

# Comcast, Charter to work together to rival wireless carriers

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This Wednesday, March 29, 2017, file photo shows a sign outside the Comcast Center in Philadelphia. Cable operators Comcast and Charter Communications have agreed to form a wireless partnership in order to strengthen their positions in the rapidly growing sector. Comcast and Charter Communications Inc. said Monday, May 8, that their partnership will give customers more choice and competitive prices. (AP Photo/Matt Rourke, File)

Comcast and Charter have agreed to cooperate on upcoming cellphone

services as both cable companies face growing threats from national wireless carriers such as AT&T and Verizon.

The cable companies said that while they'll offer wireless services separately to customers, they will work together on behind-the-scenes matters like customer billing and device-ordering systems. They said the agreement will save money and help them compete with the national providers.

As part of the deal, announced Monday, Comcast and Charter agreed that they wouldn't buy other wireless companies for one year, or make related deals without consulting each other first. It also includes restrictions on any transaction that would give another company a majority ownership or voting power in either Comcast or Charter.

The deal comes amid speculation of impending consolidation in the wireless industry and has the effect of letting both companies develop wireless services to compete with existing wireless carriers without having to worry about also competing with each other.

For the most part, Comcast and Charter aren't direct competitors, as their service territories don't overlap. The bigger threat comes from the likes of Verizon and AT&T, which are able to offer TV, internet and home phone services, along with wireless.

To compete, Philadelphia-based Comcast expects to launch its own wireless plan, Xfinity Mobile, in the next several weeks. Charter, based in Stamford, Connecticut, expects to introduce its unnamed service next year. Both wireless services will lease Verizon's network.

To reduce costs, Comcast and Charter will need to try to encourage customers to use Wi-Fi hotspots rather than cellular whenever possible. By working together, the two companies can explore way to let

customers use each other's hotspots when they travel.

Analysts at MoffettNathanson said in a research note that the Verizon lease lets each company market wireless service only in its cable service territory. But if either Comcast or Charter were to buy a wireless carrier, such as T-Mobile or Sprint, it would suddenly be able to sell service nationwide, including in the other cable company's region.

The deal won't prohibit the companies from making a joint bid for a wireless carrier.

"Neither company wants a future where they are adjacent in wireline but overlapping and competing in wireless," the research note said. "Either company acquiring T-Mobile or Sprint would have been an untenable situation."

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