

RCR Wireless News

Skepticism remains over Verizon Wireless' open-access plans

By Jeffrey Silva

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Advertisement Is the mobile-phone industry's increasingly reluctant embrace of open access really a concession to consumers, or an inescapable inevitability driven in part by legal developments that have forced carriers to loosen their iron-clad grip on networks and handsets and otherwise delivered a blow to the cellular business model?

Judge Bonnie Sabraw of the California Superior Court on Monday signed a nationwide handset-locking settlement in connection with a [class-action suit against Sprint Nextel Corp.](#), the second of two landmark settlements with national mobile-phone carriers. Under the settlement, Sprint Nextel, the No. 3 cellular carrier, has agreed to disclose the phone lock code to consumers, assist customers with non-Sprint Nextel handsets to activate them on the carrier's network where possible, and notify Sprint Nextel direct and indirect retailers of these policies.

A nationwide handset locking settlement involving Verizon Wireless went into legal effect Nov. 8 (actual implementation is upcoming), just weeks before yesterday's announcement by the No. 2 mobile-phone operator that it will [open its network to third-party devices and applications](#) subject to company-crafted technical specifications.

Other class-action handset locking suits are pending against No. 1 AT&T Mobility and No. 4 T-Mobile USA Inc. in the same California court, with trial dates likely to be set for mid-to-late 2008. AT&T Mobility, unlike other national mobile-phone operators, first opposed and then backed the Federal Communications Commission's decision to impose an open-access condition on about one-third of the 700 MHz spectrum set for auction beginning Jan. 24.

Now, Verizon Wireless, which last month dropped its 700 MHz open access suit against the FCC, has flipped on the issue.

It is speculated Verizon Wireless' change of heart could be more about Google Inc. than about the nationwide handset locking settlement.

"The major short-term impact, in our view, is to take pressure off Google to participate seriously in the 700 MHz auction, with short-form applications due next week, though we still expect them to bid on the C [open access] Block," said Stifel, Nicolaus & Co. Inc. analysts. "It may also take some of the wind out of the Android sails. The impact may be mitigated in the medium term by the fact that the majority of handsets are GSM-based, which makes the addressable market for CDMA-based devices smaller. However, [yesterday's] announcement puts pressure on other U.S. carriers to follow Verizon's lead. The longer term impact depends on a number of factors including whether Verizon develops technical specifications that are easy for developers to meet, whether handset/application makers can invent something cool enough that a significant number of consumers are willing to pay for it, and whether we are a nation too wedded to handset subsidies to move to this new model."

House Commerce Committee Chairman John Dingle (D-Mich.) applauded Verizon Wireless's announcement. "While we do not yet have all the details, the company's decision appears to be a step forward for consumers. I'd like to see additional carriers listen to their customers and offer a more open platform."

Still, skepticism remains.

"It remains to be seen whether the pricing and other details will in fact give consumers the same choice of devices and applications that they have on wireline Internet connections," said Sascha Meinrath, research director of the Wireless Future Program at the New America Foundation. "It is not enough to simply claim support for 'any' application and device. Verizon plans to certify equipment themselves; by definition this means that they will not let certain devices on their network. This and other inconsistencies leave me deeply concerned."

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