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# Digital Daily by John Paczkowski

## About John

John Paczkowski has been poking fun at the tech industry and the personalities that drive it since 1997. From 1999 to 2007, he wrote the award-winning tech news Web log Good Morning Silicon Valley for the San Jose Mercury News, Silicon Valley's daily newspaper.

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## Ethics Statement

Here is a statement of my ethics and coverage policies. It is more than most of you want to know, but, in the age of suspicion of the media, I am laying it all out.

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...in 80 milliseconds.

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We sat next to each other in  
math. We didn't get on,  
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### Twitter During an Alien Invasion

Just killed one inside. Pics for  
proof. This is insane.

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## \$73 Million: How's That for an Early Termination Fee ...

Posted at 12:00 AM PT on July 30, 2008

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Sprint Nextel is finally reconsidering its \$200 early termination fee, albeit under duress. A California judge ruled Tuesday that [the company must pay \\$73 million to the nearly two million class-action customers](#) who sued it for slapping them with early-termination fees (ETFs). The judge's order, which is still tentative, requires Sprint (S) to pay \$18.25 million to customers who sued the company for charging them to get out of their contracts early, as well as an additional \$54.75 million in credits to those who were assessed but never paid the early-termination fees. Seems the judge felt ETFs are more about tackling customers on their way out the door than about recouping the cost of subsidizing handsets. "Now that the ruling is in, the outcome is clear," said Scott Bursor, an attorney representing the plaintiff. "We won this trial. And Sprint lost. Convincingly."

The ruling comes as the Federal Communications Commission considers regulating ETFs on a nationwide basis.

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## Comments

About time there has been movement on these extortion payments from the wireless mafia. Consumers should be free to move their business as they see fit. The contention that they lose money on device sales is sburd. Any shortfall they have from a sale is made up within the first 2-3 months of service in their worst case scenario and for some popular models like blackberry - they make a profit.

Posted by [bob rocklin](#) at [July 30th, 2008 at 5:36 am](#)

Bob, quit fueling the old class envy/victim mentality! Who are you to decide at what point the shortfall on equipment costs is break even? It's real simple, if you feel you cannot abide by the terms of the wireless contract, don't sign it. If the majority of consumers share your feelings and do the same, the wireless companies will be forced to change their way of doing business. That is how the free market works. Using the courts to go after Sprint is like hiding behind your mommy's skirt and having your big brother do your dirty work.

Posted by [Doug Jamian](#) at [July 30th, 2008 at 6:43 am](#)

It just floors me to see Bob write that the phone subsidy is recovered in just 1 to 2 months. Does Bob work for Sprint? On what authority does he speak? Lets take AT&Ts iPhone pricing

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[honey.bunny77@hotmail.de](mailto:honey.bunny77@hotmail.de) (PDF)

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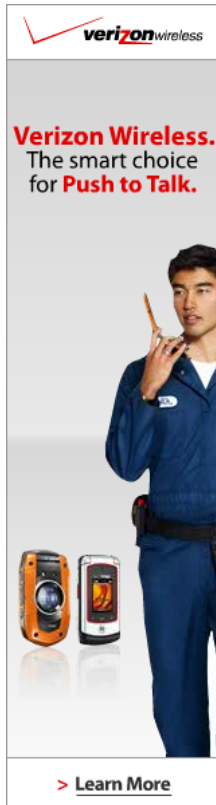
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as an example. Without a contract, the 8gig model costs \$599. A new customer can sign up for 2 years and get it for \$199. So how does AT&T recoup \$400 in just a month or two? I think you can get unlimited everything plans from AT&T for about \$140. If even 40% of that monthly charge was profit (highly unlikely) then \$56 dollars each month could be put toward the real cost of the iPhone. So in about 7 to 8 months AT&T would start making money for the new customer. And I'm sure this is an absurd example, but use it just to show that no way does a company recoup costs as quickly as Bob says. I honestly believe it takes a company more than a year to generate positive revenue from a new customer.

Posted by *David Estes* at [July 30th, 2008 at 11:42 am](#)

I happen to work for Sprint and have studied what our company and other telcom companies have to do to break even with 1 customer. Sprint has shown that it can take up to 40 months to break even with a customer. You have to think about what it costs for that user to buy the phone and use it. The amount of people and equipment used just to have that phone call happen is enormous. We have been doing everything in our power to drop the number of months to break even to also make it cheaper for the customer like the Simply Everything plan \$100 for everything unlimited. This case doesn't make since in my eyes because when you put yourself in the business man's shoes then you realize you're not making money or breaking even. At&T and VZ both have this same problem that Sprint has. Just thought this would help educate people to understand the position that these telcom companies are in.

Posted by *Ryan Swartz* at [July 31st, 2008 at 8:42 am](#)

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