The Sunday Brief: There's Something For Everyone – The International CES Preview Edition
30 December 2012

Greetings from Dallas, Fraser (CO) and Kansas City, all hit by snow in the past week (Dallas drivers in the snow – not a pretty sight). As the picture shows, it's been better than average skiing in CO since Dec 19th and with a 42" base, the ski faithful are returning to the mountain. We hope many of you join us to end this year's ski season with a trip to SkiTAM, the cable industry's annual event to benefit the U.S. Paralympic Ski Team.

Speaking of faithful crowds returning, the International CES is a few short days away, and nearly 160,000 of us will be taking in the latest product, partnership, and launch announcements from a host of industries. This will be my third CES in the past four years, and each one proves to be a test of both mental and physical endurance.

In the past, I have written about the ineffectiveness of CES. Apple has separate product announcements, CTIA is becoming the carrier announcement event, and Google and Amazon are present at every (but not dominant at any) trade show. With a shaky start to Windows 8, Microsoft (the former grand dame of CES) will spend more time explaining why Windows remains relevant in both the mobile and the portable computing worlds than promoting their vision for the future of computing.

So why attend CES? Or, if you are attending, why spend hundreds of extra dollars for the sessions? Can you get as much information following CNET or other major media outlets on Twitter?

Simply put, no. CES is the trade show to end all trade shows. It's the place where many big technological ideas are announced (3D-HDTV, Plasma TV, X-Box, Blue-ray disc, OLED, etc.). It's the place where serious and substantive interconnection discussions take place. And it provides a global perspective that CTIA lacks. While many of you use CES as a place to hold kick-off meetings and to solidify 2013 forecasts, I find CES to be a treasure trove of learning opportunities, a chance to broaden my view of the device and services environment.

I'll be looking for three things at CES:

1) **An understanding of where processor speeds will be headed in the next 1-3-5 years**. Chipsets matter, and how they transform the home, office, and everywhere in between are critical to the progression of downstream products and services. Paul Jacobs is providing the Pre-Note Monday evening at the Venetian (pre-convention Keynote) and will provide some insights into chipset size, performance, and cost. Most keynotes are corporate marketing exercises – I think Paul's will be much more than that and would add his talk to your "need to attend" list.

One of the key themes for The Sunday Brief in 2013 will be *"Racing to LTE (only)."* Wireless operators want to standardize and rid themselves of old speeds, old standards, and high "taxes" that come with 2G and 3G chipsets. Legacy networks will begin to de-scale in 2013 and rapidly de-scale in 2014 (see Verizon Wireless' fall CTIA announcement about their expectations for 4G

networks). More LTE-only devices will emerge – first in M2M, then in purpose-driven devices (readers), and, by the end of 2014, in the handset itself. This transformation is critical to the cost structure of the wireless industry, and the acceleration of dual-technology devices (LTE + Wi-Fi) will be in focus for 2013. My prediction is that it will be a faster transition than we saw with the analog to digital and 2G to 3G data.

Voice over LTE is a pre-requisite to mass adoption of any handset, and broad LTE coverage needs to be in place prior to LTE-only becoming a full replacement for today's multi-band handset. The thesis we are developing, however, is that the end of 3G is a lot closer than anyone thinks for the majority of wireless users.

(Full disclosure: I am on the Board of Directors of Sequans who is a global leader in LTE-only chipset technology).

2) **The transformation of the largest screen in the home and office – the (TV) monitor**. There was a lot of focus last year on the Smart TV platform, which sounded promising but turned out to follow the same adoption curve as other technologies (see NPD's blog post on smart TV adoption here). Can the TV change from being a receiver? Can video libraries complement traditional web searches (and literally queue on the TV even though a search may be generated from a smartphone, tablet, laptop, or desktop computer)? With the right permissions, can the TV guide me to what I want to see, versus what others want me to watch?

There is no single session that addresses these questions. But underlying each of the sessions will be the current habits that need to be broken before televisions turn into the smartest and most powerful monitors in the home. There is a lot to be done.

Partnerships will be critical to this transformation, particularly with Google (Android, YouTube, Hangout) and OTT video providers (Hulu Plus, Netflix, Skype, others). Google has the opportunity to exercise more independent leadership due to the pending sale of the Motorola set-top box business unit. Broadcasters can ride the transformative wave, or risk being swept into the undertow generated by Amazon, Google, Microsoft, Facebook, and Apple.

Also needed are changes to the Electronic Programming Guide (EPG) and remote control units. I will be attending a couple of promising sessions on the social EPG (watch what your friends are watching – more on the future of the EPG can be found here).   A lot is at stake with the next generation viewership portals – it's metadata, crowd sourcing, cloud computing, algorithms, and analytics all combined with leading User Experience Design (UXD). It's ripe for the taking, and worth billions of market cap to the winner – definitely the space to watch.

3) **Government's role in shaping communications policy** will also take center stage at CES this year with all five members of the Federal Communications Commission attending. This is not a coincidence, as a second Obama term emerges. Chairman Julius Genachowski will continue his string of keynote CES appearances with a 1-on-1 session on Wednesday the 9th. According

to the news release, he will address "broadband, spectrum reform, competition policy and other critical issues impacting the consumer technology industry." Hint – it could run long!

Meanwhile, there is an entire Innovation Policy Summit covering many unique topics including patent protection, Senator Ron Wyden's recent efforts to preserve a free and open Internet (more on this in a future Sunday Brief – fortunately, his most recent bill is going nowhere), Washington DC policies to spur entrepreneurship, UN Regulation of the Internet (see here for a great article on the topic from Tim Lee), and even a session on "New Approaches to the Use of Consumer Electronics on Airplanes." Not an uncontroversial topic in the bunch. The full agenda for the session can be found here.

The most interesting topic, however, will be one of anti-trust. How big is too big? Is it simply size that matters, or are there other tests of market power that should be used? Google, Amazon, and Apple shareholders are looking for hints of increased activism (the second term Clinton administration spent considerable time and attention on Microsoft) and any hint of increased regulation could put more pressure on these stocks and the market in general. (Unrelated to this topic, but another terrific article in case you missed it outlines the legacy Judge Robert Bork left on anti-trust policy.)

Many of you will be attending CES, and I want your thoughts on the sessions you attended for the January 12th Sunday Brief. Please send thoughts and comments to sundaybrief@gmail.com or Tweet then to @Pattersonadvice. (Also, if some of you are attending COMPTEL in March and are involved in cloud computing, specifically the distribution of virtual desktops and corporate-specific secure applications to portable devices, I need two additional panelists. Please drop me a line if you can help out – otherwise, I will recruit you!)

CES covers the complex universe that comes from rapid invention and innovation. It's a university for the curious, and an efficient meeting location for the sales-focused. I guarantee that you will be worn out by Thursday night, but glad you made the trip. See you at the show!

If you have friends who would like to be added to this email blog, please have them drop a quick note to sundaybrief@gmail.com and we'll add them to the following week's issue. Happy New Year from all of us here at the Sunday Brief!

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