

NSN takes Nortel's juicy bits

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By Cantab Wireless

It was announced on Saturday 20th of June that Nokia Siemens Networks (NSN) is buying the CDMA and LTE assets from Nortel for 650 million USD.

This deal, if it gets approved by bankruptcy courts, would benefit NSN in two ways. NSN is weak in North American markets. Particularly, it does not sell CDMA networks which are widely used in that continent. By acquiring Nortel's CDMA business, NSN would get into a vendor relationship with Nortel's existing CDMA customers, many of which will be amongst the first operators to adopt LTE technology.

Secondly, Nortel was a major LTE technology developer, especially in the early phases of the development work. Thus it has plenty of LTE patents which are valuable assets for any equipment vendor when royalty fees are being calculated.

In the mobile network equipment business only the big companies will survive. Nokia realised this at an early phase and three years ago its network assets were combined with Siemens' mobile network business. Now NSN got a chance to grow even further and it took the opportunity. NSN is the second largest network infrastructure provider in the world after Ericsson, but it has hungry challengers chasing it in the form of Alcatel-Lucent, Huawei and ZTE. It is not at all certain that there will be enough money in the LTE business for all of these companies, let alone for smaller vendors.