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“ Mobile broadband is creating global connectivity and changing the the way world lives and works - forever. ”

Ralph de la Vega
President and CEO, AT&T Mobility

THE WIRELESS DATA REVOLUTION

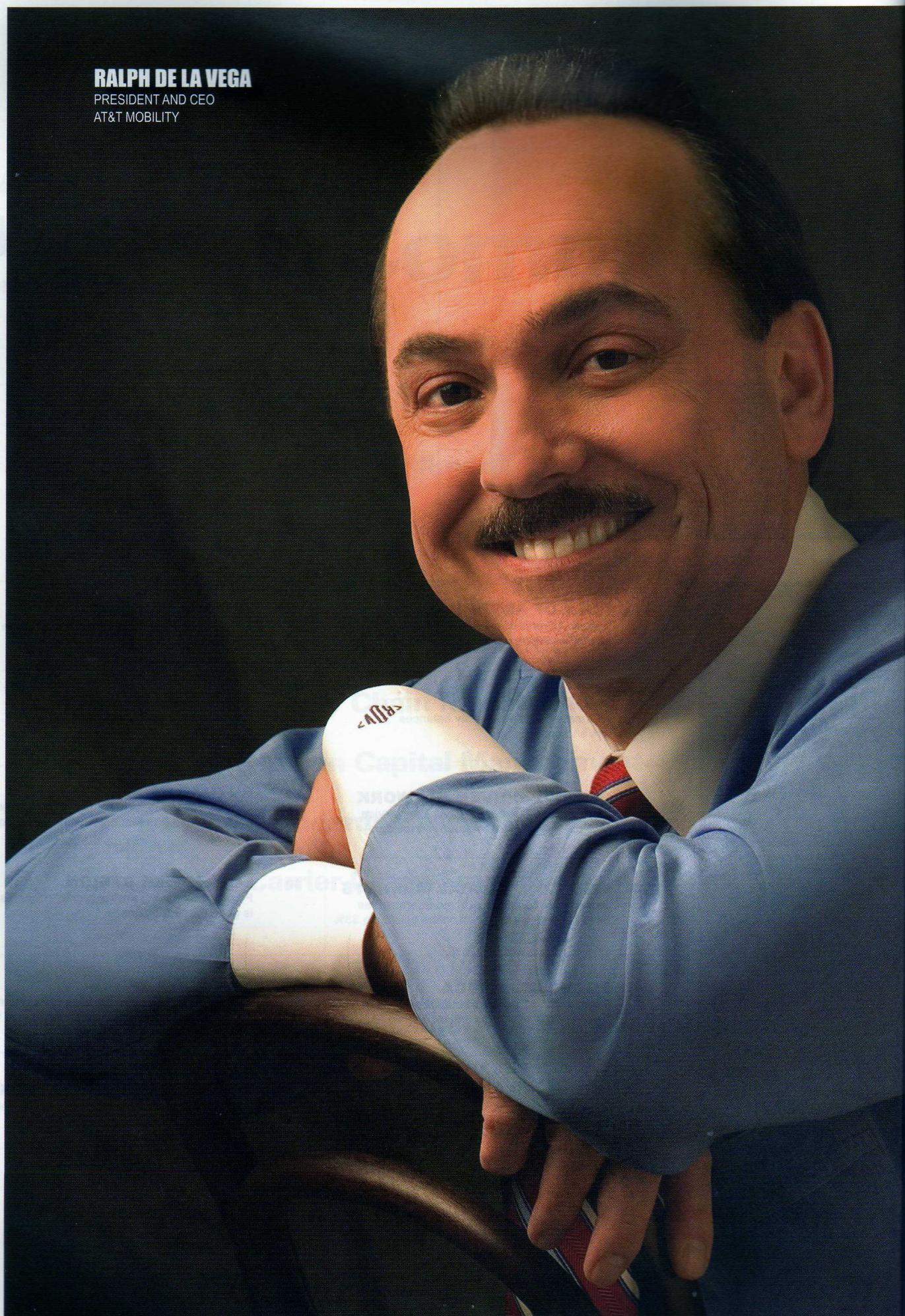
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The Wireless Data Revolution

HOW THE WIRELESS INDUSTRY WILL SUSTAIN THE PACE OF INNOVATION

By Ralph de la Vega
President and CEO, AT&T Mobility

Innovation is the lifeblood of the wireless industry.

It's in our networks, applications, content, services—as well as our handsets and devices.

Today, through the creativity and ingenuity of this industry, we find ourselves at the threshold of yet another significant evolution: the wireless data revolution.

But with success has come a big challenge for all of us – to continue the incredible pace of innovation. To survive for the long term, we must give the same sense of urgency to nonstop innovation as we give to meeting our current business objectives.

We must not only embrace innovation...we must make it a part of our core culture. We must build an innovation pipeline into our daily operations. And we can do that most effectively by embracing the concept of open innovation.

In today's world, no single organization can sustain the pace of innovation that our industry demands. As a result, we must combine internal R&D efforts with strategic alliances, venture capital investments, open-source collaborations and other initiatives, drawing from the best available ideas.

As an industry, I believe we will succeed if we establish a framework for continuous innovation built upon four key pillars:

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1) Vision for Innovation

Innovation begins with a vision – one that helps us get energized, organized and focused on the ultimate objective.

Sometimes it's customer-focused. But sometimes it's so ambitious that customers haven't even thought about it yet and don't know they need it. Henry Ford once said, "If I had asked people what they wanted, they'd have said 'faster horses.'"

So what's our vision for innovation? I can tell you that at AT&T, for example, our vision is to connect people to their world, everywhere they live and work, and do it better than anyone else.

And actually, this is a good lens for viewing mobile innovation, because I think many of us have the same goal in mind: To find better ways to connect people with each other, to information and entertainment, and to businesses.

But for the wireless data revolution to fully take hold, we need to expand our vision and take a developer-friendly approach.

Because, the future of connectivity is about more than simply voice; it's about data. It's about connecting people and about connecting devices.

And honestly, it's about more than wireless. It's about wireless and wired connectivity, and making that seamless.

2) Commitment to Open Innovation

To bring the best innovations to market in the shortest time, it takes cooperation and open collaboration.

In this light, all members of the ecosystem play a role, including carriers, infrastructure providers, device manufacturers, developers, research universities, trade associations such as the GSMA, and open-source foundations like the proposed Symbian Foundation.

Fundamentally, we need each other.

But we have to work with the implicit understanding that true innovation is more than just being creative or inventive. Innovation is an idea + an opportunity + a sustainable business, which creates value. So ultimately, innovation is about creating value for a business – and all partners involved in the collaboration.

It also involves risk. Whether we are working with established players or startup application developers, there are no guarantees of success. We must be willing to take risks with our partners if we hope to fuel continuous innovation.

At AT&T, we're fostering open innovation in several ways. For the third year in a row, we hosted events for mobile applications developers to pitch us their consumer and enterprise ideas at the major U.S. wireless association (CTIA) convention in Las Vegas. We've held numerous other developer contests this year as well and work continually to nurture and grow an active developer community.

We support the pioneering work of developers by providing technical and lab support, APIs (application programming interfaces), policies and even business models that make it easy for application developers to innovate on our networks and share in the rewards. Today,

thousands of developers are actively developing new applications. In fact, our developer web site has 20,000 registered participants.

We've also created several developer-friendly programs for enterprise. Our "Enterprise Bring Your Own Device" program and "Enterprise Solution Certification" help companies and developers get their devices and mobile applications certified to work on our network.

In the future, we have a huge opportunity to drive innovation by expanding on machine-to-machine communication and in connecting devices that are customized for a specific business.

We have been one of the leading companies in the U.S. involved in this, and we've seen encouraging growth. For example, today AT&T powers devices for major package delivery companies to wirelessly enable their fleets. We also just signed an agreement to jointly sell wireless electric meter readers, which will provide real-time data and enable customers to better curb electricity usage.

THE KEY IS NURTURING THE ECOSYSTEM AND MAKING A COMMITMENT TO OPEN INNOVATION.

What we now see is that, as mobile broadband becomes ubiquitous, this type of machine-to-machine connectivity is going to surge. We're just in the early phases of understanding how big it will be, but it is going to be big.

That growth will extend across the consumer electronics industry as well. Wirelessly enabling emerging consumer electronics such as personal navigation devices, cameras and mobile Internet devices will create a wellspring of opportunity for our industry.

3) Catalysts for Innovation

With a commitment to open innovation in place, we need catalysts to drive that vision home.

Today, those key catalysts include more ubiquitous mobile broadband networks and more powerful, more versatile, and easier-to-use smart devices.

For example, AT&T offers 3G in 310 U.S. metropolitan areas today and we currently plan to have it in 350 by the end of this year. We're

reaching the point where people just expect mobile broadband to be there. And that's a good thing, because if we can mobilize data the way we mobilized voice, our customers will put it to good use...and our industry will benefit as a result.

We also must offer ease-of-use so people can navigate the web and get access to applications. That's why device manufacturers are catalysts too.

Our experience with the iPhone proved this. Many iPhone users are surfing the Web for the very first time from a mobile phone, and they're using ten times the amount of data they used before. As we make devices easier to use and more intuitive for the customer, usage will just continue to go up.

In the future, applications will be an even greater catalyst for innovation. Developers will create new ways to take advantage of smart device capabilities and our ever-faster networks. We're seeing this today and expect the trend to accelerate, especially as we roll out the 4G networks of the future.

Look at enterprise applications, for example. Powerful applications such as those from Oracle are available today for RIM, Samsung and other devices as well as on the iPhone App Store. As these apps become available on more devices, an enterprise's workers will be able to work untethered from their desks and perhaps be more effective than they could at their desks. So that brings me to my fourth pillar...

4) Platform for Innovation

For open innovation to flourish we need a platform that makes it easy for applications developers to build on and offers sufficient scale to deliver a return on their investment.

GSM is the most fertile platform by far, because, with 87% of the world operating on GSM, the wireless ecosystem builds to the needs of its huge customer base. GSM also creates a clear and logical path to LTE and 4G, which will accelerate the wireless data revolution and fuel demand for groundbreaking new services.

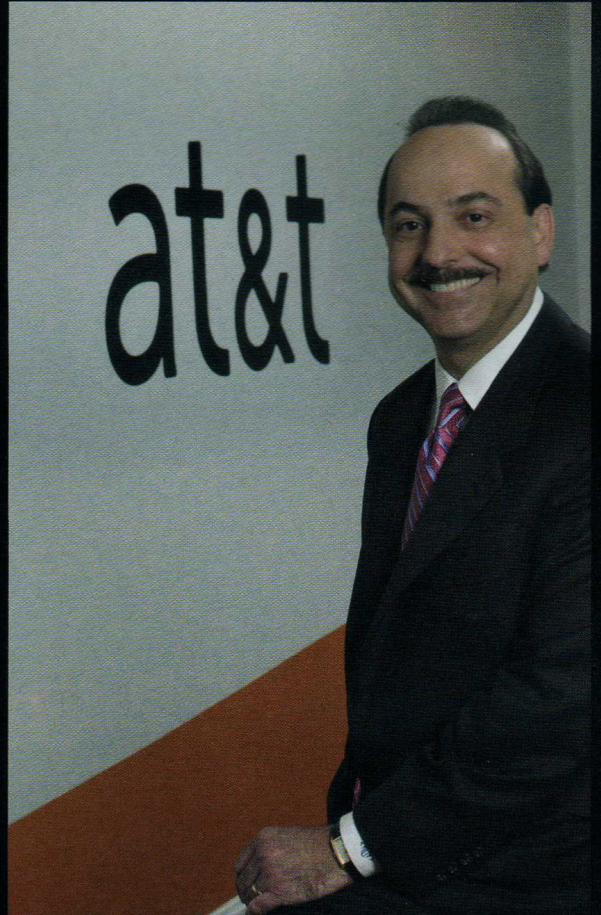
Today, 3G networks provide DSL-like data speeds, and there is still plenty of runway left.

In the future, the next step is our evolution to HSPA release 7, which has theoretical peak speeds exceeding 20 megabits per second... and helps create a smooth path to LTE and theoretical peak speeds that are multiple times faster.

The steps that we have to take to get there are very logical, and they are all building on the same GSM family of technologies that we have been using for a while. Plus, LTE will allow for backwards compatibility to GSM and HSPA, which is a great benefit to customers.

In addition to faster speeds, the openness of our SIM-based standard and systems drives innovation – and interoperability – around the world while still protecting our customers' privacy. This creates a virtual cycle, as carriers and developers address trends in their individual markets, sending a ripple effect across the ecosystem.

So, in summary, I look across our industry and I'm encouraged. Not simply because the wireless capabilities we're enabling today bear testimony to the fact that a vision for continuous innovation can become reality. But also because I believe that with the GSM standard and the leadership provided by GSMA, we're in a great position.



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