

Why Telecoms Are Breaking the Sound Barrier

by
Howard Greenfield

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"It goes beyond smart phones and should be given its own category called 'brilliant' phones."

--Tim Bjarin, principal analyst, Creative Strategies
on the introduction of iPhone last January

Last month I wrote about the startling introduction of the iPhone, Apple, Inc. CEO Steve Jobs' attempt to crack the consumer market with the world's most advanced convergence device to date. The intense industry reaction (see *the good, the bad, and the ugly* in "Apple Computer Is Dead", January, 2006) has given way to the lull until June as the world waits to get their hands on iPhone. Since its launch several months ago, various developments have added suspense as well as resolution.

In late February, Cisco and Apple announced a truce in their name game war. Though the terms of agreement were not disclosed, the iPhone trademark dispute was settled: both companies are free to use the trademark globally (and both are said to be exploring interoperability in consumer and enterprise communications).

In March, hand-held computer maker Palm Inc. hired former Apple iPod user-interface designer Paul Mercer amid speculation that Palm was undertaking a communications device to compete with Apple's. Likewise, search giant Google was linked to a mobile phone development project. An iPhone killer? Unlikely. For one thing, Google CEO Eric Schmidt sits on Apple's board—probably a formula for partnership, not combat, when it comes to Apple's next generation product. "We remain focused on the software, not the phone" countered one Google executive.

Finally, in late March, as this column goes to press, Apple is said to be accelerating production of iPhone circuit boards from Taiwan supplier Nan Ya. Many increasingly perceive Apple as a 21st century Sony, catapulting ahead on the first 'brilliant phone' among smart phones (Creative Strategies principal analyst Tim Bjarin), while until only very recently most have asked whether the world is ready for convergence offerings. "We are dubious" says Arun Sarin, CEO of Vodafone whose primary focus is on wireless business, seeing only "a very small fraction of customers" wanting this combination of services.

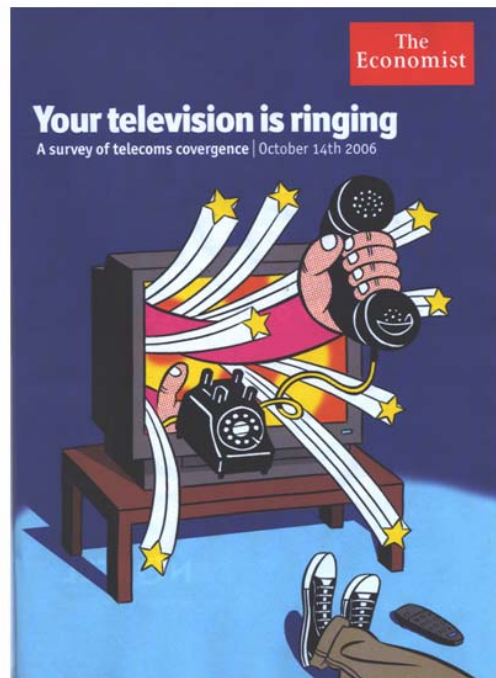
The hullabaloo around this device will continue to simmer as the pirates at Apple, Inc. feverishly cobble together the mass production release. One of the great back-stories behind what may prove the breakthrough telephony offering of the decade is the Apple-Cingular partnership which served as the springboard for the January launch. Reportedly, the two companies began working on a partnership to bring the different corporate cultures to the table two years ago according to Glenn Lurie, AT&T president of National Distribution.

I learned more in my conversation with AT&T's, Kris Rinne, formerly CTO of Cingular Wireless, now AT&T Senior Vice President of Architecture & Planning. Like other industry leaders straddling the worlds of Telecom and Broadcast, iPhone is only part of a wide new range of devices and services ahead. I spoke to Rinne about AT&T's broadcast strategy, content personalization, and why it is becoming commonplace for telecoms to break the telephony sound barrier and enter the video, music, media broadcast business.

AT&T believes in providing "common access across multiple delivery environments" according to Rinne "be that by broadband, wireless or desktop: common information and a common look so that things important for me to know don't take two steps to get to, but are pulled to the front; it's a mix of different concepts and technologies, but being able to personalize it and optimize it is the Killer App, I guess."

I asked Rinne about putting iPhone in perspective: "I'm thrilled about the iPhone, I think it's great, but there are other cases where you have things optimized for a specific application instead of for multiple applications on a single device. There's room for all of that. Maybe it's because I'm a gadget oriented person [laughs], but I don't see that coming to a single form factor but more a proliferation" adding that the key will be delivering consistency and ease of use across that proliferation.

So here's to another handshake between Telecoms and Broadcast; indeed "your television is ringing" as the *Economist* says about Convergence developments. Bullish executives at Apple claim iPhone is years ahead of the market and intends to sell 10 million of them by 2008 ("we will redefine the cell phone market" according to Apple CFO Peter Oppenheimer). *AppleInsider* has speculated that a 3G version of the iPhone will follow on the heels of the first release in June. Technology forecaster Paul Saffo reminded me last month "we won't know the limitations until the thing is shipped." But for the last laugh, Business 2.0's Jon Fortt considers this version of the iPhone "like the first version of the iPod. We will see 3G and other enhancements come very quickly. And at that point my wife will get a lovely original iPhone and I'll upgrade!!"



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