

AT&T CEO sees metered pricing in future, no iPad issue

March 3 2010, By Jeffry Bartash

AT&T Inc. Chief Executive Randall Stephenson on Tuesday said wireless customers who are heavy Internet users will eventually pay more than those who use less.

In a broad-ranging presentation, Stephenson also told investors at a Morgan Stanley conference in San Francisco that the Apple iPhone will remain a key product of AT&T for "quite some time." AT&T is the only U.S. carrier allowed to sell the iPhone, though rumors have swirled for months that the company's exclusivity could end in the near future.

In addition, Stephenson predicted most buyers of the upcoming [iPad](#) are unlikely to add another wireless subscription plan, relying instead on Wi-Fi for Internet access. The iPad, Apple's much-anticipated tablet-sized computer, is slated to go on sale in a few months.

It's going to be "interesting to see the customer reaction to the iPad," he said. "We think it's going to be a largely WiFi-driven product." AT&T has 20,000 Wi-Fi hotspots around the U.S. at retail stores, coffee shops, bookstores, airports and other heavily trafficked locations. Millions of consumers also have Wi-Fi networks in their homes.

Some investors and analysts had worried that the iPad could bring further congestion to AT&T's wireless network, which has experienced problems mainly in the New York and San Francisco. Reiterating prior comments from other AT&T executives, Stephenson said the company is rapidly beefing up its network in those cities to resolve the problems.

Another way to protect the network, Stephenson said, is to adopt new pricing models that require intensive Internet users to pay higher monthly fees than other customers.

Other top executives at AT&T, including wireless chief Ralph de la Vega, and Verizon Wireless have recently argued in favored of tiered pricing models similar to how most consumers pay for gas or water usage. Right now most U.S. mobile customers pay flat monthly rates for unlimited data and Internet access.

Looking further ahead, Stephenson said AT&T is in no rush to roll out its so-called fourth-generation wireless network based on a technology known as LTE, or Long-Term Evolution. LTE networks will be able to carry more traffic and enable faster access to the Internet.

AT&T's current plan calls for the LTE rollout to begin in 2011 and accelerate sharply in 2012. Stephenson said the company's current technology should be sufficient to handle data traffic for the next few years.

"We're not in a tremendous hurry on LTE," Stephenson said.

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