

## NUMBERS

8

► **...TIMES** as much load is generated by one smartphone as a laptop with a data card, even when delivering the same amount of data (The mobile network "load multiplier effect" is caused by smartphone data traffic on the macro-cellular network.) (Source: Airvana)

30

► **...FEATURE** phones equals one smartphone. (Source: Openwave)

450

► **...FEATURE** phones equals one data card.

3,500,000

► **...CARS** in Europe will have an on-board telematics device by the end of 2009.

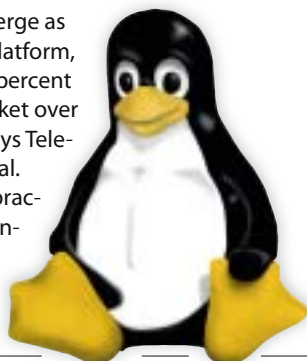
## Consumers want mobile healthcare

► **A HARRIS** Interactive study has found that 40 percent of 3000 US consumers surveyed said they would embrace mobile healthcare products and services to complement their visits to health providers. And 23 percent said they would

turn to mobile if the platform reduced or eliminated visits to their doctors. According to 68 percent of respondents, mobile healthcare's greatest appeal lies in its ability to enable more home-based treatment. ●

## Linux to dominate smartphone market

► **LINUX** is poised to emerge as the dominant mobile platform, capturing well over 60 percent of the smartphone market over the next seven years, says Telecom Trends International. Operating systems embracing the Linux platform include Android, Symbian, WebOS, and LiMo, the report said. ●



## Fewer control more internet traffic

► **THE MAJORITY** of internet traffic now goes through direct peers and does not flow through incumbent tier-one telecom networks, according to a report from Arbor Networks.

Tier-one incumbents were once the chief providers of connectivity between content companies such as Google and local or regional broadband providers such as Comcast. However, over time, Google and other content providers have built out their own infrastructure, connecting more directly to end users and bypassing tier-one intermediaries.

The trend coincides with another: the consolidation of companies that control internet traffic. About 30 large companies – including Facebook, Google, and Microsoft – channel nearly one-third of all internet traffic today. Two years ago, more than 5000 companies handled just half of the world's internet traffic. Today, about 150 companies account for that volume. Google alone is responsible for 7 percent of the world's internet traffic. ●

## EDITOR-IN-CHIEF

# Talk is cheap

► **THIS ISSUE IS** about value and the different meanings of the word. Looking at voice services it is clear that value can mean free. Mobile broadband has been called a victim of its own success because consumers use it to the extent that its value to an operator's bottom line is questionable. To meet this kind of criticism we have examined the profitability of mobile broadband.

The marketing aspects of mobile broadband – the heralded successor of telecom voice services as the mainstay and driver of future growth – are closely linked to the challenge of dealing with dwindling revenues from voice. Telecom networks have been built to produce a very limited set of services using economies of scale. Today's near endless possibilities to diversify through service packaging makes it more difficult to make the right cost-revenue comparisons. In this issue, one author argues that the actual production cost of mobile broadband is exaggerated by unclear accounting.

The problem with voice is not that it is cheap, obviously, but rather that it still makes up 80 to 90 percent of most operators' revenues. A core value of traditional telecom voice is that it works everywhere and on all networks. This will carry it into the future. But the telecom industry has learned that voice cannot be packaged the way it used to be. We owe much to Skype founder Niklas Zennström, interviewed in this issue, for accelerating the learning process. The much-cursed voice over IP has thus turned out to be a blessing in disguise.

**WE ALSO DEVOTE** a significant amount of space to the heated topic of network neutrality. To some, it's about keeping the internet "open" against operator intrusion. But it's difficult to imagine a network more open than the traditional public telecom network. Built during the course of more than 100 years, it allows everyone to call anyone, and it works everywhere because it is "interoperable" – an old and very basic telecom value.

To perceive operators as enemies of openness seems far-fetched. A more imminent danger regarding the openness of the internet is the risk of fragmentation, as many internet applications are not interoperable. In the worst case, we could be facing a "silo-ed" internet.

Meanwhile, the "free" trend races on. But does anything have real value if it is given away for free? You cannot help but think that one sentiment behind the network neutrality lobby's drive to restrict what operators do with their own networks is that they feel that networks should be free too.

Are we still underestimating the value of the network itself? It's been 25 years since computer maker Sun's chief researcher John Gage coined the phrase "the network is the computer." Today, no one questions that the network is the very foundation of all these other values, but it seems that this is taken for granted to the extent that it has become a problem. The incentives for future investments and crucial values such as interoperability should get more attention in the debate over the internet's future.

**OSCAR WILDE** said "The cynic knows the price of everything and the value of nothing." Let's hope that instead of cynicism, the debate over the future of the internet and its alleged "free riders" will inspire new value creation.

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