



Wednesday, May 09, 2012

## CTIA 2012 Caters to Phones and Accessories Where Infrastructure Players Have Consolidated

Yesterday, the first day of CTIA 2012, the main wireless telecoms trade show in North America, opened to a less-than-stunning attendance as it seemed to us; more than 40,000 attended last year, and this year clearly seemed to attract fewer. Importantly, major vendors are represented, such as Ericsson and Huawei, but there were few announcements of consequence in our minds, relative to the outpouring of press associated with either CES (the Consumer Electronics Show in Las Vegas early January) or Mobile World Congress held in Barcelona mid February. T-Mobile announced a joint \$4 billion deal with Ericsson and Nokia Siemens Networks to upgrade its network and deploy LTE, the installation of which we expect to align with AT&T's such that T-Mobile can support the iPhone, a gadget still missing from the company's line-up and causing its management team serious anguish, from what we gather.

Nokia was proud to announce that it is rapidly adding to the ecosystem of applications that support its new Microsoft-driven handsets, and while palling to the App Store's more than 600,000 apps for iPhone, Nokia now has 80,000 applications available for Lumia phones. The LTE-capable Lumia 900 is selling well on AT&T's network and was the leading selling phone on Amazon based on our last check as greater data connection speeds at half the price of the leading iPhone appealed to a number of customers. It may also be that the Nokia brand may still mean something in America. Widespread media attention for HTC One X in concert with sparkling reviews, some of which have deemed it the best Android phone ever, are more than likely helping to drive escalating sales. This phone drew attention on the show floor yesterday as well.

Aside from those announcements and stories, we saw little that triggered our interest. However, we must temper that statement with the caveat that one of our covered companies has a major announcement yesterday morning, and on account of that conference call, we missed the CTIA show opening keynote presentations that are often enlightening with regard to the state of the industry and informative with regard to the industry's broadening scope, not only here in the U.S., but also around the world. But, as we alluded to above, it appears that as important as the CTIA show is to vendors in the U.S., globalization is focusing global solution providers' tradeshow attention in other directions.

Our conversations with various parties across the tradeshow floor constantly led to the question of small cells. First of all, what is a small cell? Second of all, how and who is going to deploy them? Clearly small cells are one of the hot infrastructure issues of CTIA 2012, and may be defined as both femtocells and picocells. Femtocells are the in-home devices sold by carriers that boost a cell signal in a personal residence. A picocell is mini base station that enhances coverage or helps to carry a heavy traffic load in a particular area. As we understand it, there are no infrastructure small cell deployments in the U.S., but there are some trials of which we are aware. The question of supplying power and backhaul are both serious and inadequately addressed, in our opinion. Furthermore, the cost may not make the effort worthwhile vis-à-vis alternative solutions for capacity enhancement. But the topic provides for compelling debate.

Meanwhile, we did run across a few companies bringing innovative solutions to real issues. Edgewater Wireless, out of Ottawa, Canada, provides a highly unique outdoor, carrier grade Wi-Fi solution that uses a purposely-built, proprietary chipset in handling standard Wi-Fi traffic that provides relief from the typical congestion issues and allows for quality of service options. This company could be a ripe take-over target as it may have a more robust solution versus Ruckus Wireless and BelAir Networks. Another company that appeared to have a winning solution is Tech21, based in the U.K. Tech21's innovative protective solutions seem to be the best phone case designs we've seen, save OtterBox's waterproof ones, and the coming screen protector should give both Zagg and Corning's Gorilla Glass a run for the money, in our opinion.

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Company	Disclosure

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