

Sprint Nextel, Google and Intel plan U.S. wireless network

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A who's who of technology and telecommunications companies planned to announce Wednesday that it intended to build the first of a new generation of U.S. wireless data networks, according to several people briefed on the deal.

The consortium includes a disparate group: Sprint Nextel, Google, Intel, Comcast, Time Warner and Clearwire.

The partners have put the value of the deal at \$12 billion, which includes radio spectrum and equipment provided by Sprint Nextel and Clearwire, and \$3.2 billion from the others involved.

They expect the network, which will provide the next generation of high-speed Internet access for cellphone users, to be built in as little as two years, but there is no timetable on when it will be available to users and the price has not been determined. The partners are seeking to beat Verizon Wireless and AT&T Wireless to the market.

The partnership of such fundamentally different companies underscores the convergence of Internet, entertainment and telecommunications services. The wireless network of the future is expected to be fast enough - rivaling speeds that cable customers have in their homes today - to allow delivery not just of text and simple Web pages but also of video and advertising.

It also faces considerable challenges. Given the peculiarities of the wireless spectrum that the partners intend to use to deliver the data signal, it may not be easy for the group to create a wide-ranging and adequately reliable service, said Craig Moffett, a telecommunications industry analyst with Sanford C. Bernstein.

He noted that the partners involved were top companies but that this could also work against the interest of the group. Each member has a somewhat different agenda, and that could lead to conflicts over operating and managing the network, Moffett said.

Sprint Nextel, which has struggled in recent years against a much stronger Verizon and AT&T, seeks to capitalize on its ownership of spectrum; the cable companies are looking to create an additional service to provide broadband access outside the home; Intel would like to sell its chips and generally expand computer use; and Google hopes to develop another platform for advertising, according to people briefed on the deal.

"Whether it looks good on paper, I'm not sure," Moffett said. "There certainly are a lot of question marks that surround the viability of a proposition like this."

Several of the companies involved in the deal, including Sprint Nextel, Google and Comcast, declined to comment on the partnership.

But three people who had been briefed on it - and who spoke in exchange for anonymity because the arrangement had not yet been announced - said that the group had high if still developing expectations for the technology.

One of these people said Clearwire, a wireless company started by the telecommunications industry pioneer Craig McCaw, would take over management of the project. This person said the partners were aware that they had differing agendas that might have to be subordinated to some extent to make the project work.

"This has huge possibilities for profit," the person said. To achieve that, the partners "are going to have to set aside some individual company issues."

The announcement of the partnership comes as the wireless data business is growing, but one that wireless providers think has vastly more potential. For example, wireless data -

predominantly text messaging - constituted 23 percent of Verizon Wireless revenue in the first quarter, up from some 17.5 percent in the period a year earlier, Moffett said.

The hope of the telecommunications industry is that users will begin using such service for a range of applications, including surfing the Internet on laptops and phones, and downloading music and video more often to those kinds of devices.

The disparate nature of the participants in the Clearwire partnerships also hints at the possibilities. Perhaps most significant is the participation of Google, the Internet search company, which has provided \$500 million for the operation.

A person briefed on the deal said Google could provide the search engine abilities for the wireless platform, enabling it to sell advertising there. Google took a similar approach in an initiative to use a free Wi-Fi network in Mountain View, California, where the company is based, and in a failed plan for a Wi-Fi network blanketing San Francisco.

The investments by other participants include \$1.05 billion from Comcast, \$1 billion from Intel and \$550 million from Time Warner Cable. Bright House, a cable provider, will invest \$100 million, while a private investment group with wireless industry expertise, Trilogy Equity Partners, intends to invest \$10 million, according to a person briefed on the arrangement.

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