

## The Sunday Brief: The Yawn and the Jolt 26 August 2012



Greetings from Dallas and Sylacauga, Alabama, home of the Farmlinks conference center. I had the opportunity to present some thoughts about changes in technology to a group of Cbeyond technology executives, and this golf manager's playground (started by Purcell Technologies, Inc. who provides True-Green fertilizers to millions of yards every year) has been transformed into a world-class conference center. A little off the beaten path, but the service (and amenities) were exceptional.

Many thanks for the comments on last week's article. One note, in case it wasn't clear, is that [Airvana](#) is now the provider of small cells to Sprint (and has been for the past 3-4 years). The link also shows the extent of Airvana's integration into Ericsson and Alcatel-Lucent. Definitely worth the mention given that they have hundreds of thousands of femtocells deployed with Sprint and other carriers worldwide.

Many of you also asked for more details on the integration of various networks to form the "heterogeneous network" or HetNet that is required to achieve focused levels of integration. There are a number of great articles on the topic, and a simple Google search is all you need to find white papers from each of the various vendors. The best one I have read is from Qualcomm and is currently featured in the [LTE forum website](#). It does the best job of explaining handoffs but also getting to the business issues. As I said, however, you can get fairly deep with the HetNet topic. Integration between networks, and creating a management system that maximizes coverage while preserving spectrum are two big issues to consider in any wide-scale deployment. Few are talking about Service Level Agreements (SLA) between supplier, carrier and customer that create accountability, and that will likely be the next step.

This is a slower week in telecom, one of "yawns and jolts." No one was deeply surprised that Verizon received approval from the FCC to purchase AWS spectrum from the cable companies. There were some tightened conditions around where and for how long the cable companies could jointly market services, but that will not impede most markets (although it will likely stymie any serious participation from Brighthouse networks given their concentration of cable assets in Tampa). The most important thing is that the cable companies get \$3.9 billion in cash today, that T-Mobile gets additional spectrum depth in 2012 (they already had AWS spectrum breadth) to build a credible data network, and that Verizon Wireless will be a preferred partner not only for the cable companies in non-FiOS regions but also for CenturyLink/ Qwest. (As one of you quipped this week, "Wonder if a Kevin Martin FCC would have also given them the kitchen sink?").



In case you are wondering if there is any tie between last week's article on small cell solutions and this week's completion of a cable/ Verizon alliance, let's look at the back of an IP Gateway or a DVR for any clues. (These are the latest and greatest models for Time Warner

Cable in Dallas – DVR from Motorola and the IP Gateway from Ubee). While it would be more risky to embed the 4G Femtocell directly in the back of the IP Gateway, it would not be difficult to create a USB connected version. As the attached pictures show, there's a USB feed to both the IP Gateway, the DVR, and, in most cases, the TV itself. As we mentioned last week, costs still play an important factor in the adoption of in-home small cell solutions. With a USB-port solution, power could be delivered to the device through the existing cable equipment. And the same box could be used in both FiOS and cable regions.

There are several business issues that must be overcome if a widespread femtocell partnership between cable and Verizon is to flourish. First, if the femtocell offering is bundled with an existing cable service, the possibility of cannibalizing High Speed Internet revenues is more remote. Given the insatiable appetite for data services, the marketing equation (particularly for small businesses, where a femtocell could be positioned as a customer amenity) would be far easier to overcome than it would have been five years ago. And, if we confine data access to the AWS band, home phone voice revenues will not be cannibalized as much. **Bottom line:** There is the potential for significant mobile data disruption from the Verizon/ Comcast/ Cox/ Time Warner Cable/ BrightHouse relationship. The disruptive magnitude is as close as your set-top box or IP Gateway.

While these opportunities are intriguing, they are not earth shattering. In fact, they are more of a “yawn” than a “jolt.” The seismic event occurred Friday when the verdict was handed down in favor of Apple in the much publicized patent trial against Google Samsung. Since Samsung is a client, I cannot comment on the case, but can say that three years ago, one of the first Sunday Briefs discussed Apple's (and AT&T's) refusal to allow the Google Voice application on the iTunes app store (Apple still refuses to open call control functionality in iOS6. This would enable real-time calling name identification, including calling reason, and a host of Salesforce.com business applications on every 4G device). They are tactically aggressive, and have a cash/ marketable securities storehouse of nearly \$120 billion to defend their market position and supply chain. Apple has never been open, and the Cupertino leopards are not known to change their spots.

The implications of the ruling to Google are immense. They are squeezed by Apple on one side and Microsoft (a massive patent holder) on the other (Amazon is already trying to eliminate retail search altogether, so truly, Google is boxed in by their peers). Google now owns a handset/ tablet manufacturing company called Motorola. They also have outstanding relationships with Samsung, HTC, LG, Huawei, and ZTE. Can Google engineer a response to Apple? Can they afford not to?

Next week, we'll stitch the summer's news events together and see what they mean for third quarter earnings. Keep those comments coming, and feel free to pass along to a friend (or have them get their own copy by sending an email to [sundaybrief@gmail.com](mailto:sundaybrief@gmail.com)). Thanks for your help and continued readership. Have a great week!

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