

T-Mobile to sell phones that call, text on Wi-Fi (Update)

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T-Mobile will sell more than 100 smartphone models with a built-in feature that taps into Wi-Fi networks to make phone calls and send texts when customers can't connect to the wireless carrier's cellular network.

The program announced Wednesday represents T-Mobile's latest attempt to lure wireless subscribers away from three larger rivals, Verizon Wireless, AT&T Corp. and Sprint Corp.

Over the past 18 months, T-Mobile has shaken up the industry by replacing two-year contract commitments with monthly installment plans to pay for smartphones and lowering the cost to upgrade device and stream digital music.

"As part of our DNA, we want to make changes that don't make us feel bad when rest of the industry copies us," T-Mobile CEO John Legere said in an interview.

T-Mobile is trying to exploit the hoopla surrounding the Sept. 19 release of Apple Inc.'s iPhone 6 with its new twist on Wi-Fi connections. The iPhone 6's latest options include the ability to begin a call on a Wi-Fi network and then automatically transfer the conversation to a cellular network without interruption when the device is on the move. T-Mobile is the only U.S. carrier offering this versatility on the iPhone 6, as well as several earlier iPhone models if they upgrade to Apple's latest software, iOS 8, after it's released next week.

While other phones sold by T-Mobile will be able to start calls on Wi-Fi, they won't be able to switch over to cellular network in mid-conversation. That means any call begun through a Wi-Fi connection on a device other than the iPhone 6, or upgraded older iPhones, will have to be completed on the same Wi-Fi network.

T-Mobile US Inc., which is based in Bellevue, Washington, hopes to extend the capability to switch calls from Wi-Fi to cellular networks within the next few months.

Making Internet calls and texting through Wi-Fi already has been possible through several messaging apps that must be installed on smartphones. The feature will be built into all the smartphones sold at T-Mobile's roughly 3,000 U.S. stores.

The list of smartphones equipped to call and text over Wi-Fi includes popular Android devices made by Apple rivals Samsung, Motorola, LG Electronics and HTC.

T-Mobile's reliance on Wi-Fi networks for phone calls may be viewed as an attempt to make up for shortcomings in its cellular coverage. Verizon and AT&T, in particular, spend millions on advertising to promote the superiority of their cellular networks.

Legere, though, frames the Wi-Fi calling feature as a sign of T-Mobile's commitment to extend the scope of its wireless coverage so more people can make calls from rooms and other places with balky cellular connections.

Toward that end, T-Mobile also plans to give its subscribers a special wireless router that can serve as the equivalent of a personal cell tower to make calls from home or other places where connections tend to drop off. The dedicated router for T-Mobile calls can supplement or replace

an existing Wi-Fi router and requires a \$25 deposit.

"This industry is not yet used to people doing things because they are good for their customers," Legere said. "We think about pain points, and Wi-Fi (calling) solves a major pain point across the industry."

Coming off what he characterized as the strongest month of subscriber growth in company history, Legere also reiterated an earlier prediction that T-Mobile will overtake Sprint to become the third largest U.S. wireless carrier by the end of year. T-Mobile ended June with 50.5 million subscribers, a 15 percent increase from the previous year.

Sprint, which mulled a potential buyout of T-Mobile before abandoning the idea last month, ended June with 54.6 million subscribers, up 2 percent from last year.

In an effort to boost its growth rate, Sprint is offering special deals on Apple's latest device. Buyers of the iPhone 6 or iPhone 6 Plus will be able to get a plan with unlimited calls, text and data for \$50 a month, a \$10 savings.

The company is also introducing an iPhone leasing program: Pay \$20 a month for the device, and get an option to exchange it for the latest model in two years.

Rival carriers offer trade-in programs for all smartphones—not just iPhones—but customers typically would have to pay more a month. A \$650 iPhone, for instance, would cost \$27 a month over 24 months. But those installment plans let you upgrade more often than every two years.

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