

NewsWatch: Consolidation and Security Make Headlines

By Phil Britt

Business consolidations continued during the last month as OSS/BSS providers and telecommunications firms sought to provide new, engaging solutions for customers. New offerings are needed, particularly in mobile communications, as market penetration nears 90 percent.

Redknee, a provider of billing and charging software and solutions for communications service providers, closed its previously announced acquisition of Nimbus Systems, a privately held company that

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specializes in next generation billing, content settlement and customer care. The acquisition increased Redknee's presence in Tier 1 group operators. The company expects new business from the full integration of Nimbus Systems' solutions into Redknee's product portfolio.

With the addition of Nimbus, Redknee expects to be able increase its offerings to customers as they upgrade or replace legacy systems in order to migrate to next generation billing, charging and customer care platforms. Redknee and Nimbus Systems' independently developed software, which includes open APIs, was designed to ensure that Redknee's

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solutions can be fully integrated into any existing billing systems.

In Asia, 3 Hong Kong partnered with UK-based mobile video content distributor Swanbay to offer free, advertising-supported mobile video content.

Swanbay is providing free international and regional video content such as the highlights of World Cup matches, NBA basketball, music videos and movies on Planet TV, which is exclusively available on 3 Hong Kong's mobile platform. Raymond Ho, head of content management of 3 Hong Kong, said Swanbay's service would attract more viewers to 3's mobile platform.

Since the beginning of 2010, Swanbay has launched its service in Hong Kong, Taiwan, Thailand, Malaysia, India, Pakistan and soon to launch across Europe, Africa and the Middle East. Local strategic marketing specialist Medesign will handle Planet TV's advertising business in Hong Kong.

The Asia-Pacific region will see strong growth in video conferencing in the next few years, according to Frost & Sullivan, which predicts a compound annual growth rate of 13.6 percent till 2016 when the market will reach nearly \$820 million.

"Spending on video conferencing solutions picked up in the final quarter of 2009 and has shown similar upbeat trends so far in the first half of 2010," said

Frost & Sullivan industry manager

Pranabesh Nath. He expected the demand to continue, assuming the economic recovery proceeds as anticipated in most Asia-Pac markets.

The video conferencing market had grown only 5.4 percent in the previous year, as many enterprises curtailed spending due to the worldwide economic slowdown, according to Nath.

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Mobile Penetration Expected to Go Deeper

The mobile market in the U.S. can be considered saturated, with penetration now exceeding 88 percent, according to Frost & Sullivan. With only marginal horizontal growth available, carriers are focusing more on vertical growth through innovative premium data services that run over next-generation wireless networks and devices. The emergence of a broad range of connected devices is expected to push penetration of mobile services to more than 100 percent.

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Over 60 percent of North American mobile subscribers regularly use text messaging, and a majority of these are part of a bundled data plan. The impact of smart phones in driving data usage on the mobile networks is beyond doubt.

The biggest challenge is to ensure a satisfactory, pleasant, and useful consumer experience while delivering maximum value. Even though North American mobile operators protect the consumer experience, managing the end-user experience is not always possible since an increasing amount of traffic is increasingly causing several operational impediments.

Phone for Mobile E-Commerce?

Additional growth could come from a stronger move by telecom providers into e-commerce as they seek to provide some of the payment service that has been long controlled by Visa and MasterCard. Analysts point out that the telecom firms already have experience with recurring billing, the necessary customer information and method (the cell phone) to provide such a service. Discover Financial Services and Barclay's Bank would reportedly provide the credit and financial services expertise.

However, promises of mobile technology capability in theory tend to be ahead of practice in many instances. 3G capabilities were discussed for years before the technology became widely available. Location-based services were available in Asia long before they were available in the U.S. Similarly, carrier-based mobile commerce has been successful overseas already, but only time will tell how quickly such a payment option will make any headway in the United States.

More Mobile Offloading Expected

The growth of mobile traffic will lead to a sharp increase in uploading in the next five years, according to ABI research. The firm says that about 16 percent of mobile data is diverted from mobile networks today, a figure that is expected to grow to 48 percent by 2015. Data delivered to smart phones and other

mobile devices will proliferate, continuing to choke the capacity of many mobile networks. Network expansion by itself won't be able to handle the growth in traffic, leading to the offloading.

Several approaches and technologies will play specific roles in relieving network congestion, according to ABI, citing Wi-Fi, femtocells, and mobile content delivery networks. The research firm said that one of the most effective tools is media optimization, predicting that media optimization will grow the fastest and deliver the greatest traffic reduction of all these methods.

RIM Seeks Resolutions

In fact, for all of the discussion the traffic growth in parts of the Middle East and Asia will depend at least in part on the resolution of government oversight issues. BlackBerry provider Research in Motion was battling threats of blocked service in Saudi Arabia and India, which were somewhat reminiscent of Google's fight with China over similar issues earlier in the year.

RIM initially adopted a hard-line posture against providing government access to instant messages and e-mail, but by the end of the month was trying to work out a solution that would appease the governments.

RIM had promised to offer technical solution for decoding encrypted BlackBerry data to the Indian government by the end of August. The government had warned that it would block BlackBerry services if the company didn't comply. The company was reportedly near a similar deal with Saudi Arabia. The United Arab Emirates was also seeking to view encrypted BlackBerry messages in an attempt to thwart terrorism.

While concessions by RIM could give some customers pause due to privacy concerns, communications growth even in those countries is likely to continue strong, with any restrictions shifting only the method (i.e., to VPNs), not the amount of network traffic.