

## NewsWatch

By Jesse Cryderman

### Global Telecom Market Grows 4%

Independent telecoms analyst Ovum released a report this month that reviewed the 2010 financial performance of global telecoms. The results look promising for those operating in the space—4 percent growth in revenue to hit \$1.85 trillion. The most significant finding was a modest year-on-year capex rise in the fourth quarter, which represented the first such growth since 4Q 2008.

Matt Walker, principal analyst for Ovum and report author commented: “This late pick-up of capex in 2010 drove the full-year results. There is usually a fourth quarter budget flush, but 2010 was stronger than 2009, when most carriers remained jittery. Vendors who have faced several quarters of lean times are certainly happy to see the capex tap turned on again.”

Google and Apple are launching cloud music services, and HP may be next.

“Most of the big vendors enjoyed healthy top-line YoY growth for the fourth quarter of 2010. The best performing of the larger vendors included ZTE and Juniper, with 40 per cent and 26 per cent YoY revenue growth respectively. Alcatel-Lucent and Ericsson also did well with YoY growth of 13 per cent and 11 per cent respectively. Meanwhile, Nokia Siemens Networks’ (NSN) revenues in the fourth quarter of 2010 grew by 0.5 per cent to hit \$5.4 billion, NSN’s first positive YoY revenue growth since the third quarter of 2008.”

### Did the Royal Wedding Break the Internet?

Last month we mentioned the possible impact the royal wedding might have on global networks, or more precisely, whether the networks were capable



of handling the enormous demand for simultaneous real-time video streams of the pageantry. Sandvine was actively monitoring global networks, and recently released an answer to our questions in “Global Internet Phenomena Spotlight: The Royal Wedding.”

As expected, clear markers of increased traffic emerged: real-time messaging doubled and global video traffic surged 26 percent. Levels of Octoshape, a streaming media platform used for large global events, surged 60 times above normal levels. However, overall internet traffic for the day was actually 10 percent below baseline levels. And this from an event that was supposed to break Internet history—what gives?

As the report concluded, “Quite simply, the billions of people tuning into television coverage meant that a huge number of subscribers who would normally be active online were, instead, glued to their televisions.” In this scenario, television won, and cord-cutters are clearly a minority. The Sandvine report noted this as well: “However, this should not cover up the fact that there was a significant increase in video traffic worldwide, which is evidence that many users are turning to the Internet to experience events that are typically the exclusive domain of television broadcasts.”

### Huawei Makes Aggressive Moves in B/OSS

To anyone attending TM Forum’s Management World 2011 in Dublin (which the Chinese mega-company heavily sponsored), it was clear that Huawei has an aggressive, and so far successful, plan for its OSS/BSS line of business. After spinning off OSS/BSS unit Huawei Software Technologies Co. and bursting

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on the scene just three years ago, Huawei is boasting impressive numbers: a client base of more than 400 CSPs in 138 countries; a consumer user base of 700 Million; and 200 OSS/BSS enterprise contracts in 38 countries.

How far Huawei's winning streak will go remains to be seen. Many analysts have raised doubts that the Chinese company will ever make in-roads in mature markets, particularly the U.S., where security concerns are prevalent. In other words, who wants to hand over the keys to the data kingdom to China?

These concerns are hardly enough to overshadow Huawei's apparent success however. The company received a Leadership Award at Management World 2011, and there's constant speculation regarding which U.S.-based company Huawei might attempt to acquire in order to gain a foothold in the U.S. market.

#### **Cloud Music Services Making Noise**

Last month we reported that Amazon beat competitors to market with the first large-scale cloud music service, Cloud Player. We also predicted rivals Google and Apple would rapidly follow suit. As if on cue, news of cloud music offerings from Google and Apple rolled in about two weeks after publication last month. And now HP has finally leveraged its \$30million purchase of Melodeo into its own cloud music service offering, HP Play for webOS.

Google's service, Music Beta, lives up to its name and seems nothing more than a blocking play meant to grab early adopters from Amazon's camp. The service is certainly nowhere near the level of development and deployment of Amazon Cloud Player, although it sports nifty one-touch integration. Surprisingly though, there is no iOS app—users instead must run a flash-based web version. Matthew Lynley of MobileBeat summarized the offering in an early review : "Music Beta in its current form is far from what we'd expect from a Google product— it's a web of confusing programs without a lot of instruction as to how to actually get to the music you want to hear."

It is rumored that the cloud music offering from reigning media giant Apple will be launched at the worldwide developers conference in June, and will be called iCloud. The service might have three big

## **If a goliath like Sony can't protect its users' data, how safe is anything online?**

advantages over its competitors. First, it might not require a user to upload a music collection. Instead it reportedly will scan files and mirror them on the Apple cloud server. Second, according to the Huffington Post, "Apple has reportedly signed licensing agreements with EMI Music, Warner Music, and Sony Music and is thought to be close to completing a deal with Universal Music, the last of the four major record labels." And a patent application uncovered by Apple Insider reveals that the iCloud service might use a song segmentation storage strategy that would dramatically reduce lag times and streaming delays.

It looks like HP is also getting into the game with HP Play for webOS. The company bought cloud streaming music enabler Meledeo for \$30million about a year ago, launched HP Play as a Facebook page, launched the Beats Audio brand, and seems poised to go head-to-head with Apple, Google, and Amazon in the cloud music market.

#### **Security Issues for Android, Sony**

These days, the ammunition to bolster fears over the security of online sensitive data is never more than a news story away. Last month the Sony Playstation network experienced a massive breach, and several Android security stories surfaced, proving once again that network vulnerability is very real.

For Google, the trouble arose when German researchers published a paper that proved packet sniffers could detect authorization tokens for Google Apps over WIFI networks on Android OS prior to Honeycomb and Gingerbread. While these issues were addressed in these latest two Android releases, the majority of Android devices on the market are running earlier versions and are at risk. Then vulnerability at the ClientLogin level, which left Androids open to impersonation attacks, was revealed. Luckily this had a server-side fix, and Google moved quickly to address the issue. Now

the latest news centers around Mobile Wallet, which launched last week. It appears that Google's open app standards—which have resulted in many malware apps on the Android Market—are not enough to ensure that “authorized” apps aren't sending sensitive data to crooks to fuel their online shopping sprees.

Sony's massive Playstation network breach, which exposed 77 million users, made headlines in late April. At about the same time, hackers cracked Sony Online Entertainment, exposing the data of more than 24 million user accounts. Further stories revealed that Sony servers were hosting a phishing website unwittingly. News then surfaced that intrusions were still occurring, first from a Sony Ericsson website in Canada, then a Sony Music website in Greece. According to the BBC, there was also a break-in in Indonesia. With all the scrutiny on Sony following the Playstation outage/intrusion, it's astounding that their security continues to be compromised. It begs the question that if a Goliath like Sony can't protect its users' data, how safe is anything online?