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# Verizon Wireless to Offer Open Access to Network

By ROGER CHENG  
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In a major break with industry practice, Verizon Wireless said it will allow consumers to use any compatible cellphone on its network and allow open access to the Web and third-party applications.

It's a reversal for the No. 2 U.S. carrier, which is known to be particularly protective of its network, and an acknowledgment of the direction of the wireless industry. Google Inc. is spearheading a similar move with an open-standards software platform -- dubbed Android -- and already counts Sprint Nextel Corp. and Deutsche Telekom AG's T-Mobile USA as allies.

Devices would still have to be compatible with Verizon's technology, and for now, that excludes Apple Inc.'s popular iPhone. Verizon's service runs under a cellular standard called CDMA, which differs from much of the world and that of the nation's largest carrier, AT&T Inc. Sprint is the other major wireless carrier that uses CDMA, and Verizon Wireless CEO Lowell McAdam said Sprint's phones could work on the Verizon network if they pass Verizon's testing procedure.

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Verizon Wireless, AT&T and other incumbents now sell phones and service as a package, limiting the types of devices customers can use. Carriers traditionally have decided what applications most consumers see on their cellphones, setting rules and negotiating fees for software developers to gain access.

Along with Google's foray into the wireless industry and Apple's recent decision to allow third parties to develop software for its iPhone, regulators have been pushing for increased openness. Rules approved by the Federal Communications Commission for its coming auction of radio spectrum set aside a portion of those airwaves for wireless networks that allow customers to use any mobile device, not just those approved by the network owner.

Verizon Wireless, jointly owned by Verizon Communications Inc. and Vodafone Group PLC, said it will publish early next year technical standards for the development community, which are necessary for designing software, applications and devices that can run on its network. The carrier said that any device that meets the minimum technical standards will be activated on the network. It hopes to have new devices and applications available to customers by the end of next year.

Verizon Wireless plans to talk to different hardware manufacturers and the carrier didn't discuss

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potential pricing plans for the new devices. On the software side, Mr. McAdam said the new model will be "additive" to its current service, and that it will cater to subscribers looking for complete control of their device. "We see an opportunity to tap into a huge development community," Mr. McAdam said.

John Stratton, chief marketing officer for Verizon, said he envisions devices beyond the standard cellphone being created for the network. This includes gaming devices or appliances. "It's subject to imagination," he told reporters in a conference call. "It encourages anyone who wants to get in the game to get in the game."

Mark Siegel, a spokesman for AT&T said, "In terms of openness, we think we have defined the term in ways that really matter to people... We think we're the most open company in the industry." Mr. Siegel added that AT&T is open to Android if the operating system pans out, but that there remains many questions over how it will work.



Kevin J. Martin

Verizon Wireless' announcement comes just two months before the FCC auctions off a large chunk of lucrative radio spectrum, which wireless networks are based on.

Whatever company acquires a swath of that airwaves will have to allow any phone and any software to operate on the wireless network it builds. Verizon Wireless had strongly opposed the rules requiring open access, as it had become known. But it had been one of the companies expected to ultimately bid for that spectrum, which would allow it to substantially bolster its national wireless network.

If it decides to bid for the 22 megahertz chunk of spectrum, Verizon Wireless would almost certainly be competing with Google, which has already announced it will bid in the auction.

Harold Feld, of the public interest group Media Access Project, said it was likely Google's earlier announcement that forced Verizon's hand. "I think the announcement by Google that it plans to bid for the spectrum forced Verizon to make a decision," said Mr. Feld. "It's a large block of spectrum that Verizon needs."

Mr. Feld said the decision "almost certainly" means that Verizon Wireless will bid for the spectrum. It wasn't required by the FCC to extend the open access conditions to all its customers, but the fact that it now has, said Feld, means it will "aggressively bid" for the spectrum.

In a statement, FCC Chairman Kevin Martin welcomed Verizon's announcement. "I continue to believe that more openness - at the network, service, and application level - helps foster innovation and enhances consumers' freedom and choice in purchasing wireless service," said Mr. Martin.

**Microsoft Corp.**, in a separate statement, said it supports the move. "Microsoft is very excited to see Verizon Wireless make such a bold move to satisfy the demands of wireless customers," said Peter Knook, head of the company's mobile communications business. Microsoft's Windows Mobile is the most popular mobile operating system for U.S. smartphones.

Verizon Wireless tested the waters a bit with a phone earlier this year that could run on both network standards -- a **Research in Motion Ltd.** Blackberry that had both a CDMA chip and one that runs on the GSM network, which is more widely used throughout the world.

"I think it's a reaction to Google," Tole Hart, an analyst at Gartner Inc., said of Verizon's latest move. "I think it'll help them. It gives customers more options."

Mr. Hart said the move should benefit Verizon Wireless because its customers will be more interested in data usage and mobile programs. The carriers have increasingly looked at data revenue as a growth opportunity as voice revenue matures. However, the industry is a long way from having customers roaming freely between networks, and that long-term contracts will still be the standard, he added.

Verizon, which boasts the highest customer loyalty rate and the best financial metrics in the industry, said it will continue to provide its full-service offering -- a "walled garden" approach where the carrier provides music, news and other mobile programs to its user.

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