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By Jesse Cryderman

Huawei Walks Tall

Hardly a week went by last month without a big announcement from Chinese network equipment and device manufacturer Huawei. Yes, Huawei is the subject of investigations by both the US Commerce Department and the House Intelligence Committee for possible connections with the Chinese military. Yes, Huawei's staff size alone—110,000–resembles a standing army. But that's old news.

Despite security concerns that ebb and flow in North America and parts of Europe, the mammoth multi-national recently signed network equipment deals with Telus, Bell Canada Enterprises (BCE Inc.), Orange Poland, T-Mobile Poland, and TeliaSoneria, among others. Some of these deals saw Huawei partnering (piggybacking?) with another equipment provider.

Market research in February confirmed what many observers have already surmised—among network equipment providers, Huawei has moved to the front of the pack. Although the final tally won't become public until April, insiders have already proclaimed that Huawei has deposed Ericsson as the new equipment provider king. Huawei sold 14 million phones in the fourth quarter (ahead of RIM), and also became the number one supplier of carrier VoIP and IMS equipment.

Then came news that Huawei intends to buy $6 billion worth of microprocessors and communications components from US-based companies, including Qualcomm, Broadcom, and Avago Technologies. This strategic purchase is an olive branch or a chess move, depending on how you look at it. Either way, that's a big bag of chips.

Another big story crossed the wire that didn't name Huawei, but is worthy of mention. A security researcher revealed that Nortel Networks was systematically hacked and infiltrated by someone in China for more than ten years. During those ten years, countless trade secrets were pilfered and intellectual property was stolen. Then Nortel Networks went bankrupt; the same Nortel that once provided network equipment to Telus and BCE, Inc., which is now delivered from a Chinese company

(Huawei). Very interesting…

Is Clearwire in the Clear?

When erstwhile WiMAX evangelist Clearwire reported a record quarter in February, it appeared their luck was turning around. But just like a karaoke party in Key West, appearances can be deceiving.

Although fourth quarter revenue did indeed double, so did net losses. Why? It appears the decision to dump WiMAX projects in favor of an LTE game plan had significant cost; $123 million, to be exact.

Erik Prusch, President and CEO of Clearwire, was unfazed. "During the year, we achieved key operational milestones, grew our funding resources, realized operating efficiencies and laid out a long-term vision that we expect will unlock the value of our deep spectrum portfolio through the most capacity-rich LTE deployment in the country," he wrote in an official announcement. Maybe he knows something we don't know, like just how willing Sprint is to continue fronting Clearwire the bread it needs to get their LTE network online.

A closer read of Clearwire regulatory filings revealed the extent of the LTE gamble. Despite securing around $1 billion recently, the company may need to hold its hand out again before the end of the year.

As if to assuage the doubts of the critical investor, Clearwire announced the rollout of its LTE network…a full 16 months ahead of time. I'm no fortune teller, but I do know that a lot can happen in 16 months, and new network buildouts are subject to all types of challenges. Bluntly, they tend to take more time than planned. But, again, maybe Clearwire knows something we don't. Maybe they're using the new Amdocs Single Click Network Rollout solution (it's capable of reducing base-

station design times by up to 90 percent, says Amdocs). We'll just have to wait and see.

LightSquared Fumbles in the Fourth Quarter

If there's one thing I've learned this month, it's that no one benefits when farmers are angry and drivers get lost. What does this have to do with telecom? A lot actually, especially if your nametag reads LightSquared.

Whether or not testing was rigged, crops were crippled, or anyone got lost on the highway, one truth remains: the FCC formally pulled the plug on LightSquared's $14 billion LTE network for interfering with telematics systems from John Deere and OnStar (among others).

This decision has far-reaching implications. Sure, LightSquared was forced to cut 45 percent of its workforce, and LightSquared's investors became a tad sore with brash billionaire Philip Falcone's pet project. Those outcomes were expected. The bigger story is that the opportunity for MVNOs and MSOs, who wanted to jump into the 4G wireless game, evaporated. Network buildouts are cost prohibitive for all but the biggest players. With its wholesale model, LightSquared aimed to be the biggest, fattest, dumbest pipe at a time when most CSPs do everything they can to divorce themselves of such a concept.

In the meantime, news broke that the government in the U.K. earmarked more than $280 million on filters that block 4G interference. This takes the discussion out of the cornfield and into congressional chambers, where lobbyists for top telecoms are known to pick up the tab for lunch. Why the sour grapes for LightSquared?

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Proposing an answer, Wired published a withering opinion on the opportunities in telecommunications in the U.S. Writer Susan Crawford led with this crippling commentary: "If you're thinking of investing in anything that might disrupt the business plans of the established brands in the tiny club of American telecommunications businesses, keep this in mind: Logic is for losers." She went on to say the FCC's action against LightSquared represented, "the latest, saddest episode in a long string of stories signaling that upstart investors should look outside the telecommunications sector for opportunities."

What do you think? Seriously, let's discuss this on LinkedIn—have telecommunications opportunities in the U.S dried up?

Acquisitions and Divestitures

Plenty of properties, real and virtual, changed hands over the past month. Here's a quick overview of some of the most notable acquisitions and divestitures:

- Juniper Networks purchased security software provider Mykonos Software. Mykonos specializes in intrusion deception systems; perhaps all the news coverage of Anonymous and Nortel hacks is prompting new business opportunities?
- Ericsson acquired Canadian WiFI provider BelAir Networks in order to add carrier WiFI to their solution portfolio. Ericsson also clarified its BSS/OSS strategy following the $1 billion Telcordia acquisition, with a newly named business unit: Business Unit Support Solutions.
- Verizon bought Plateau Wireless, an operator in New Mexico, to add 26,000 square miles of coverage to their red maps.
- Cisco pulled the plug on Scientific-Atlanta, the set-top box business it bought for $7 billion six years ago.

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- Hutchison picked up Orange Austria for $1.7 billion as part of a $31 billion overseas investment strategy.