

NEWS ROUNDUP

Benner on Tech: Telecom in a Mobile World



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By Katie Benner

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People are Talking About...

Mobile World Congress, the giant telecom and tech conference, has begun. The four-day affair in Barcelona will feature new gadgets from heavy hitters like Samsung and HTC; keynote speeches from Facebook Chief Executive Mark Zuckerberg and Federal Communications Commission Chairman Tom Wheeler; and sessions on familiar topics such as connected devices, privacy and deal-making. The New York Times says it will also feature the uneasy relationship that's grown between telecom and tech companies as tech giants encroach on phone-company turf with services including high-speed Internet connectivity, messaging and phone calls.

This tension won't ease until the full impact of the shift to mobile plays out in the phone and software industries. And the relationships between telecom and tech companies vary from country to country. For example, in Europe, Asia and South America, carriers are losing revenue to free messaging and phone services such as WhatsApp and Skype. A few months ago, Anand Chandrasekaran, the chief product officer at India's massive telecom company Bharti Airtel, explained to me that the company launched its own subscription streaming music service, as well as a medical advice service, in a bid to remain central to the lives of mobile users. Other carriers around the world are partnering with content and app companies like Spotify to offer content.

U.S. carriers face some of their fiercest competition from cable companies that have built superior high-speed wireless networks with greater reach than what their telecom rivals can offer. (Oh, and cable offers content, too.)

Tight relationships with mobile-phone makers have helped to keep carriers relevant, since it's impossible to use a smartphone in most parts of the country without connecting to a cell-phone tower. But a world where going Wi-Fi only -- and placing all of your calls and texts via Google Voice and WhatsApp -- is slowly becoming more feasible. I have the uneasy feeling that the telecom business in the U.S. could someday go the way of the Yellow Pages if these companies can't find better, more lasting ways into the mobile game. That's probably why carriers are looking at content and security (identity management) strategies. It's might also be partly why Sprint and T-Mobile chose to sell wholesale access to their mobile voice and data networks to Google. The deal pushes more data through the carriers' networks, but Google takes on the cost of customer acquisition and marketing.

Other Mobile World Congress news:

** Samsung caused a stir with its new Galaxy S6 and S6 Edge smartphones. The company ditched the plastic casing and streamlined the user interface. The Wall Street Journal says this makes the new handsets potential iPhone killers, and the Verge says this also makes them iPhone ripoffs. It could pose a real challenge to Apple Pay because Samsung's payment software works with widely used magnetic-stripe payment machines. It's preinstalling some Microsoft apps onto the new phones, including Skype. One buzzed about feature: embedded wireless charging technology that's super fast. One gimmicky feature: the Edge's three-sided screen.

** More fitness trackers are flooding the market with new models from Acer, HTC and Huawei. Good luck to anyone trying to make a high-margin fitness band. LG and Huawei introduced smart watches, too.

** Track the top private companies at the event with information from Data Fox.

Deal to Watch:

** NXP Semiconductors has struck an \$11.8 billion deal to buy Freescale Semiconductor as part of an industry-wide trend toward consolidation, the New York Times reports. The two companies had combined sales of \$10.6 billion last year, and together they make chips for everything from computers to cars. During the height of the private equity boom in 2006, Freescale was carved out of Motorola and taken private by Blackstone, Carlyle, TPG and Permira in a \$17.6 billion deal.

Ventureland

Uber revealed last week that its database was hacked about 10 months ago and private

information about 50,000 drivers could have been compromised, Bloomberg reports. Competition just got harder in India, where Uber competitor Ola has acquired another rival named TaxiForSure for \$200 million, TechCrunch reports.

Bitcoin the currency may be down, but don't count the technology out, argues Duke University professor Campbell Harvey. Small bitcoin mining operations aren't doing so well amid the currency's boom and bust cycles, reports the New Republic. The New York Times says that data security is one of bitcoin's biggest draws. But keep in mind that hackers used Tor to infiltrate services such as Blockchain.info and LocalBitcoins to steal bitcoins, Forbes reports.

Meerkat, which lets you stream live video to Twitter, is the app of the moment, and the Next Web has everything you need to know.

Prismatic, a social news-reading app, is in talks to sell itself to Microsoft, TechCrunch reports.

People and Personnel Moves

Bradley Horowitz is now leading up Google+, TechCrunch reports. Horowitz was previously a longtime vice president of product at Google+. He replaces David Besbris. In related news, Google+ is splitting apart, reports the Verge, and Horowitz will oversee the different pieces.

Companies

Apple...

The Apple Watch is nearly here and the New York Times says the company must now sell it to a public that isn't that interested in a smart watch.

Twitter...

Islamic State wants jihadists to kill the company's employees and its co-founder Jack Dorsey in retaliation for the fact that the group's social media accounts are often blocked, BuzzFeed reports.

Security Blotter

Superfish was once considered America's fastest growing startup. The New York Times profiles the aggressive adware company that has compromised the security of Lenovo laptop users.

Not all backdoor surveillance methods are created equal, Wired reports.

The NSA's blasé attitude toward the risks inherent in the backdoors that they want to use to access encrypted communications is dangerous and disconcerting, argues the Cato Institute's Julian Sanchez.

News and Notes

Ikea wants to solve your battery problem with furniture that charges your devices, the Wall Street Journal reports.

China's food chain is a logistics challenge that Alibaba and Baidu are trying to solve with data, apps and gadgets, the New York Times reports.

Silicon Valley could dominate the auto industry, argues Vox's Timothy Lee.

President Obama has strengthened the revolving door between Silicon Valley and Washington, the Washington Post reports.

The report everyone is talking about: Goldman Sachs' presentation on millennials.

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