



Editor's Foreword

By Joe Pavlat

CompactPCI & AdvancedTCA Systems

Thanks, Guglielmo

The first patent for wireless communications was issued to Guglielmo Marconi in 1896. It used high-frequency *Hertz rays* to transmit signals through the air using a Ruhmkorff Coil (Figure 1). The Marconi Wireless Telegraph Company was founded in 1900 and achieved its first transatlantic transmission the following year. Signaling the end of an era, the company was recently bought by Swedish telecom giant Ericsson AB. It is but one of several recent high-profile industry consolidations, and all signs indicate that more are on the way.

In October of last year Ericsson announced that it was acquiring most of Marconi's businesses, including optical networking, broadband and fixed wireless access, data networking, softswitch technology, and radio. Ericsson will use Marconi's R&D operations to enhance its own IP Multimedia Subsystem offerings. The remainder of Marconi will be renamed Telent and focus on services to enterprise customers and carriers.

Just over a month ago giants Alcatel and Lucent announced they were merging, with Lucent CEO Patricia Russo picked to run the Paris-based company. The deal, which has been widely praised by industry analysts, will give the consolidated company revenues of about \$25 billion,



Figure 1

compared to Ericsson's \$20 billion. After the debacle surrounding the Dubai ports deal, there will likely be some heartburn on Capitol Hill about Bell Labs and their historic ties to the U.S. defense establishment, but the two companies have assured Washington that sensitive military technologies will be placed in independently supervised subsidiaries. A three-person board consisting of former Defense Secretary William Perry, former CIA Chief James Woolsey, and former NSA director Ken Minihan will oversee the Bell Labs subsidiary.

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In the carrier space, other mergers and acquisitions are making news. The former SBC Communications bought AT&T, and the new AT&T is buying Bell South in a \$67 billion deal. Verizon has acquired MCI Inc. What does it all mean?

Making the triple play

First, these consolidations improve efficiency and reduce operating expenses by combining networks. Both AT&T and Verizon have announced plans to make major upgrades to their optical networks in order to prepare for the widespread delivery of video. Each carrier is rushing to provide consumers with a bundle of services – voice, broadband Internet, and video – in what is being called the *triple*

play. Carriers and the cable providers will directly compete. Cable providers already offer video and broadband Internet and are starting to deploy voice services in some locales.

While some worry that the glass is half empty and that competition will be reduced, prices will increase, and new equipment purchases will be cancelled, I think quite the opposite is going to occur. The showdown between the cable companies and the telecom carriers will produce the traditional benefits of direct competition for consumers: Better and new services and lower prices. For TEMS, including Ericsson/Marconi and Alcatel/Lucent and their subcontractors, it will mean the deployment of a whole new generation of infrastructure to support the efficient delivery of the bundled services. That will necessitate quick development and delivery of very large amounts of equipment, and that bodes well for open standards like AdvancedTCA, AdvancedMC, and MicroTCA.

This recent spate of mergers and acquisitions suggests that the communications industry is in for some interesting times. Some will win and some will lose. That's the nature of competition, and we can only hope that Congress doesn't meddle too much. It also demonstrates that the industry is finally recovering from the downturn of a few years ago and looks to be on the upswing. That's good news.

For anyone who is a student of history, I suggest you read Guglielmo Marconi's 1896 wireless patent. It is U.S. Patent Number 586,193 and can be viewed as scanned pages in the U.S. Patent Office archives (www.uspto.gov). Enjoy.

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