

Lawmakers, Google, Skype applaud Verizon Wireless decision, others more cautious

By Jeffrey Silva

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Verizon Wireless' open platform announcement was met with a mix of optimism and skepticism by parties at the forefront of a campaign to persuade the Federal Communications Commission to mandate that mobile-phone carriers allow third-party devices and applications on their networks.

"We think this is a great step forward. As the Internet has demonstrated, open models create better services for consumers and stronger businesses for providers," said Eric Schmidt, chairman and CEO of Google Inc. "We are excited to work with Verizon and other industry leaders to achieve this vision."

The Internet search-engine giant said it will likely bid on 700 MHz licenses—possibly including the 22 megahertz open-access block—when the auction begins Jan. 24. It is plausible Verizon Wireless' announcement and its timing—less than a week before the 700 MHz short-form application deadline—could be designed to discourage Google from getting into a bidding war with the No. 2 wireless operator.

Meantime, it remains to be seen how the turnabout by Verizon Wireless, which dropped its lawsuit against the FCC over the 700 MHz open-access rule, might impact a virtually identical lawsuit filed by cellular association CTIA and the upcoming auction of 1,099 licenses in the band.

"Today's announcement by Verizon Wireless, as well as recent announcements by AT&T [Inc.], Sprint [Nextel Corp.] and T-Mobile [USA Inc.] regarding open platforms, show that wireless carriers listen closely to what their customers demand, and act quickly to bring those desired products and services to market," said CTIA President Steve Largent.

CTIA and its members face wireless consumer legislation that, among other things, directs the FCC to scrutinize handset locking by cellular operators. Moreover, Skype Ltd. is awaiting word from the FCC on a February petition to confirm a consumer's right to attach third-party applications and devices to wireless networks.

"This is another encouraging step towards the wireless industry recognizing the value of openness. We look forward to working with wireless operators, including Verizon, to maximize a Skype user's ability to choose to have their conversations wherever, whenever and however they would like," said Christopher Libertelli, senior director for government and regulatory affairs at Skype.

FCC Chairman Kevin Martin said he is "optimistic that Verizon Wireless's commitment along with the upcoming spectrum auction will ensure an exciting new era in wireless technology for the benefit of all consumers."

Reaction from a key lawmaker on Capitol Hill was largely positive as well. "In my view, greater openness will foster much-needed innovation and entrepreneurial activity. Although important details about Verizon's proposed policy change remain to be seen, today's announcement is welcome news for wireless consumers and device and application developers as it indicates that a major wireless provider is moving in the direction of greater network openness and consumer choice," said House telecom subcommittee Chairman Edward Markey (D-Mass.). Markey held two hearings this summer on wireless innovation and open networks.

Others expressed a more guarded outlook.

"This is surely a step in the right direction, but its shortcomings underscore the need for regulations to guarantee Americans the same rights on wireless networks that they have on landlines," said Harold Feld, senior VP of the Media Access Project. "Verizon's plan still doesn't guarantee access for all devices, and it is uncertain how much Verizon may charge customers for the right to use their own equipment. Without the certainty that comes from making open platforms a right, rather than a privilege at the mercy of a provider's business plan, innovation and choice in the wireless world will continue to lag behind Europe and Asia."

Public Knowledge President Gigi Sohn said the organization is cautiously optimistic about Verizon Wireless' plan, scheduled to go into effect by the end of 2008. This is around the time the presidential election will be decided, a political event that could mean more wireless regulation if Democrats—who already control Congress—pick up the White House.

"The Verizon announcement ... is very limited, said Sohn. "If other carriers don't follow the same model, then consumers will still find their phones tied to a specific technology or wireless company. Until they do, an iPhone will still be useless on any network but AT&T's. In order for an open network to become a reality, all carriers will have to participate." Sohn added: "Even with the announcement today, if Verizon continues to subsidize cellphones, then the adoption of the open model will be minimal absent a rapid decline in cellphone prices. We need to know whether the rates for Verizon service

plans will vary for those with subsidized phones and for those customers with a phone bought elsewhere. We also note that Verizon alone decides what phones and applications will be acceptable to its network. It would be preferable to have a neutral third party either making the decision on acceptability for Verizon, or conducting evaluations which would be accepted by Verizon.”

Frontline Wireless L.L.C. said Verizon Wireless announcement reflects the emerging trend toward open networks, which the Silicon Valley-backed startup—which plans to bid in the 700 MHz auction—has been aggressively pushing. But the company said the devil is in the details and implementation.

“It remains to be seen whether this is really the road to Damascus or a modest concession,” said Janice Obuchowski, chairman of Frontline.

VZW and open access

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