

# AT&T selling satellite-enabled smart phone (Update)

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This undated product image released by AT&T, shows the TerreStar Genus phone. On Tuesday, Sept. 21, 2010, AT&T will start selling its first phone that includes a backstop for AT&T's own network, over a satellite. The new phone, TerreStar Genus, could be an important tool for boaters, fishermen, forest wardens, emergency crews and others who go outside regular cellular coverage. (AP Photo/AT&T) NO SALES.

(AP) -- AT&T Inc. has weathered plenty of complaints about spotty cell phone coverage. On Tuesday, it began selling its first phone that includes a backstop for AT&T's own network, over a satellite. That means

blanket coverage of the U.S., even in the wilderness or hundreds of miles offshore.

The new phone, the TerreStar Genus, could be an important tool for boaters, fishermen, forest rangers, emergency crews and others who go outside regular cellular coverage.

There are a number of caveats, though. To use the phone, it has to have a clear view of the southern sky, where the satellite hovers, with no intervening trees, buildings or hills. That restricts its use to the outdoors. The satellite is aimed at the U.S. and doesn't provide global coverage in the same way Iridium Communications Inc.'s satellite constellation does.

AT&T will initially be selling it to professional customers through business channels, but it will be in retail stores later this year, said Chris Hill, the Dallas-based phone company's vice president for Advanced Enterprise Mobility Solutions.

The phone will cost \$799 and requires regular AT&T voice and data service plans but no contract. It uses the AT&T network where it's available. The option to be able to switch over to the satellite costs \$25 extra per month, and then 65 cents per minute of calling.

Calls won't be the only way to communicate using the Genus: It's the first satellite phone that's also a full-blown smart phone. It runs Windows Mobile 6.5 software and has a full-alphabet keyboard and looks much like a slightly thicker BlackBerry. It doesn't have a large, protruding antenna, like other satellite phones do.

It can send and receive data over the satellite, which means it can be used for e-mail and Web surfing. The cost, like the satellite, is sky-high: \$5 per megabyte, or 400 times more expensive than a standard \$25-per-month terrestrial data plan.

Text messages, by comparison, are a bargain. They're 40 cents each, only four times the piece rate for cell phones.

The phones will communicate with the world's largest commercial satellite, owned by TerreStar Corp. It launched last year, and unfolded an umbrella of gold mesh, 60 feet wide, as a dish antenna to pick up the faint signals from phones 22,000 miles below.

The giant antenna in the sky means the phones can be relatively small. But it's uncertain whether TerreStar can avoid the fate of other satellite phone companies, even with a smart phone that's almost up to date. The industry has suffered a string of bankruptcies, wiping out billions in investor capital. TerreStar's stock price reflects this: it was at 31 cents, up 5 cents, on Tuesday.

AT&T and TerreStar said last year that they'd have the phone out early this year, but didn't provide details like pricing. It was delayed for six months to straighten out the system, Hill said.

It's not the first time a phone company has tried to sell combined satellite-terrestrial phones. Sprint Nextel Corp. sold Iridium phones in 1999, and Airtouch, a predecessor of Verizon Wireless, sold Globalstar phones a year later.

"Neither of them had any meaningful success because there just wasn't mass market demand for the phones," said Tim Farrar, a satellite industry consultant.

Hill said the Genus is a different breed, because it can be used as a main phone, with most of the conveniences expected from smart phones, without the bulk of a traditional satellite phone. The cost to include the satellite option is also coming down, which means the feature could show up in more, and cheaper, phones in the near future, he said.

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