here [link for NSA exclusive].

Sprint, Dish, SoftBank, and Clearwire

The US wireless market is about to say "konnichiwa" to a foreign service provider. Sprint shareholders overwhelmingly voted to approve the company's merger with Japan-based CSP SoftBank just days after Dish Network dropped its takeover bid;

the Federal Communications Commission (FCC) granted approval of the deal on July 2. That wasn't the only bad news for Dish, however: Sprint topped the company's offer for Clearwire, and both Clearwire's shareholders and the FCC have indicated a willingness to let the deal move forward unencumbered.

So far this soap opera has delivered a bidding war that sent Clearwire and Sprint shares skyrocketing upward; a lawsuit filed by Sprint against both Dish Network and Clearwire; a Dish-sponsored website, NationalSecurityMatters.com, that, ironically enough, played on fears of international spying concerns (the link and site now appear to be empty); and a hefty dose of sarcasm and vitriol between SoftBank CEO Masayoshi Son and Dish's iconoclastic leader, Charlie



Ergen. Stay up to date with the Pipeline News Center as this saga continues to unfold.

Intel is entering the pay-TV market

When news of Intel's set-top box (STB) crossed the wire, many media analysts wondered what the silicon giant might be planning. Now we know: a next-generation pay-TV service.

Eric Free, the company's general manager of content and services and vice president of Intel Media, tipped his hand while speaking at the TV of Tomorrow conference in San Francisco on June 25. "Ultimately we want to deliver a better form of television," he said. "We're very confident we'll get the content we need to launch later this year."

The service will be all-IP, delivered over the web, and it could be a cable killer. It all depends on the content deals Intel can strike; it's reportedly offering content providers up to 75 percent more than the cable guys. In order to offset those costs, Intel's STB will come complete with advanced advertising spy gear (a built-in camera that records user behavior) to improve both targeted advertising and subscriber data collection.

"One of the places where innovation really hasn't happened, at least not at the pace of your phone, your tablet or your laptop, is really within the pay-TV stack," Free added.

Satellite-based 4G backhaul a reality

Satellite-based communications technology has come a

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long way. Generally speaking, capacity on geosynchronous satellite networks is expensive, the speeds aren't that good and latency is significant. But what if we could bring the satellites closer to Earth's surface?

On June 25, O3b, a satellite-based service provider with backing from Google, launched four medium Earth orbit (MEO) satellites. The company claims on its website that it "can offer broad coverage, high capacity and low latency at a lower cost than fiber for broad rural coverage areas."

Even better, satellite technology is robust enough to support 2G, 3G and 4G LTE mobile backhaul. In fact, Maju Nusa has already signed on to provide O3bCell service to rural Malaysia. In an official announcement, the Southeast Asian telco's managing director, Shahrudin Salehuddin, explained the impact that O3bCell will have on residents and on Maju Nusa's business in general. "Utilizing the O3b network, Maju Nusa will be able to deliver 3G service to customers over satellite [starting in] 2014. For many, this will mean that they will go from zero connectivity to 3G for cellular services practically overnight."

He added, "Interactive services are not available today in these areas. Indeed, at present people commonly need to travel out of their village simply to make a phone call. As well as helping us improve our service, O3b helps to reduce CAPEX [capital expenditure] costs, aggregating our existing 111 sites over Peninsular Malaysia into only 20 customer-terminal locations."

Satellite security

Can the satellite-TV guy secure your home? Sure, why not! DirecTV has joined its pay-TV competitors Comcast and Time Warner Cable in the home-security services market with its acquisition of LifeShield. Aside from the fact that the cellphone market is already supersaturated, it's easy to see why service providers of all stripes are aggressively pursuing opportunities in this new arena: roughly 80 percent of US homes lack a home-security system.

E.T. home phones?

Dish Network, DirecTV and O3b aren't the only satellite-based service providers making headlines: ViaSat has become the first satellite-based internet company to provide residential phone service in the US. Considering the satellite industry's humble beginnings, sending an unlimited number of calls into outer space and back to Earth for less than \$20 a month is quite an achievement. It's also opened the door for ViaSat to offer triple-play service bundles (phone, internet, and TV).

Lisa Scalpone, vice president of satellite services for ViaSat, outlined the news in a press release, saying, "We have

long wanted to provide our customers with a cost-effective alternative to paying for an expensive landline through the telephone company. With the introduction of Exede Voice we can now offer a triple play, a first of its kind for the satellite industry and a great deal for consumers at a monthly price under \$100."

The Cable Show 2013

The National Cable and Telecommunications Association's (NCTA) annual Cable Show conference, held this year in Washington, D.C., proved to be a veritable treasure trove of information, and provided insight into the future of pay TV, its IPTV component and video as a whole.

Perhaps most interesting was the way the cable industry is uniting around Wi-Fi. Time Warner Cable, Comcast Xfinity, Bright House Networks, Cox Communications, and Optimum have collaborated to launch a massive, shared-use hotspot network called CableWiFi. Individual cablecos made announcements at the Cable Show 2013 as well, including Comcast, whose new SSID (service set identifier), "xfinitywifi," turns subscribers' STBs into neighborhood hotspots. One thing is certain: cable companies are aggressively leveraging Wi-Fi to extend their reach and gain further traction not only in wireless home services but perhaps even Wi-Fi-based mobile-phone service.

Meanwhile, Verizon FiOS customers with Android devices have received a big service upgrade. A new app from Big Red enables them to untether from their STBs and watch 75 channels of live TV and thousands of titles from the FiOS video-on-demand (VOD) library on their Android smartphones and tablets. The app also offers digital video recorder (DVR) control and functions as a remote control for the STB in the home. Streaming live TV to mobile devices has been a bit of a challenge even for a mobile service provider like Verizon, due in part to the broadcast restrictions imposed by various licensing deals. Its new service offering represents the future of television: anytime, anywhere and on any device.

It isn't clear whether TVs will continue to get smarter as STBs disappear entirely or whether TVs will function merely as terminals while STBs persevere in various incarnations. But whatever the outcome, LG Electronics is ready for either reality: the television-set manufacturer announced a line of seven STBs at the Cable Show conference on June 10, some as small as a USB dongle. All of the new boxes enable cable operators to merge traditional pay TV with internet-delivered content from over-the-top (OTT) providers like Netflix and Google. LG's dongle-sized units integrate well with smart TVs, while its stand-alone STBs can feed any video device.

"Traditional cable and smart-TV capabilities are converging faster than ever, driven by consumer demand," said Kurt

Hoppe, director of smart-TV innovation and new business for LG, in a news release. “Consumers are seeking ways to get all of their subscription-based services, cable feeds and video on demand in one place, and they want options that feel natural to them. With LG’s portfolio of STBs and open smart-TV platforms, cable operators have a comprehensive response that will satisfy subscribers’ entertainment needs now and in the future.”

Late-breaking acquisition news

As this issue of Pipeline was going to press, several stories crossed the wire that bear mentioning.

Nokia bought out Siemens’s stake in their Nokia Siemens Networks (NSN) joint venture for about \$2.2 billion on July 1. There’s been no word yet on what the restructuring will entail, or how exactly the brand name will change, but most analysts agree that the buyout is good for the overall business. The announcement “is a very positive step forward for the mobile infrastructure company,” wrote Daryl Schoolar, principal analyst for network infrastructure at the research firm Ovum. “Mobile operators want stability in their network vendors, so ownership uncertainty certainly didn’t help NSN in the pursuit of new wins.”

Also on July 1, Ericsson continued the expansion of its video portfolio with the acquisition of Red Bee Media, a London-based media services company with more than 1,500 employees. This is a substantial addition to Ericsson’s expertise and capability in video, and will expand its UK operations to 4,000 employees in all, making that region the global media hub for the company.