

Google wireless service could disrupt carriers

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Internet users from San Jose to Kansas City have been clamoring for Google to lay down its long-awaited fiber-optic network to compete with Comcast and AT&T in speeding up Web and television access. Now the Silicon Valley search giant plans to do battle with the telecommunications industry on another front: wireless phone service.

Reports that Google [plans to sell its own mobile-phone plans](#) this year sent a warning to the telecom industry and were met with enthusiasm from consumers, officials and analysts hoping the move will push down prices and inspire better service.

"The more options our community has for good service of all kinds, the better," said David Vossbrink, communications director for the city of San Jose, where Google is already preparing to roll out ultrafast broadband and cable-TV access. "A competitive spur to the telecom industry would probably be good for our residents and consumers in this area."

How widely available the service will be is not publicly known. Nor is a launch date or cost to consumers.

Google's push to offer faster, cheaper wireless service plays into the company's goal to get Internet access to more people, who then will visit more websites, provide more information about themselves and see more Google ads, generating more revenue.

Unlike Google Fiber, its emerging broadband effort for which it is

installing its own cable, Google has no plans to compete as a wireless carrier by building a vast network of cellphone towers. But by inking deals with Sprint and T-Mobile, the company will be able to buy wireless network access and resell it directly to consumers with the Google brand.

Tech news site The Information first reported Google's wireless ambitions Wednesday, and The Wall Street Journal later corroborated Google's apparent deals with Sprint and T-Mobile. Both news organizations cited unnamed people familiar with the matter.

Google, Sprint and T-Mobile all declined to confirm the reports Thursday. Of the two giant wireless carriers Google apparently aims to disrupt, AT&T also declined to comment and one of Verizon's top executives brushed aside any fears its shareholders might have about Google's wireless ambitions.

Verizon's chief financial officer, Fran Shammo, referred to the Mountain View search engine giant as "just another competitor" in an intense market during an earnings call Thursday.

"If you look at Google, they have entered the fiber. They've done other initiatives. Their whole purpose is to increase speeds so that people can do more search," Shammo said.

Google's aim is to become what is known as a mobile virtual network operator, or MVNO, reselling the services it buys from major carriers by offering its own Google-branded data or voice plans.

"Resellers, or people leasing the network from carriers, have been around for 15 years," Shammo told Verizon investors. "It's a complex issue. You have to deal directly with the consumer. There is a whole infrastructure that is needed to do that."

But some analysts said the big carriers should be worried. The top two, Verizon and AT&T, already face tough pricing competition from third- and fourth-place Sprint and T-Mobile. Google siding with the underdogs could be a "game-changer" in the long run, grabbing market share from the giants, Pacific Crest analysts Michael Bowen and Trevor Upton wrote in a note to investors.

"Google is one of the few companies in the world today that has the financial and intestinal fortitude to change an industry," they wrote.

Consumer advocates also welcomed Google's entrance into the market but some were skeptical about how much of a difference it will make.

"Any time Google does something it rightly catches people's attention because they can take big steps like this," said Matt Wood, policy director at media reform group Free Press. "But I wouldn't overstate the importance of it. There are other people who do the same things, including big-box retailers like Wal-Mart."

Google's arrival is a good sign and "could lead to better options and more affordable options, but the jury's still out," Wood said.

One possibility for Google would be bundling its new wireless plans with the wired access it is beginning to provide through its fiber-optic network. Google Fiber has slowly rolled out its cables and utility poles in parts of Kansas, Missouri, Utah and in a few neighborhoods of Austin, Texas, with plans to expand to other cities including San Jose, Santa Clara, Sunnyvale, Palo Alto and its hometown, Mountain View.

"It's more convenient because you can be a one-stop shop," said John Bergmayer of Public Knowledge, a consumer advocacy group. "Once they bundle these products, they can give a little discount."

Whatever its plans, Google has not yet sought the permission it will need to offer [wireless service](#) from the Federal Communications Commission and the California Public Utilities Commission, though both agencies are likely to welcome another competitor.

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