

Sprint, cable providers unveil \$200M deal

2 November 2005

Sprint Nextel and four cable companies said Wednesday they will launch a new venture to accelerate the convergence of video, wired and wireless data and communications products and services.

The endeavor has already secured an initial financial commitment of \$200 million; half of that sum will come from Sprint, while the other half will be provided by the four involved cable companies: Comcast Corp., Time Warner Cable, Cox Communications and Advance/Newhouse Communications.

Together, the five companies will work to develop converged next-generation products that combine cable's core products and interactive features with the vast potential of wireless technology, said Gary Forsee, president and CEO of Sprint Nextel.

"This is a major milestone for our companies and our industries," Forsee said at a news conference Wednesday in New York. "We are going to combine the best of our companies' capabilities to give our customers what they expect and what they've been demanding."

Forsee said the companies aim to offer customers a "quadruple play," combining video, wireless voice and data services, high-speed Internet and cable phone service as one coherent package for consumers.

Brian Roberts, chairman and CEO of Comcast, said the agreement "will deliver to our customers an unprecedented level of real-time, high-speed mobility and access to content all in a single package.

"This is a strategic, creative, economical way to converge cable's great products with Sprint's wireless technology," Roberts said.

On the subject of next-generation devices, Forsee said the next wireless phone will be designed to integrate with products of the cable company; for

example, customers will be able to remotely program their home digital video recorders using the phone.

"The ability to tie services across the two platforms is what's going to drive this," said Glenn Britt, chairman and CEO of Time Warner Cable.

Britt added that the structure of the venture will allow other cable companies to easily become a part of it; and indeed, Forsee noted that several other cable companies are in talks with Sprint about getting involved.

"This is really about much more than adding a fourth element to our existing video, data, and telephone bundle," Britt said. "It's about developing a wireless platform that connects all of our services for the customer both inside their home and when they are on the road."

Jim Robbins, CEO of Cox, said that integration of services will help the cable companies maintain their customers.

"The more products and services you add to the bundle, the lower the turn of your customer base is," Robbins said. "We've got to make a little investment to make sure we get the bill right, but the fact of the matter is the customer is going to stay with us longer and stay with us for more products."

Robert Miron, chairman and CEO of Advance/Newhouse, said that one of the key aspects to this agreement is the future innovations that come from the venture.

"I believe what we are creating here today will indeed have a great impact, one that has yet to be fully realized," he said.

Charles Golvin, principal analyst at Forrester Research, said he thinks Wednesday's announcement is more than just a dog and pony show.

"I believe the fact that they're committing so much money to integrated communication and entertainment services and applications mean they plan to change" the landscape of communication, he said.

Golvin said the next step in the venture should be finding innovative applications to introduce to consumers. He cited remote control of lighting and heat, e-mail access on mobile phones and voicemail sent as e-mail attachments as possible directions for Sprint and the cable companies to go in.

Time Warner Cable, a subsidiary of Time Warner Inc., owns and operates cable systems in 27 states, serving about 11 million customers. Cox has about 6.7 million subscribers.

Advance/Newhouse manages Bright House Networks, which serves more than 2 million customers, mostly in the South and Midwest. Comcast is the nation's largest cable provider, with 21.4 million customers.

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