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## This Week's Stories

### Verizon's Always-On Throttling Is An Affront To Customers And Net Neutrality

August 22, 2017

Anyone who uses Verizon is now going to have a worse experience streaming video.

Well, it was nice while it lasted. Today Verizon (the biggest carrier in the US) announced it was doing away with its simple and fair unlimited wireless-data plan and complicating things by instead offering three plans. Two of those cost more, and all three come with compromise. Customers who pick the cheapest plan can have their data speeds throttled at any time. Video won't stream above 480p, and tethering data is limited to the ludicrously slow speed of 600Kbps. Meanwhile, opting for the more expensive plan limits you to 720p video on phones and 1080p video on tablets, and you'll only be throttled if the network is congested and you've used more than 22GB of data in one billing cycle. (The third plan is aimed at business customers.)

This is a big change from what Verizon announced in February, when it surprised just about everyone by bringing back unlimited data. As a reminder, the big US wireless carriers killed unlimited data back in 2011 and started moving customers to tiered plans, wherein you paid for what you used. But Verizon's new unlimited plan that came out earlier this year was blessedly simple: There was one plan, your data speeds were only throttled if you both went over 22GB and Verizon's network was congested at the time, and you got a full 10GB of LTE tethering data every month. It wasn't a cheap plan, but it probably was the most straightforward wireless option with the fewest compromises out there.

That's all gone now. And adding insult to injury, all Verizon customers will have streaming-video quality downgraded. Whether you have a tiered plan or the unlimited plan that came out in February, Verizon will cap streaming video at 720p. Tablet video and tethered video tops out at 1080p. There's nothing you can do about this, no money you can throw at this restriction. Verizon says that people won't notice the difference. Perhaps that's true, but most smartphones have screens with resolutions far higher than 720p. Why does Verizon care how we use our data? Why can't I watch 1080p video (or higher) on a Galaxy S8 and blow through my 22GB of pre-throttling data in the first week of the month? If I'm on a tiered plan, let me chug down data, blow through my caps and pay the ridiculous overages if that's what I want.

Ostensibly, this is about managing traffic and congestion on the network, which Verizon still claims is the best in the US. After six months with unlimited plans back on the menu, Verizon might be sensing a tipping point in quality that these plans will help head off. Indeed, as noted by The Verge, a recent OpenSignal report found that both Verizon and AT&T's data speeds have slowed since they brought back unlimited data plans.

Of course, that makes all the highfalutin language about how great Verizon is a bit hard to swallow. The reality of the matter is that, as of tomorrow, new customers will pay more money for lesser service and existing customers won't get what they've been paying for all along. It feels like a bait and switch -- get customers on board with the unlimited offering and then change up the terms of that agreement, with no recourse. Verizon telegraphed this move last month when some customers noticed YouTube and Netflix speeds being capped, but the carrier said that was only a temporary test.

It's worth noting that Verizon didn't actually start this terrible practice. T-Mobile has been screwing around with capping video-stream qualities for awhile now. That carrier has ended up restricting video to 480p unless you shell out an extra \$10 per month per line for HD video. But your overall data speeds are only restricted if the network is congested and you've used more than 32GB of data in a month.

That's much more reasonable than both Verizon's and AT&T's plans. AT&T now has an entry-level "unlimited" plan that's cheap, at \$60 per month, but video is capped at 480p and speeds are always limited to 3Mbps. That's unacceptable, and slower than what you could get back in 2011 on AT&T's pre-LTE, HSPA+ network. To actually get LTE-level speed, you'll need to shell out \$90 per month for a single line. At least that gets you HD video streaming. Sprint's unlimited plan still offers HD video, but it caps music streaming at 1.5Mbps and gaming at 8Mbps.

It's unfortunately now looking like a true unlimited plan is a complete pipe dream. Instead of nickel-and-diming customers with data overages from their tiered plans, it looks like we're hurtling toward a world in which we pay more for better speed, whether that means not getting throttled or having the ability to play back high-speed video. It's not quite the same as what broadband internet providers sell, where you pay based on your upload and download speeds, but it's not hard to imagine that happening a year or two down the line. Or maybe every service we use will get throttled. Imagine your web browser speeds being capped or music limited to lousy, low-bandwidth streams -- unless we pay up for each one.

As someone who pays attention to the complicated and compromised plans the US wireless carriers foist upon their consumers, you'd think I wouldn't be so angry about what Verizon is doing. This is a classic move out of a playbook it's been using ever since unlimited data first went away, and even before that, if we're being honest. But I am angry. This is unfair to existing customers, and new customers will pay more for less. That's especially disappointing coming on the heels of the fair unlimited plan Verizon rolled out just six months ago. But Verizon can get away with it because the FCC isn't likely to care about companies violating the principles of net neutrality under Title II, which will probably be rolled back soon anyway.

I don't have anyone to blame but myself for being angry today. Given Verizon's love of milking customers to death and the realities around net neutrality, I should have seen this coming.

In the meantime, you can still sign up for Verizon's existing unlimited plan today (though streaming video will still be capped at 720p resolution). But you can get a better deal elsewhere. The other carriers all have their own downsides, but their plans are a little more reasonable -- and they aren't sticking it to you quite as obviously as Verizon.

Verizon did not respond to our request for comment.

[engadget.com](http://engadget.com)

## AT&T Launches Branded Tablet To Leverage Entertainment Offerings

August 21, 2017

AT&T introduced an entertainment-focused tablet in an effort to leverage its expansion into digital media and advertising.

AT&T Primetime, as the slate is branded, will be available starting on Friday for \$10 a month on a 20-month installment plan or \$30 a month with a two-year contract. The 10-inch tablet "is loaded with

entertainment and productivity features” including full HD resolution and “TV Mode,” the carrier said, offering one-touch access to apps including DirecTV. Customers with AT&T’s unlimited data plan can add Primitime to their package for an additional \$20 a month.

“Whether you’re at home or on the go, AT&T Primitime tablet offers an entertainment-first experience at a very affordable price,” said Kevin Peterson, senior vice president of device network services marketing for AT&T, in a press release. “Not only is this tablet priced competitively, but it is also packed with some of the latest and greatest audio and video features designed to deliver premium entertainment that is just one touch away.”

Primitime also features dual Bluetooth media streams and dual front-facing speakers with Dolby Audio. The tablet also supports Android for Work and Enterprise Mobility Management services.

AT&T didn’t disclose the manufacturer of the Primitime, although perhaps the most likely candidate is ZTE, which makes the carrier-branded Trek HD 2.

The new tablet underscores AT&T’s high-stakes gamble to expand beyond its core telecom business into the much broader world of digital media, marketing bundled services as it looks to generate cross-platform advertising revenues. The company is closing in on an \$85 billion acquisition of Time Warner that would give AT&T ownership of Warner Bros. Pictures, HBO and Turner networks such as CNN, TBS and TNT.

[fiercewireless.com](http://fiercewireless.com)

## Products & Services

### Hulu Adds Live TV To Xbox 360

August 22, 2017

Starting today, Xbox 360 will support Hulu’s Live TV service.

Hulu launched the highly anticipated streaming service earlier this May, which provides access to live television as well as Hulu’s library of original and streaming content for just under \$40 per month.

The service was originally available on iOS, Android, Chromecast, Apple TV and Xbox One. However, Hulu added Live TV to Amazon Fire TV and Amazon Fire Stick mid-summer. It seems the content platform has several rollouts in the works, including today’s expansion to Xbox 360.

To access the service on your Xbox, you’ll first need to subscribe to the Hulu Live TV service. From there you’ll enter your ZIP code to see all the channels available in your area. Like the other rollouts, you also can check out Hulu’s original content, exclusive series and movies available in Hulu’s library or choose to add premium channels like SHOWTIME and HBO.

Those already subscribed will get an automatic update to the new user interface on their Xbox 360 device.

[techcrunch.com](http://techcrunch.com)

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*“To access the service on your Xbox, you’ll first need to subscribe to the Hulu Live TV service.”*

## Voice-Controlled Bixby, Samsung's Mobile AI, Is Now Available

August 22, 2017

Ahead of launching its latest smartphone, the Galaxy Note 8, in New York City tomorrow, Samsung today announced that its voice-controlled digital assistant Bixby is now available in more than 200 countries around the world.

Originally set to roll out in the U.S. and South Korea in the spring with the arrival of the Samsung Galaxy S8 and S8 Plus flagship phones, Bixby's arrival was delayed until July. The delay appeared to be linked to numerous reviews that found the AI appeared to struggle with natural language voice commands.

Now supported in the U.K., Canada, Australia, South Africa, and many other countries in addition to the U.S. and South Korea, Bixby currently works only in Korean and U.S. English. Samsung said the AI, which supports native Android apps and a growing list of third-party apps, will learn to recognize users' preferences and speech habits to continue improving over time.

### Unique 'Deep Integration'

In addition to offering quick commands, Bixby can also be personalized to support custom voice commands and shortcuts for multiple functions at once, according to Samsung. For example, users who want to combine turning on the do-not-disturb mode, setting a 6 a.m. alarm and activating their phones' blue light filters can configure Bixby to do all of those things with a simple "good night." The AI also responds to contextual, cross-application commands such as, "Send the photo just taken to Mom."

Compared to competing AI applications, such as Google Assistant and Apple's Siri, Bixby is deeply integrated into supporting Samsung devices, allowing it to manage any task that could also be carried out by touch or text, the company said.

"The expansion of Bixby's voice capabilities is an initial step in the continued rollout of Bixby functionality," Injong Rhee, an executive vice president at Samsung, said in a statement. "In the future, Bixby will have the learning power to offer more intelligent and personalized interactions and seamless connections across more devices."

### Future Support For More Languages, Capabilities

Users with Samsung Galaxy S8 or S8 Plus phones can activate the AI by holding the dedicated Bixby buttons on their devices or simply saying, "Hi, Bixby." The capabilities of the interface might vary according to a user's country or service provider, Samsung said. In addition, Bixby might not yet recognize all the different U.S. English or Korean accents, dialects, and expressions.

"Natural language understanding allows Bixby to continuously improve its ability to interpret regional dialects," Samsung said. "But, since Bixby learns more frequently used command terms more quickly, it will take more time for Bixby to fully understand regional dialects that are used less frequently." Support for other languages, devices, and third-party apps are expected to expand over time, Samsung added.

"As the Bixby ecosystem grows, it will use its completeness, context awareness and cognitive tolerance to evolve from a smartphone interface to the interface for your life," Rhee noted in a statement last month.

[mobile-tech-today.com](http://mobile-tech-today.com)

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*"Users with Samsung Galaxy S8 or S8 Plus phones can activate the AI by holding the dedicated Bixby buttons on their devices or simply saying, 'Hi, Bixby.'"*

## Android Oreo Officially Arrives, But It Isn't On Phones Just Yet

August 21, 2017

Builds for Pixel and Nexus devices enter carrier testing, rollout imminent.

Google is pushing Android Oreo, the official name of the next version of its mobile OS, out of developer preview / public beta and onto its Android Open Source Project today. The company also confirmed that builds for Pixel and Nexus 5X / 6P have entered carrier testing, meaning over-the-air rollout should be happening "soon," including updates for Nexus Player and Pixel C devices.

As promised from Google I/O, Android Oreo brings feature updates including notification dots on app icons, picture-in-picture mode, Android Instant App compatibility, and an autofill tool to help quickly and securely enter passwords and other personal information. The OS will also limit background apps from overusing your device's battery to help extend charge. But most controversially (in my opinion, anyway), the official arrival of Android Oreo marks the death of the blob emoji, with more than 60 redesigned versions replacing the flat-designed blob faces and animal emoji.

The final version of Android Oreo will also roll out to those in the beta program today. For more information on how to download it to your device, check out Google's blog for instructions. For everyone else waiting to receive OTA updates on their non-Google phones, get comfortable. The wait for wider rollouts begins.

[theverge.com](http://theverge.com)

## Emerging Technology

### The Next Apple TV Is Getting A Feature Movie Fans Will Love

August 24, 2017

Apple is planning to unveil a renewed focus on the living room with an upgraded Apple TV set-top box that can stream 4K video and highlight live television content such as news and sports, according to people familiar with the matter.

The updated box, to be revealed alongside new iPhone and Apple Watch models at an event in September, will run a faster processor capable of streaming the higher-resolution 4K content, said the people, who asked not to be identified because the plans aren't yet public. The 4K designation is a quality standard that showcases content at twice the resolution of 1080P high-definition video, meaning the clarity is often better for the viewer. Apple is also testing an updated version of its TV app, which first launched in 2016, that can aggregate programming from apps that already offer live streaming.

Apple is seeking to revive its video ambitions with the new product. Apple TV trails devices from Roku Inc., Amazon.com Inc. and Alphabet Inc.'s Google in the U.S. set-top box market share with only 15 percent as of the end of March, according to a survey this month from Parks Associates. Apple Chief Financial Officer Luca Maestri told Bloomberg News earlier this year that Apple TV sales had declined year-over-year in the 2016 holiday quarter. The iPhone maker has also lagged behind companies such as Amazon and Netflix Inc. in developing scripted shows and other video content.

In order to view 4K video, users will need to attach the updated Apple TV to a screen capable of showing the higher-resolution footage. Many recent TV models from Sony Corp., LG Electronics Inc., and Samsung Electronics Co. offer 4K output. The new box will also be able to play content optimized for TVs capable of playing High Dynamic Range (HDR) video, which produces more accurate colors

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*"The new box will also be able to play content optimized for TVs capable of playing High Dynamic Range (HDR) video, which produces more accurate colors and a brighter picture."*

and a brighter picture. In February, Bloomberg News reported that a 4K Apple TV model had gone into testing. An Apple spokeswoman declined to comment.

Apple, the world's most valuable company, relies on the iPhone for more than half of its annual revenue. Its services business, which includes the App Store and Apple Music, is its fastest growing unit and generated 16 percent of the company's sales in the most recent quarter.

At its developers conference in June, Apple Chief Executive Officer Tim Cook said "you'll be hearing a lot more about tvOS later this year," referring to the Apple TV's operating system. Cook also announced that Amazon Prime Video will be supported by the Apple TV beginning later in 2017. Apple last updated the Apple TV box in 2015 with a new remote control, an App Store and support from its Siri voice assistant. It added new software features, including the TV app, last year.

In order to play 4K and HDR content, Apple will need deals with content makers that can provide video in those formats. The Cupertino, California-based technology giant has begun discussions with movie studios about supplying 4K versions of movies via iTunes, according to people familiar with the talks. The company has also discussed its 4K video ambitions with content companies that already have apps on Apple TV, another person said. Popular video apps on the Apple TV that support 4K on other platforms include Vevo and Netflix.

Apple has also been working on its own content. The company has rolled out video series to its Apple Music service, including Planet of the Apps and Carpool Karaoke. Apple plans to invest an additional \$1 billion in creating original video content, Bloomberg News reported earlier this month.

The company has also shown it's overhauling its living room strategy with multiple key hires. In January, the company recruited Timothy Twerdhal, Amazon's former chief for its Fire TV set-top box, to run the Apple TV box business. In June, the company hired Jamie Erlicht and Zack Van Amburg, former Sony Pictures Television presidents, to head up its video programming efforts.

The new Apple TV will come as part of a major product blitz planned by the iPhone maker for this holiday season. The company is planning three new iPhone models, including a premium model that includes a 3-D facial recognition sensor for unlocking the phone, as well as a new Apple Watch that can connect to LTE cellular data networks, Bloomberg News has reported. Earlier this year, Apple rolled out upgraded iPad models with improved screens and Macs with faster processors. Apple will end the calendar year with the release of a new iMac desktop geared toward professionals and the HomePod Siri-controlled speaker, the company said in June.

[fortune.com](http://fortune.com)

## Walmart Patent Application Describes Flying Warehouses In Reply To Amazon's Drone Deliveries

August 22, 2017

Top U.S. retailers Amazon and Walmart have taken steps to revolutionize the current logistics set-up for retail deliveries, especially in creating an infrastructure that will facilitate faster delivery using unmanned aerial vehicles like drones. While Amazon's Prime Air model was showcased last year, Walmart has applied for a similar floating warehouse, from where drones can pick up items and drop them at customers' doors. The patent titled "Gas-filled carrier aircrafts and methods of dispersing unmanned aircraft systems in delivering products" explains the mechanism, which seems similar to a hot air balloon or blimp-style airship.

"One or more propulsion systems are secured with the gas chamber and/or the carrier compartment. When activated, the propulsion system causes the transport aircraft to move through the air. The

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*"The airship, according to the patent, will fly between 500-1000 feet and will have multiple launch bays for drones; it might be flown autonomously or by a human pilot."*

propulsion systems may be configured to advance the transport aircraft upward, downward, in forward and/or reverse directions,” the patent states.

The airship, according to the patent, will fly between 500-1000 feet and will have multiple launch bays for drones; it might be flown autonomously or by a human pilot. The mechanism might help speed up deliveries and even provide last-mile coverage to many inaccessible areas. Currently, retailers depend on logistics companies and local delivery agents for their deliveries.

Speaking about the new mechanism proposed by Walmart, Brandon Fletcher, an analyst at the investment firm Sanford C Bernstein and Co., told Bloomberg on Monday “The core challenge of traffic and driving distance in any major city or in a very rural location can be helped by a floating warehouse. Movable warehouses are a really nice idea because any flexible part of a logistics system allows it to be more efficient when demand varies wildly. The e-commerce world suffers from highly variable demand and more creative solutions are needed.”

Walmart has been encouraging customers toward in-store pickup for years, but given Amazon’s rise as a retailer, especially its fast deliveries, it seems Walmart has also started investing in drone-based delivery logistics.

“There are numerous ways to distribute and deliver products. Getting the product to a delivery location, however, can cause undesirable delays, can add cost and reduce revenue,” the patent application states. The company’s main rival, Amazon is also working on a similar delivery system, according to its patent titled “Airborne fulfillment center utilizing unmanned aerial vehicles for item delivery.”

In fact, the functionality of the system is also similar since it also wants to employ blimp-type airships to serve as warehouses. What’s different though is that Amazon wants to deploy its airships at 45,000 feet, as per the patent, and will have an accompanying airship that will bring orders to this fulfillment center and from there on they will be delivered through drones.

While drone-based deliveries seem to be currently in just the conceptual stage, chances are that the companies might be working on making the idea mainstream. However, even though the remote, autonomously controlled, mobile distribution hub seems to be an ideal way of cutting delivery time and costs, the availability and assigning of airspace for such projects might be a concern.

Drones are restricted in many places globally and for this mechanism to come to life, most of these metrics will need to be resolved. Chances are we might start seeing full-scale, commercial, drone deliveries by 2025.

[ibtimes.com](http://ibtimes.com)

## Mergers and Acquisitions

### Amazon And Whole Foods Merger To Introduce Cross-Platform Selling And Lower Prices

August 25, 2017

In one fast-moving day on Wednesday, Whole Foods shareholders approved its merger with Amazon and the Federal Trade Commission gave the merger its stamp of approval. Amazon then announced on Thursday that the merger would close on Monday, August 28, 2017. More importantly, Amazon announced that, immediately following the close of the merger, prices will begin to drop on a selection of Whole Foods' most popular items. The transformation of grocery shopping is accelerating and the key trend is not lower prices, but cross-platform selling.

*“The big news here is confirmation that Amazon sees this merger as an opportunity to merge two food retailing channels into a single, more seamless, shopping experience.”*

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Amazon's press release mentions price cuts on Whole Foods staples, Amazon Prime as a rewards program for Whole Foods customers, Whole Foods' private label products being sold through Amazon.com, AmazonFresh, Prime Pantry, and Prime Now, and Amazon lockers located in Whole Foods Markets.

Most people will focus on the lower prices, but we all should have been expecting those; the new information is more details on cross-brand leveraging and new synergies about which we had previously only been guessing. The two big parts of the announcement are the cross-platform selling that is planned in both directions.

First, at least in terms of likely roll out, many of Whole Foods' in-store brands will soon be for sale through Amazon's various outlets. For dry and canned goods, this makes perfect sense and will allow Amazon to sell a premium product at higher volumes than Whole Foods was likely to accomplish on its own. It also allows Amazon to capture more of the value in the supply chain through vertical integration as it now can capture some of the profit from the food processing step instead of being just a retailer. Retail margins, especially in food retailing, are very low (supermarkets average only a 2% profit margin) so moving into higher margin businesses is good news for the long-run profitability of Amazon.

Second, and as I predicted earlier, Amazon will also sell cross-platforms in the opposite direction. Shoppers will be able to make purchases on line and pick them up at a Whole Foods Market. This feature will be available as soon as Amazon can build some of their "lockers" in physical Whole Foods stores. This will allow us to buy staples and home good products at the low prices available on Amazon.com for items where we are searching mostly for value, purchase items where quality is important (and variable) such as produce, meat, and seafood in person at Whole Foods, and then leave the store with both sets of purchases.

This is quite likely the future of online grocery shopping. As the long line of bankrupt online grocery sellers testifies to, consumers want to see and touch at least some of their groceries to ensure the quality is what they are looking for. We want our bananas a certain ripeness and to see the fish is fresh. Yet we also like the low prices delivered by avoiding the upkeep on a physical store for many items that we are comfortable purchasing sight unseen (breakfast cereal, laundry detergent, etc.). Rather than forcing consumers to accept a tradeoff between these two channels for grocery shopping, the Amazon-Whole Foods merger is promising to create a hybrid.

Many commentators are going to focus on the announcement of lower prices at Whole Foods stores (and competing supermarket companies saw their stock prices drop on the announcement), but low prices were already available as nearby as the closest Walmart or Aldi. Yet, Walmart had not driven other supermarket brands out of business. A significant majority of grocery shoppers care about some features other than price or Walmart's market share would be even larger.

The big news here is confirmation that Amazon sees this merger as an opportunity to merge two food retailing channels into a single, more seamless, shopping experience. I suspect that over the next couple of years, this will be the biggest impact of this deal.

The ball is now in the court of the other food retailers to figure out a way to match this ability to offer more products for sale in multiple ways so that whatever the customer wants, the customer can get, even if that means buying some of my groceries online and the rest in person. Amazon will force every retailer to think harder about all the channels we use to buy our food.

[forbes.com](http://forbes.com)

## An Investor Wants Tesla And Uber To Merge, With Musk As CEO

August 22, 2017

### Better Together

Noted tech investor Jason Calacanis has called for a merger between Uber and Tesla, arguing that the two companies are on a “collision course.” Calacanis was an angel investor for popular the ride-sharing app, and owns the Tesla Model S with the serial number 00001, thanks to an early interest in Musk’s automotive company.

Calacanis wants to see both companies united under Musk’s leadership, in the hopes of undoing some of the recent damage that Uber has done to its customer base and reputation.

“We need to get back to that sense of camaraderie and resolve these issues for the employees and the stakeholders in Uber,” he said on a recent episode of his podcast, This Week in Startups.

Calacanis has invested money in both companies, a decision that could come back to bite him, given the likelihood that Uber and Tesla are about to do battle over the market for self-driving taxis.

### What’s In It For Me?

It’s not exactly a well-kept secret that Uber’s long-term strategy involves replacing its fleet of human drivers with self-driving vehicles. Comparatively, Tesla has long since offered Autopilot technology in its vehicles, and there are rumors that it could field its own Uber competitor using completely driverless cars.

Uber has invested plenty of time and effort into its self-driving vehicle research program, but Tesla is still at the front of the pack. Both companies have put driverless cars on the road, but Tesla’s fleet has much more public trust, thanks to the fact that the technology is already being made available to consumers.

It’s true that Uber has quickly become a go-to for convenient, cheap rides — but a shift to self-driving cars hinges on the kind of safety reputation that Tesla has worked very hard to establish. Both companies could benefit from a merger, but the arrangement would seem to be lopsided in Uber’s favor.

[futurism.com](http://futurism.com)

## Industry Reports

### Unlimited Customers Report Fewer Network Problems, J.D. Power Says

August 25, 2017

Wireless customers with unlimited data plans report fewer network problems than those on tiered plans, according to fresh data from J.D. Power.

The research firm reported customers with unlimited access experience an average of 11 total network quality problems per 100 connections, whereas users with data allowances reported 13 such problems per 100 connections. Unlimited users also have lower incidences of data problems, messaging problems and calling problems, J.D. Power said.

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*“Unlimited data has quickly become the norm in the U.S. wireless industry, so carriers will be increasingly challenged to meet demand while minimizing congestion on their networks.”*

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The trend held true among both “power users” and those who didn’t consume as many data, the firm noted.

“Whether a customer has unlimited data or a data allowance on their wireless plan should not really affect their overall network quality, but our data shows that—consistently—wireless customers who are not worried about data overages have a much more positive perception of their network’s quality,” Peter Cunningham of J.D. Power said in a press release. “This is a critical insight into wireless customer psychology for carriers who’ve been engaged in battle over unlimited data plans for the past several months.”

The firm said customers with unlimited data plans “are impressed with data speeds, which likely contributes to their perception of fewer problems.” Eighteen percent of respondents said speeds were “faster than expected,” compared to the 13% of users with data allowances who said the same.

J.D. Power also said Verizon Wireless ranked highest in all six regions covered in its most recent study of the quality of U.S. wireless networks. Customers of the nation’s largest carrier reported fewer problems per 100 connections in terms of call quality, messaging quality and data quality.

The looming question, of course, is whether Verizon—or any of its rivals—can continue to meet expectations in the era of unlimited data. Verizon recently overhauled its unlimited plan in what analysts said was a clear indication that its network was struggling under the strain of increased traffic since it launched unlimited six months ago. Unlimited data has quickly become the norm in the U.S. wireless industry, so carriers will be increasingly challenged to meet demand while minimizing congestion on their networks.

[fiercewireless.com](http://fiercewireless.com)

## After One Of Tech’s Biggest Breakups, HP Inc. Comes Out On Top

August 22, 2017

In 2015, in one of the biggest corporate breakups in Silicon Valley’s history, the roughly 75-year old Hewlett-Packard Co. cleaved itself in half. Hewlett Packard Enterprise, or HPE, would handle data centers, software and services. HP Inc. would take the runt of the litter: printers and computers.

It was not a secret that HPE was the privileged offspring: Its charge was to help customers navigate the lucrative technology shifts around data, applications and cloud computing. And in case anyone didn’t quite get the message, HPE would be led by its famous chief executive, Meg Whitman. While both companies were under pressure, her businesses held more promise.

“Enterprise is really where a lot of the growth is,” said Peter Wahlstrom, then an analyst at Morningstar Inc., the day the deal was announced in 2014. He’s now at Front Barnett Associates, LLC. “And then you’ve got the PC-printing business which is a little bit more an annuity, a stable steady-eddie.”

Nearly two years after the split—and with both companies preparing to announce quarterly earnings—those assumptions have been upended. It’s HP Inc. that has momentum: It has embraced higher-end products and expanded revenue despite lackluster spending on PCs and printers. HPE, meanwhile, has failed to meet sales projections for four consecutive quarters while over 60 percent of Wall Street analysts don’t see enough to recommend buying its shares. While HPE shares have outperformed HP Inc.’s since the split, they’ve switched course in the last 12 months, with the latter surging 29 percent and the former rising about 5.3 percent.

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*“It’s HP Inc. that has momentum: It has embraced higher-end products and expanded revenue despite lackluster spending on PCs and printers.”*

"HP Inc. has done surprisingly well for being in PCs and printers," said David Heger, an analyst with Edward Jones. "You're not seeing the results out of HPE that you might have expected. They kind of keep muddying the waters."

The last few quarters have been rough for Whitman's HPE. Amazon, along with others, has been a formidable cloud competitor while rising component prices pressured profits and a major customer pulled back spending. In the report for the three months that ended on April 30, sales in the company's crucial Enterprise Group, which sells servers and storage gear, fell 7 percent—after posting growth in the first few quarters after the split.

"It's not cut and dry yet as to what the company will ultimately be," said Shannon Cross, an analyst with Cross Research, adding that questions about Whitman's future at HPE has caused uncertainty as well. "The pressure from cloud has been there, and it remains there."

After arriving at Hewlett-Packard Co. in 2011, Whitman initially opposed the split, but eventually changed her mind and became its champion, arguing it would allow each side to be more nimble. She's still eagerly whittling down HPE. In April, Whitman completed a "spin merge" of its services business, spinning it off and forming a new company, DXC Technology. As part of the DXC deal, HPE shareholders received a stake in that new company. She's slated to do something similar with key software businesses next month, combining forces with Micro Focus International, another provider in the same industry.

Along the way, the new separations have led to distractions from the day-to-day work inside the company, analysts said. On a quarterly call for Wall Street in February, Whitman admitted that internal changes had created new challenges. "I probably put more change into this organization in Q1 than I probably should have," she said.

Crawford Del Prete, an analyst at IDC, predicted that Whitman's strategy may pay off. "I think, long-term, they're setting themselves up," he said. "They will be smaller, but they can grow off that base."

Over at HP Inc., Chief Executive Officer Dion Weisler has managed to streamline operations while identifying promising new markets. On his last call with analysts, Weisler touted his quarter, calling it a "breakthrough." The company delivered growth in both sides of the business for the first time in more than five years. "Clearly the separation has been positive for us," Enrique Lores, president of HP Inc.'s Imaging, Printing and Solutions business, said in an interview. "We have been able to do things that we would have never been able to."

One example is Weisler's decision to spend about \$1 billion on Samsung Electronics Co.'s printer business. The deal is the first acquisition to directly benefit the operations in more than a half decade -- and should bolster the company's new push into the market for larger office copiers that include printing technology. It's expected to close this year.

The company has also taken a new approach to printer supplies, its biggest profit engine. Weisler reduced a glut of inventory, despite a financial hit -- slashing inventory levels by more than \$400 million over a couple of quarters. And he changed how the products were priced and sold to keep the unit healthier long-term.

HP Inc. is also trying to increase adoption of what's called three-dimensional printing for businesses. The aim is to get manufacturers to buy massive -- and expensive -- machines that can "print" parts, quickly and efficiently. Some early customers like the products so much that they've returned to purchase more -- which can cost about \$200,000, according to Stephen Nigro, the president of the 3D printing business. At the time of the breakup, HP Inc. kept a majority of the patents, and crucial parts of the 3D printing technology came from HP's own intellectual property, the company said.

There are also some unexpected and slower moving projects in the works. HP Inc.'s labs are tackling artificial intelligence and machine learning, and researchers are doing work that could have applications for health care, according to Shane Wall, chief technology officer.

Surprisingly, the PC business has also remained relevant. During the past two quarters, revenue has jumped 10 percent -- after falling by 5 percent last fiscal year. The company has focused on souped-up machines that can handle high-powered video games and virtual reality, and it's also trying to change how PCs are sold. A novel "device as a service" program, rolled out last year, lets businesses pay on a monthly basis, instead of shelling out money up front. Then, the machines automatically receive the latest technology and customized services and support.

Wall Street appears to like the efforts. One investor, GoodHaven Capital Management, earlier this year backed out of HPE shares amid concerns about its server business and the cloud, said Keith Trauner, co-founder of the firm. "There was quite a bit of divergence between the two companies," he said.

In the last year, he added shares of HP Inc. to his portfolio.

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