

## NewsWatch - April 2012

By Jesse Cryderman

Pipeline's Innovation Award Nominees Hope to Catch a CommIT Pipeline's awards program kicked-off with a bang with the launch of the 2012 Innovation Awards. Over 100 nominations were made including nearly 70 companies for 10 innovation categories. Contestants are competing to win a coveted CommIT trophy in one of the following categories:

- Innovations in Customer Experience Management (CEM)
- Cloud Innovation
- Advancements in Video
- Innovations in Networking
- Technical Innovation
- Best Ecosystem
- Product Innovation
- Advanced Connectivity
- Best Deployment
- Most Innovative Company

The Official Nominees were comprised of the leading ISVs and CSPs from around the world including:

Accanto Systems	Comptel
Acme Packet	Connexus
ADTRAN	Crawford Media Services
Airbiquity	Cricket
AIS Thailand	CSG International
Aito	Custom Call
Alcatel-Lucent	DigitalRoute
Alvarion	DTCC
Amdocs	EdgeCast
Appcore	Ericsson
Aria	Globys
Aricent	HP
Arkadin	Hutchison 3G Austria
Avvasi	InfoVista
BroadSoft	JDSU
China Telecom	Life:)
Cisco	MDS



MetraTech	Rogers
Microsoft	Sprint
MRV	Subex
NetScout	Tail-f
Nokia Siemens Networks	Telefonica O2
Ontology	Telstra
Openet	Tekelec
Orange Group	Tektronix Communications
Orga Systems	Telus
OSSera	Temenos
Pacnet	TEOCO
Polaris Wireless	Transverse
Polystar	Tribold
SAPO	Vantrix
Radisys	Vodafone Netherlands
Razorsight	WeDo Technologies
Redknee	Zuora

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A promotional graphic for a Pipeline KnowledgeCast Webinar. The top section features the Pipeline logo with the tagline 'Technology for Service Providers.' Below this, it says 'KnowledgeCast Webinar' and 'What Video Optimization Vendors Are Not Telling You'. The date and time are listed as 'May 8th at 4PM UK / 11AM EDT'. It is sponsored by MOBIXELL, with the tagline 'Broadband Experience. Mobile'. A 'REGISTER NOW!' button is at the bottom.

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KnowledgeCast Webinar

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May 8th at 4PM UK / 11AM EDT

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## The Race for FreeMAX

Lightsquared customers are beginning to jump from the FCC-stalled network, not the least of which is Sprint, who (as I predicted in early March) formally severed relations with Lightsquared on March 16. While Sprint's LTE network strategy is now seriously in question (some analysts are even claiming bankruptcy may be on the horizon), some Lightsquared defectors have found a new home with 4G wholesaler Clearwire, moves that are leading to some interesting business models.

First, NetZero rose from the ashes of obscurity with the same pitch that made it a household name in the 90s: free internet—but this time it's wireless, and it's fast. NetZero moved its network business from Lightsquared to Clearwire, and announced a duo of WiMAX-driven 4G devices along with a free data plan. Customers can ride NetZero WiMAX for free for up to a year, albeit with a rather small monthly data cap (200mb). Still, this represents an annual savings of over \$175 compared to AT&T's lowest mobile data tier (which is 250mb monthly).

Then FreedomPop popped up with details of its disruptive free wireless service. Recall FreedomPop, a business driven by Skype co-founder Niklas Zennstrom, made headlines in December of last year with a "free wireless service," but then faded away and no further details were released. Well, we can thank the FCC for that, as Lightsquared was supposed to deliver the mobile data for FreedomPop. Users will connect to FreedomPop's WiMAX 4G network through a USB-dongle, a hotspot, or a customized iPhone case (really—check it out) and be granted free access and 1GB of free bandwidth per month. After tapping out the free data supply, users

**At \$10/GB for mobile data, FreedomPop's Clearwire-enabled service has reached the cost threshold for serious disruption.**

will be charged \$10 per GB for additional data.

This number is highly significant, because \$10 per GB of mobile data is a tipping point, explained Don Bowman, Founder and CTO of Sandvine. We recently spoke in Barcelona at Mobile World Congress, and he outlined the competitive landscape that operators face once mobile data can be delivered cheaply by wholesalers. "The threshold is around \$10 per GB," he said, and "it will be enabled by Clearwire," he predicted. "This will quickly commoditize the market, and the value of the incumbent operators' brands will dilute."

Right now, the underlying cost for an operator to deliver 1GB of mobile data through a pure-play wholesale model is between \$6 and \$10, explained Bowman. This probably means FreedomPop is losing money on the free front-end, but will supplant these losses with upsell options, similar to other freemium services.

"We call ourselves a Webco versus a telco," FreedomPop Marketing VP Tony Miller was quoted in AllThingsD. "We're trying to build something more interesting."

It certainly is interesting—what is the telco of the future? Or is the word itself destined to be a relic of vernacular past?

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### Mutton Bustin' with CHR Solutions

This month, Pipeline had an opportunity to visit CHR Solutions and some of their customers at their headquarters in Houston, Texas for their 2012 User Meeting & Strategic Summit, "Beyond the Horizon." The event featured three days of rich sessions from prominent keynote speakers such as Shirley Bloomfield, CEO of NTCA and Bruce Churchill of Microsoft; NOC tours of prominent local customers, about 20 exhibits for partners and affiliates, and a full-blown rodeo. Yes, a rodeo.

The level of interactions, substance, and overall energy was a pleasant surprise. The sessions were stimulating, conversations thought-provoking, and CHR was a magnanimous host. Some consistent themes facing CSPs drifted to the top of discussion, such as how changes in regulatory support is impacting rural telcos, contending with new cloud revenue opportunities, and how to monetize new services with integrated OSS and BSS systems. Look for coverage of these and other topics in upcoming issues of Pipeline.

### Getting Schooled at Harvard with Acme Packet

In mid-March, Pipeline had an opportunity to attend "Acme Packet University" at the Harvard Faculty Club in Cambridge, Mass. The one-day event was chocked full of deep-dive sessions on everything from session border control, to IMS, to LTE and more. We heard from Acme Packet, GSMA, Infonetics, and other industry experts through this day-long informative session.

Pipeline left (after a quick stop in Harvard Square) with several key impressions. The first of which was a better understanding of Acme Packet's history of innovation. The second, and perhaps more prominent impression, was how incredibly well poised Acme Packet is to capitalize on many of these current market trends. If it's any indication, Acme Packet was upgraded shortly after the event by attending analysts such as Catharine Trebnick from Northland Capital Markets who writes, "Fundamentals are solid and we expect the company will be back to 20 percent growth in 2013. We are upgrading our opinion to Outperform from Market Perform." In today's market, it doesn't get much better than that.

### Isn't It Too Early to Talk 5G?

Since only a sliver of people on the planet are on 4G networks, and truth-be-told, none of them meet the ITU definition of 4G (100mbps), isn't it a tad early to talk 5G?

Bell Labs, Alcatel-Lucent, and Telefonica don't think

**Cisco positioned itself squarely in the video delivery chain by acquiring NDS for \$5 Billion in mid-March.**

so, and they held a press event at Mobile World Congress to outline the fifth generation of mobile. First of all, don't hold your breath; 2025 is the posited drop date for 5G. Still, what does 5G look like?

"5G is more about providing the services people need at the appropriate Quality of Service," said Marcus Weldon, Alcatel-Lucent CTO. It's not so much a new speed potential as it is the correct speed for the application. This is increasingly important as we experience the "rise of the machines." Mobile traffic today is driven by somewhat predictable activities: making calls, receiving email, surfing the web and watching videos. Over the next 5 to 10 years, billions of new devices with less predictable traffic patterns will join the network including cars, M2M modules, sensors, and the like. This might take the form of video surveillance requiring 24/7 bandwidth, or it may be a bio-hazard sensor sending tiny bits of data daily. Stir in the effects of the meteoric rise of cloud computing, and it's easy to see why new network strategies will be crucial to the fifth evolution of mobile.

5G represents a convergence of network access technologies. According to Ian Miller, Director, Radio Access Networks, Telefonica, "It's about how we stick these varying access technologies together seamlessly—right now it's a little clumsy."

Additionally, baked into the idea of fifth-generation wireless is customer experience. While past "Gs" seem focused on network abilities, 5G is focused on always offering the right network ability for the right service. "Of course, there will be substantial speed increases," said Tod Sizer, Head of Bell Labs Wireless Research. However, sewing different access technologies together in a seamless fashion and creating smart gateways that choose the "best" connectivity for a given situation (and in a transparent manner) will be the DNA that gives life to 5G.

### The Battle for Video Heats Up

Video is a perennially hot topic. It's the largest strain on mobile networks, it's consumed as never before, and the players along the value chain are in flux. Telcos, cablecos, CDNs, and OTT players alike are joining forces to create video ecosystems in a strategy some have termed "coopetition." I don't

necessarily like that term, and not just because spell check will never recognize it. Since business is inherently competitive, a simple (and real) word like “partnership” seems more appropriate.

At the IP&TV World Forum last month, representatives from Verizon, Deutsche-Telekom, and a slew of other top-tier CSPs made the case for partnerships, and the creation of unified content ecosystems. Telcos are aiming, in part, to become mediacos, and they’re having some success. In fact, at the event, the award for Best TV App didn’t go to a cableco, a broadcast network, a content network, or an OTT player, but to AT&T.

Gerry O’Sullivan, VP Global TV and Entertainment at Deutsche Telekom, underlined the challenges inherent to merging different cultures during a keynote at IP&TV World Forum: “It’s a very interesting proposition, TV and telecoms coming together—it involves two different types of people, two different types of culture, and we are seeing the successes and failures of that combination.” O’Sullivan would know—prior to his new position at DT, he worked exclusively in TV. That CSPs are fishing in TV-talent pools is telling.

The video service provider with the biggest target on its back is likely Netflix. Several partnerships have been announced recently that aim to dethrone the OTT video pioneer. Creating a red-power duo, Verizon and Redbox joined to offer an on-demand streaming video service. Earlier in the year, Dish Network and Blockbuster made the same move. Comcast is pitching its own Netflix alternative, called Streampix.

The problem is, at this time, no one, save Netflix, seems able to make money for such a small

subscription fee. The competing streaming services have been described by analysts as, “churn reducing strategies.” Comcast’s Streampix, for instance, is only available to Xfinity TV customers.

After some public foibles, Netflix is coming back strong. The company is now getting into the content creation market, launching original Netflix programming. It is also actively reaching out to cable providers for programming and revenue swaps.

Boosting content libraries is a major strategy for other OTT competitors, especially as some content studios have backed away from deals with Netflix. Last month, Amazon Prime struck deals with Viacom and Discovery Communications, seriously expanding its programming cache.

Multiscreen is another hot battleground. Whoever can serve up content to the largest number of formats stands a good chance of moving ahead. Hulu Plus is even taking their video to the Nintendo DS. Stretching out further, companies like Microsoft are attempting to bring all the video players under one roof.

Meanwhile, Cisco positioned itself squarely in the delivery chain by acquiring NDS for \$5 billion in mid-March. The mega-corporation clearly sees a video future in software and delivery, and not in hardware and set-top boxes (Cisco dumped its set-top box biz, Scientific Atlanta, last month). The end goal is Videoscape, “Cisco’s comprehensive platform that enables service providers and media companies to deliver next-generation entertainment experiences.”