SoftBank chief woos US, with T-Mobile in view

March 11 2014, by Rob Lever

Japan's SoftBank Corp. founder and President Masayoshi Son holds a press briefing in Tokyo on February 12, 2014

SoftBank, eyeing a tie-up of its US wireless unit Sprint with T-Mobile, stepped up its campaign Tuesday, claiming it could boost competition for Americans as it did in Japan.

Masayoshi Son, chairman and chief executive of the Japanese tech giant, touted the benefits of such competition in what was billed as a major address to the US Chamber of Commerce.

"Japan had the most expensive Internet before I started," he told the group.

"As a result of our challenge, Japan became (the country with) the highest speed Internet and the lowest price."

Son said he hopes to shake up the US market in the same way: "I want to change the United States from number 15 out of 16 countries to number one. I would like to bring new competition."

Although Son made no reference to T-Mobile, his company has made no secret that it wants to combine number three carrier Sprint with the number four wireless group to take on larger rivals AT&T and Verizon.

'A real fight'

Asked by reporters after his speech of his plans for T-Mobile, Son said: "We have not decided yet, but scale matters to have a real fight."

He added that the US market is now dominated by just a small group of wireless providers and that "we need a real heavyweight fight today to have real competition... We have spectrum, we have the technology but we need scale to have efficiency to make investments."

Son appeared to be more certain of his interest during an interview that aired late Monday on PBS television.

"We would like to make the deal happen, but there are steps and details that we have to work out," he said.

Son said he had no plans to meet US regulators during his Washington visit but that this was just "the first phase" of his efforts in the American market.

Japan's SoftBank Corp. founder and President Masayoshi Son speaks during a press briefing to announce the company's financial results in Tokyo on February 12, 2014

SoftBank last year sealed a deal to take a controlling stake in Sprint for more than $20 billion. Since then reports have been swirling about a potential deal for T-Mobile, controlled by Germany's Deutsche Telekom.

Such a deal would likely face close regulatory scrutiny; a prior effort to sell T-Mobile to AT&T was shot down by regulators in 2011.

But Son said the tech landscape is changing, citing the planned merger of the two largest US cable broadband firms, Comcast and Time Warner Cable.

Wireless alternatives

He said that with Sprint's new ultrafast technology, wireless can become a viable alternative to fixed broadband, and could even deliver higher speeds.

But Son suggested that Sprint would need to get bigger to justify the big capital expenditures needed for ultrafast wireless.

"Wireless is not an alternative to (fixed broadband) now but I would like to give this a try," he told his audience.

"We have the technology. We want to deploy it," he said.

SoftBank announced separately the hiring of a well-connected Washington insider to lead up lobbying efforts.

A company statement said Bruce Gottlieb would become executive vice president for legal and regulatory affairs, based in Washington.

A Deutsche Telekom T-Mobile logo hangs under pink umbrellas at the stand of the German telecommunications giant at the 2014 CeBIT computer technology trade fair on March 10, 2014 in Hanover, central Germany

Gottlieb has been president of the National Journal, part of Atlantic Media, and was chief counsel of the Federal Communications Commission and a member of the Obama-Biden Presidential Transition Team in 2008.

Analysts point out that any deal linking the third and fourth largest wireless firms would face many hurdles.

The research firm Trefis said such a deal "makes sense when taking a long-term view of the wireless industry" but seems difficult.

"Deutsche Telekom is looking to exit the US market but is wary of regulatory roadblocks, which stopped a previous takeover attempt of T-

Mobile."

Douglas McIntyre at 24/7 Wall Street said it is not clear if such a merger would be good thing.

"Even on the long chance that regulators would approve such a deal, it is hard to see why the merger would be good for shareholders or customers," McIntyre said in a blog post Tuesday.

"Putting together the two firms would be a logistics nightmare."

Such a tie-up, the analyst said, "would take years to integrate properly, if it could be. In the meantime, AT&T and Verizon would have unprecedented opportunities to steal the new entity's clients."

Citation: SoftBank chief woos US, with T-Mobile in view (2014, March 11) retrieved 21 September 2024 from https://phys.org/news/2014-03-softbank-chief-woos-t-mobile-view.html