

# Google wireless phone service challenges major carriers

April 23 2015, by Michael Liedtke

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Google is trying to shake up the wireless phone industry with a low-priced service designed to pressure major carriers into making it more affordable for people to get online and use Google's services.

The service, [called "Project Fi," debuted Wednesday](#), about two months after Google revealed its plans to expand its ever-growing empire into providing wireless connections for smartphones.

Google Inc. is selling the basic phone service for \$20 a month and will only charge customers for the amount of cellular data that they use each month, instead of a flat rate. Each gigabyte of data will cost \$10 a month. That means a customer could sign up for a plan offering three gigabytes of data and get \$20 back if only one gigabyte was used in a

month.

Most [wireless phone](#) carriers allow their customers to roll over unused data into another month of service without refunding any money.

Project Wi-Fi initially will only be sold to a narrow audience that owns the Nexus 6, a smartphone that Motorola Mobility made with Google's help.

Google's pricing setup makes Project Fi less expensive than most of the comparable plans offering by the four biggest wireless phone carriers—Verizon, AT&T, T-Mobile and Sprint. The monthly prices for a single line of smartphone service with up to one gigabyte of cellular data at those carriers range from \$45 to \$50 compared to \$30 from Google, before subtracting any potential credits for unused data.

The major carriers, though, offer a variety of family plans that could still be better deals than Project Fi. Those bundled plans allow several phone lines to share a pool of cellular data.

Besides trying to bring down the prices of wireless phone plans, Google is promising subscribers that their Nexus 6 model will automatically connect with the fastest network available.

Rather than building its own network, Google is leasing space on cellular towers built by Sprint and T-Mobile, which are hoping the deals will boost their profits without costing them too many customers tempted to defect to Project Fi. Google is promising Project Fi will automatically switch over to an available Wi-Fi network if that is running at a higher speed than the cellular alternatives.

"As mobile devices continually improve how you connect to people and information, it's important that [wireless connectivity](#) and communication

keep pace and be fast everywhere, easy to use, and accessible to everyone," Nick Fox, the Google executive overseeing Project Fi, wrote in Wednesday blog post.

T-Mobile CEO John Legere, whose company already has been cutting its prices and rolling out new options, said it was a "no-brainer" to work with Google on Project Fi.

"Anything that shakes up the industry status quo is a good thing—for both US wireless customers and T-Mobile," Legere wrote in a blog post.

Google has an incentive to promote cheaper and faster wireless service because it operates some of the world's most popular online services, including its search engine, maps, Gmail and YouTube video site. The Mountain View, California, company believes most people will visit those services more frequently if they are enticed to stay online for longer periods, giving Google more opportunities to show the digital ads that generate most of its revenue.

Similar motives prompted Google to begin building high-speed, hard-wired networks capable of navigating the Internet at speeds up to 100 times faster than existing broadband services. Although Google is only selling its broadband service in a handful of U.S. cities so far, AT&T and Comcast are now offering options with comparable speeds in a few communities.

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