



# News & Views

## IN BRIEF

□ **Sprint Nextel** has completed its acquisition of **Northern PCS Services**, a former affiliate, for \$312.5 million, including the assumption of debt. Northern PCS, based in Waite Park, Minnesota, provided Sprint PCS services in small to mid-size markets in Minnesota, North Dakota, Wisconsin and Iowa. As a result of the acquisition, Sprint Nextel obtains more than 167,000 direct wireless subscribers and more than 69,000 reseller subscribers in a coverage area of more than 1.8 million people.

□ **Verizon Video Conferencing** is helping **EDS** target a 25% reduction in its carbon emissions in Australia and New Zealand by 2010. EDS has deployed Verizon Video Conferencing over Verizon Private IP to connect 10 sites across Australia and New Zealand. By increasing use of video conferencing, EDS plans to improve collaboration, while also hoping to reduce employee air travel by nearly a third. ■

## Cox, XO upgrade with Infinera

**Cox Communications** and XO have both chosen Infinera for their network needs.

Cox Communications selected Infinera to deliver the cable company with a 12,000 mile digital optical network that will span the US. Cox Communications will use the network to deliver services including voice, video, data, and wireless to residential and business customers.

Dan Estes, director of transport and access engineering at Cox Communications, said: "The flexibility of remote reconfigurability allows us to rapidly respond to customer needs and dynamic demand patterns. We know that our wireless services, enhanced video offerings and increased data speeds will drive bandwidth growth in the future. With the Infinera architecture we are positioned to handle that growth." With rapid growth in services for both residential and business customers, Cox needed the capability to accommodate growth and the flexibility to reconfigure their network for future traffic patterns that cannot be foreseen today.

Jagdeep Singh, CEO at Infinera said: "Deployment by Cox, one of the world's best-known cable providers, shows that the Infinera digital optical networks architecture is a good fit for cable providers, who need networks that can accommodate rapid growth and the demands of networks as they move into a new age of voice, video on demand, data and wireless for residential and for business."

XO Communications has also selected Infinera for a major capacity addition to its nationwide network to meet fast-growing demand for bandwidth. Last year, XO selected Infinera for a nationwide 18,000 route-mile optical network as part of its strategic initiative to become a major competitor in the nationwide wholesale telecom market. The expansion, including 800Gbps of additional capacity on coast-to-coast routes, represents a 200% increase in network capacity. ■

## A BOLD MOVE FROM SPRINT

**David Ballarini** considers recent developments in the US wireless market, where Sprint Nextel and Clearwire are pooling their resources

### Analyst's Eye

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**The two** largest owners of Wimax spectrum in the US are pooling resources to create a national network for Wimax services. Sprint Nextel owns the largest swathe of 2.5GHz licences, and Clearwire is the next largest; together they will effectively operate the world's largest Wimax network. This is a rather bold move, especially for US wireless carriers, not generally market leaders on the global mobility stage. Each operator has been on a clearly defined and divergent Wimax path, with Sprint Nextel focussed on mobile Wimax, whereas Clearwire is primarily built around fixed Wimax. Furthermore, Sprint Nextel's spectrum is mostly in urban markets, and Clearwire's is more rural.

Are these companies better off competing or cooperating? The case could certainly be made for separate courses – competition would only come from other, smaller wireless operators who put together alternate networks by sharing spectrum. On the other hand, Sprint Nextel's recent financial performance has been weak, and it is losing ground to its main competitors, Verizon Wireless and a reinvigorated AT&T. Clearwire is no better off, given a soft IPO and long-term debt that is fast approaching \$1 billion.

A cooperative path is far more appealing, but also fraught with risk. Together, they would create a national wireless broadband footprint, with seamless roaming between networks. Sprint Nextel would reach 185 million people, and Clearwire would cover 115 million. Given the cartel-like state of the US wireless market, it stands to reason their chances of success are greater working together. That said, our view is that these two carriers need each other, but for different reasons. Sprint is a distant third to Verizon and AT&T in the cellular market and lacks the installed base of landline subscribers its rivals enjoy. Clearwire helps it achieve greater network coverage, but it brings a relatively small subscriber base, so the upside for Sprint Nextel is really tied to the growth potential of Wimax rather than any revenues that come today.

If Wimax delivers, the partnership will pay off. Intel, Motorola and Samsung are strong backers of Wimax; and two announcements add to this momentum. Sprint Nextel now has a partnership with Google for mobile search and social networking as well as a deal with ZTE to supply with Wimax PC cards and cable modems. But to succeed, Sprint Nextel must hold its own against Verizon and AT&T. It cannot beat them on size, but superior technology such as Wimax, with its faster access speeds and better capital efficiency, may allow it to prevail. ■