

## Gadgets, Geeks, Gators

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Last week Motorola CEO Ed Zander announced he would be bailing out on the wireless industry's annual trade show in Orlando, Fla. Turns out he had bigger issues on his mind--like slumping sales and profits.

But barring a last-minute Palm buyout, Zander's absence may be the biggest news out of wireless group CTIA's annual convention, which kicks off Tuesday. That's largely because other tech shows soak up more attention--the larger 3GSM global mobile conference wrapped up just a month ago in Barcelona, and many companies made their big splash for the season at the wireless-heavy Consumer Electronics Show in January. You have also heard about Apple's iPhone, introduced by Steve Jobs earlier this year.

"I think it's going to be more of the same--which isn't necessarily bad, but I don't believe there will be any major announcements connecting wireless and the content world at CTIA this year," says Tony Kern, deputy managing principal of technology, media and telecom for Deloitte Consulting.

### **In Pictures: CTIA 2007 Preview**

But Kern and CTIA's 40,000 projected attendees will expect to be entertained somehow. Lucky for them, America's mobile giants have gone Hollywood: Expect lots of hype--again--about music and video services. There is not much growth left for plain-vanilla mobile voice services, so carriers are betting that multimedia and data services, ranging from text messaging and mobile Web browsing to ringtones, games, music and video services, will feed future revenues.

That's why carriers and handset makers are hoping that MP3 playback has replaced the digital camera as a must-have cellphone feature. And with the iPhone--a hybrid iPod and smart phone--expected to go on sale for \$500 this June, handset companies like Nokia, Samsung and LG are in a hurry to get buyers' attention first.

At CTIA, virtual carrier Helio, a joint venture of Earthlink and Korea's SK Telecom, will show off "Ocean," its latest handset. The phone, which slides two ways to reveal either a normal keypad or a full QWERTY keyboard, supports over-the-air music downloads in addition to other features like 2-gigabyte expansion capabilities for media storage, stereo speakers and video streaming.

Music-phone ownership almost quadrupled from January 2006 to January 2007 in the U.S., according to research firm M:Metrics. And while only 17% of U.S. subscribers own music phones, they seem to like them: about one-third of those subscribers now use their phone as their primary music device.

That's good news for both handset makers--which are hoping to sell higher-priced phones with more features--and carriers like AT&T, Verizon Wireless and Sprint Nextel, which can boost their revenues with streaming radio subscriptions (like XM's on AT&T) and over-the-air music download purchases, though neither of those services are big hits yet.

Companies will also promote their mobile video services in Orlando. For example, mobile content firm ThePlatform, a division of Comcast, plans to announce a deal to provide video for Helio, including content from Disney's ABC, EMI, News Corp.'s Fox, Viacom's MTV and Comedy Central, among other providers.

Mobile video has been around for more than a year, but it hasn't taken off yet. Observers point to a few reasons: weak content, poor video quality and specific handset requirements, such as the ability to connect to carriers' fastest networks. According to M:Metrics, less than 1% of U.S. wireless subscribers watched video on their cellphones in January. But new services on display at CTIA aim to change that.

For example: Verizon began selling its new VCast Mobile TV service in select markets earlier this month, including

Chicago, Las Vegas and Dallas. Unlike existing mobile TV offerings like MobiTV and GoTV, which use carriers' data networks to stream video, MediaFlo uses a separate network owned and operated by chip maker Qualcomm that is optimized specifically for video.

"This is really the unveiling--the public coming out--of MediaFlo," says Seamus McAteer, senior analyst with M: Metrics. "It's sort of been announced, and had sort of a softish launch, but this is really its coming out party," he says. "That's definitely something that I'm looking forward to."

MediaFlo streams live TV shows from real channels, has better video quality than older services and switches channels quicker--but it's still on a tiny screen. AT&T will start selling the service later this year.

Also expect to see more companies pledging to bring popular social parts of the Web--blogging, social networking, photo sharing, social bookmarking--to mobile screens too. Social networking site MySpace is a huge success on the Web, and it's also boosted AT&T's wireless service--it's their fastest-growing mobile content service, though the company declined to provide details.

AirG, which provides social networking features for carriers like Boost Mobile and Sprint, says it's grown to about 12 million U.S. users--some 6% of the total U.S. mobile subscriber base.

Historically, firms have used CTIA as a place to show off nascent technologies that won't find their way to the market for a while--if ever. For years, companies touted a new, high-speed wireless technology called WiMax, whose backers include Intel, Nortel, Motorola, Samsung and other telecom giants.

For the first time, WiMax will be displayed at CTIA as a tangible product--Sprint Nextel, the third-largest U.S. wireless carrier, will begin selling the "fourth generation" or "4G" data service in some markets this year, which could prompt rival carriers to formalize their own plans. "You will hear the first conversations about '4G' without an associated smirk," says M:Metrics' McAteer.

Will it be one of the last big CTIA expos? CES, which has become more wireless- and content-focused in recent years, has stolen some of CTIA's luster. "It wouldn't surprise me to see this show disappear and get sucked into CES," says one industry analyst who requested anonymity.

"CES has just become the center of everything at this point," says Deloitte's Kern. "It's media and entertainment, it's wireless connectivity, from devices to content to how you hook it all together," he says. "I hate to use the 'convergence' buzzword, but because of convergence, it's hard to put on a show that's meaningful to all sectors without it being as big as something like CES, where there's enough space and enough interest to pull it all together."

But some still say CTIA is worthwhile. "I think these smaller shows are still very much into getting some of the work done," says Rutton Ruttonsha, senior vice president and general manager of personal entertainment for NXP, the world's 10th-largest chip maker. "At CES, it's all a matter of putting the message out and hoping someone will pick up on it," he says. "We have some very intense meetings at CTIA."

And the show still pulls in some big-name speakers. Motorola's Zander won't be present, but plenty of wireless and media execs will be in-house. AT&T No. 2 Randall Stephenson will deliver a keynote speech, as will Pieter Knook, a wireless exec at Microsoft, and Orange CEO Sanjiv Ahuja. Thursday, former presidents George H. W. Bush and Bill Clinton will appear together on stage, giving speeches about philanthropy and taking questions from the audience.

But the parties might be the best barometer of a trade show's health. You won't see A-list celebrities hanging out at CTIA events the way you might at CES, but companies are still pouring a lot of money into their galas. Samsung and Sprint hired rapper Ludacris to perform at their party, LG's will feature the Foo Fighters, and Motricity and MTV hired rappers Three 6 Mafia and DJ Grandmaster Flash to perform.

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