

Leap plans EV-DO launch

BY DAN MEYER

Leap Wireless International Inc.'s service expansion continues, as the carrier announced plans to launch high-speed wireless data capabilities and WAP-based browsing. The carrier also plans to loosen the rein on its Jump prepaid service to better target the youth demographic.

Leap's high-speed wireless data plans are centered around the deployment of CDMA2000 1x EV-DO capabilities across its network beginning next year. The carrier offers service in 37

markets and said it expects to install EV-DO capabilities in new markets using spectrum it won during the Federal Communications Commission Auction 58 earlier this year. Leap acquired 10 megahertz of spectrum in 13 markets covering 20 million potential customers for \$235 million during the auction.

Leap said it expects to build out the new markets and upgrade its existing markets to EV-DO technology for less than \$475 million.

Unlike its larger competitors, which either already have launched or are planning to launch EV-DO services, Leap said its service will cater more toward handset usage instead of PC cards that are popular with enterprise customers.

"We think it will be primarily a handset play with streaming content and music services that are of interest to our core

market segments," explained Al Moschner, chief marketing officer at Leap. "But we are also looking at PC cards for a small percentage of our customer base."

One potential problem for Leap could be its relatively modest spectrum position in many markets. The carrier controls between 25 megahertz and 30 megahertz in 18 of its markets, but only between 10 megahertz and 15 megahertz of spectrum in the rest. While the carrier has made the most of the spectral efficiency of its CDMA-based

network, analysts note that Leap has to deal with an average of 1,500 calling minutes per month per customer, which is more than twice the industry average.

Carriers traditionally have carved out 5-megahertz chunks of spectrum to support their initial EV-DO launches, which would leave Leap precious little additional capacity to handle an increase in voice traffic or customers, or require the company to invest additional funds to upgrade network capacity.

Moschner admitted that the carrier is not as spectrally rich as other EV-DO carriers, but said the company is confident it can support the launch. Moschner added that the operator also is looking at acquiring additional spectrum if necessary and that Leap's focus on handset-based mobile applications would not require the depth of network assets as more data-intensive

enterprise applications do.

"Tier 1 carriers are burning a lot of spectrum with data applications," Moschner said. "We will be more mobile centric with applications designed for the handset in mind."

Leap said it also will begin deploying EV-DO Revision A onto its network in late 2006, which Moschner said would allow the carrier to support Voice over Internet Protocol capabilities and run a more spectrally efficient data network.

In connection with the EV-DO plans, Leap also signed a deal with mobile content delivery company Motricity Inc. to use Motricity's Fuel platform to power a WAP-based Web browsing and downloadable content offering. The WAP service is expected to launch early next year and be available to both traditional Cricket and prepaid Jump customers.

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Leap said it will continue to support its Cricket Clicks service, which uses Qualcomm Inc.'s BREW platform to provide downloadable content.

"We will run them side by side initially and let the best technology win," Moschner said.

Prices for the WAP-based services were not announced, though Leap said it expects plans to be consistent with its current flat-rate pricing models.

Leap also announced that it was spinning off its prepaid Jump service as its own operating subsidiary. The carrier said the move will provide Jump with more



independence and moves the service from underneath the Cricket umbrella.

Leap launched the Jump service earlier this year as a more traditional prepaid offering to its monthly recurring-fee Cricket service and said it has been happy with its success to date.

As part of its newfound independence, Jump has engaged public-relations firm Rebel, which specializes in so-called "guerrilla marketing," which Leap said specifically will target the Jump core market. Linda Wokoun, Leap's senior vice president of marketing and customer care, noted that Rebel uses a local marketing approach targeting the

urban youth market and was hired by Toyota Motor Sales USA Inc. to launch its youth-oriented Scion product line.

"Urban youth are skeptical and don't respond well to corporate messages," Wokoun said. "We think that with Rebel's help we can more specifically target the urban youth market that has shown a great interest in Jump."

Leap said it expects the Jump service will be well positioned against competing prepaid services from Virgin Mobile USA L.L.C. and Boost Mobile L.L.C.

Wokoun also noted the Jump product would move away from consumer elec-

tronic retail outlets and company-owned stores that currently sell Cricket services and instead would rely more on nontraditional retail outlets like convenience stores and local venues.

The Jump service also will now include free text messaging to go along with its free incoming calls and 10-cents-a-minute charge for outgoing calls. The free services continue to require customers to have balances on the accounts. Jump also will have a new "bubble-pack" offering that will include the Motorola Inc. c341 handset, which will retail for \$70 and include 150 outbound calling minutes. **RCR**



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