

Sprint plans for end of Nextel push-to-talk network

June 28 2012, By Mark Davis

(Chirp.) Think back a few years to when Nextel's chirp was king.

(Chirp.) Right, 2005, lots of construction. Work sites sound like bird sanctuaries. All those Nextel push-to-talk phones chirping back and forth.

(Chirp.) And Sprint was merging with Nextel Partners, making that chirp its own.

(Chirp.) This spring seems quieter.

(Chirp.) Got that right. Companies have been dropping off. Now Sprint is ready to unplug the Nextel network. Last day is about a year away.

News of Nextel's shutdown date, delivered last month, has thrust 5.4 million Sprint customers into the market for new phones.

Most carry those walkie-talkie Nextel devices on the job. Others have Sprint's Boost Mobile month-to-month wireless service and the push-to-talk feature.

They're like fresh meat in a lion cage, given the wireless industry's fierce battle for <u>subscribers</u>.

Sprint Nextel Corp., based in Overland Park, Kan., is busily pitching its new version of push-to-talk service called Direct Connect, which runs on



the Sprint network. It makes the same sub-second instant voice connection between not only Direct Connect phones but also with the Nextel phones still circulating.

Account reps come knocking with 99-cent phones and service credits to "buy back" the Nextel phones that won't work after June 30, 2013. Just sign the new contract.

Verizon Wireless and AT&T both offer push-to-talk devices, though AT&T declined to comment for this report.

"We are definitely interested in talking to former Nextel customers ... and we are actively doing that," Verizon spokeswoman Brenda Hill said.

Then there is Seattle-based Twisted Pair Solutions Inc. It's got an app for push-to-talk communication on any mobile device connected to any data service.

Wave Connections, the application, is free for consumers who then can invite up to four friends to make a group. Businesses can link their employees' phones with the app at \$15 a month for each phone beyond the five freebies, CEO Tom Guthrie said.

In any case, the remaining Nextel customers must move on, as millions of others have already, even as it meant abandoning that once ubiquitous chirp.

"Ten years ago, that was the phone of choice for our customer base," said banker Grant Burcham, CEO of Missouri Bank and Trust Co. "Now I don't see them."

Sprint's Direct Connect effort strives to do more than hang on to the remaining Nextel customers. It hopes to put the button back in business.



Nextel owned push-to-talk.

"Everybody had them. Everybody had Nextel," said Doug Brown, vice president of Accurate Mechanical LLC in North Kansas City, Mo.

It offered slick walkie-talkies that delivered clear and instant voice connections across a work site, across town and across the nation. And Nextel did it when folks still carried pagers.

Fast. Easy. Effective.

Bosses like them because employees tend not to mess around on push-to-talk. The chatter comes out over a speaker that others nearby can hear. It's pretty much about work, not what happened over the weekend.

They've got a code for that over at Accurate Mechanical, a plumbing contractor.

"What's your seven?" means "Can we talk?" Brown said.

An employee carrying a Nextel push-to-talk device can't hide as easily. A supervisor or co-worker can hit the alert, and the target's phone will beep until its owner replies. Workers can't let the boss's chirp go to voice mail.

Nextel's network, which runs on Motorola's iDEN technology, attracted a devoted following from construction firms, contractors, fleet dispatchers and others with employees in the field. Some companies leave the phone functions on devices turned off, using only push-to-talk.

It's that way at QuickSilver Express Courier, which shut down its own radio dispatch system a few years ago for Nextel phones. It swapped the last of its Nextel devices on May 31 for new Sprint Direct Connect



phones, keeping the chirp alive.

"I can't imagine we will ever get rid of that," general manager Shane Bieghler said.

Millions of others have moved off the iDEN network over the years as cellphones became smarter and capable of doing a lot more.

"It did one thing really, really well, which was the push-to-talk capability," said Bob Azzi, Sprint's senior vice president of network. "It did not offer a way to get to mobile broadband services that we've all become accustomed to."

Austin Summers became a push-to-talk fan carrying a Nextel device at Overland Park real estate agency Ted Greene Co. It was easy for Summers to connect with electrical contractors and others he dealt with.

"Everybody else has moved on," Summers said. "Everybody's texting, and I hate it."

In its day, Nextel's iDEN network carried the traffic of more than 19 million subscribers, mostly businesses. It was a big part of the company's appeal in the \$35 billion merger with Sprint, which mostly had consumers on its network using CDMA technology.

As of March, however, the head count on iDEN was down to 5.4 million, and that was after Sprint fed it Boost Mobile customers to take advantage of the network's idle capacity.

Sprint couldn't just shut Nextel down. It still served a core of highly loyal customers.

Remember, they've stuck with Nextel though its offers were limited.



Nextel runs on second-generation, or 2G, technology in an increasingly 4G wireless marketplace.

Sprint had tried a few years ago to launch push-to-talk on its CDMA technology <u>Sprint network</u>. It didn't catch on, but neither had rivals' attempts at push-to-talk.

"We needed to get that in place," Azzi said, "for the customers that were still very much depending on the button for their business or their personal life."

Last September, Sprint launched its CDMA push-to-talk service called Direct Connect, which it says lives up to Nextel's legacy while delivering Internet connections and other valued functions.

"It gave our customers a way to move forward," Azzi said.

The company said about 46 percent of those with service contracts on Nextel are converting to Sprint service, though not all of them are taking up Direct Connect phones.

In addition to courting Nextel customers, Direct Connect is targeting those who have abandoned push-to-talk with hopes of bringing them back.

One reason will be Direct Connect's reach. Nextel's iDEN covers 908,000 square miles of the nation's geography.

Until recently, Direct Connect's coverage had been a bit smaller. Sprint said last week it had broadened Direct Connect to more than 2.6 million square miles, in part by completing roaming agreements with other carriers.



There may be other issues to resolve. For example, the new phones are too quiet for some.

"It's muffled," said Mark Gingell, president of Accurate Mechanical, the plumbing contractor. "It's like it's got a piece of tape over it."

Summers agrees. He has been back to the Sprint store a few times, but the staff there can't make his new device as loud as his Nextel had been.

Brent Kohman, marketing manager at Sprint, urges customers to check their Direct Connect devices for the latest maintenance release and download it.

"It should be as loud as an iDEN phone," Kohman said.

Sprint expects to keep its iDEN technology network running at least until the end of June 2013. But crews already have begun turning off some of its 30,000 cellular towers.

They can because the network traffic is down that much. They are because it saves money.

About 1,300 towers had been disconnected through the end of March, and that number will swell to 9,600 by October.

The cost savings is a big deal for Sprint, whose management has said that running two separate networks has put it at a significant cost disadvantage in the competition with AT&T and Verizon.

For example, every disconnected Nextel tower shaves Sprint's electricity bill.

The iDEN equipment runs inside small trailer-sized structures at the base



of the towers. It generates heat and has to be air-conditioned.

Keeping just one tower running is like paying the electric bills on four houses, according to Sprint.

Each darkened tower also lowers Sprint's maintenance costs. It means canceling another backhaul circuit that Sprint leases from other telecom companies to carry wireless calls to their final destinations.

And it allows Sprint to cut off lease payments to tower owners in some cases, though other leases will continue to run for a few years delaying those savings.

Once all the customers are off iDEN, Sprint will decommission the network and add to its cost savings. Some of those savings will help cover the cost of removing equipment and the small buildings.

Saving money is only half the story for Sprint's Nextel exit. It has two new uses for the wireless spectrum on which Nextel runs.

Both are part of Sprint's multibillion-dollar Network Vision upgrade, and each received approval in May from the Federal Communications Commission.

Spectrum is basically the airwaves over which a wireless carrier's signal travels. It is federally regulated, and companies have bid against one another for exclusive use of the various bits of wireless spectrum.

IDEN is running on an 800-megahertz spectrum, in contrast to the 1,900-megahertz spectrum that Sprint's CDMA network runs on.

At 800 megahertz, the signal penetrates deeper into buildings and gives callers stronger and clearer signals behind walls, inside basements and



the like.

Even inside bank vaults.

"Literally, it's that kind of thing," Azzi said.

With Network Vision, Sprint is able to strengthen its 3G wireless signals on the CDMA network with the 800-megahertz spectrum that becomes available as Nextel shuts down.

Sprint phones sold during the past 12 months, other than iPhones, have the ability to tap that 800-megahertz strength as **Sprint** turns it on in each market.

The company also plans to use the 800 spectrum to light up its own 4G network using Long Term Evolution, or LTE, technology. LTE is expected to be faster than Sprint's WiMax 4G service that runs on Clearwire Corp.'s network.

Lighting up LTE on the Nextel spectrum will wait a bit longer, until late 2013 and into 2014.

"We have to have all the customers off and all the radios off," Azzi said.

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