

4 carriers have all the say on what's on cellphones

Unlike in Europe, firms limit choices on mobile TV, GPS, other services

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By ANDREW D. SMITH / The Dallas Morning News
asmith@dallasnews.com

ORLANDO, Fla. – For all the hundreds of exhibitors and thousands of businesspeople who came to Orlando for CTIA Wireless 2007, the annual show demonstrated the vital importance of a far smaller number.



JOHN RAOUX/AP

Verizon customers can watch only V Cast Mobile TV only on one of two phones that support it. In Italy, carriers can support all broadcasters that use the nation's open standard for mobile television, and in some countries in Asia, customers with TV-equipped phones can receive TV for free.

Four.

There are four wireless carriers that own nationwide networks, four giants that make up the target audience for hundreds of innovators.

Those four companies – Cingular Wireless LLC, Verizon Wireless, Sprint Nextel Corp. and T-Mobile USA Inc. – also determine what mobile technologies Americans will and won't use.

Many analysts and consumer advocates say consumers should prefer a European-style system, where carriers operate open networks and let device and application makers compete directly for customers.

"The carriers don't want to have service providers dealing directly with consumers because it would relegate them to a commodity provider of information transfer," said John Barrett, director of research at Parks Associates in Dallas.

"It would be a better arrangement for customers, but a bad one for carriers. Commodity service providers don't make much money."

The carriers, however, counter that exclusive arrangements with application providers ensure excellent service for users and prevent network disruptions that hurt everyone.

"I think that Apple is the most vivid demonstration of how intelligent control of an entire technology ecosystem can do better for customers than totally open systems like Linux," said Jimmy Duvall, a spokesman for Verizon Wireless.

Judging from the litany of exclusive arrangements announced before and during the three-day event in Orlando, carriers are tightening the reins on their networks.

Entering CTIA, Cingular and Verizon had already decided to provide customers a standardized package of mobile television over a proprietary network developed and operated by a single vendor.

'Walled garden'

The first service to launch, V Cast Mobile TV from Verizon, demonstrates the typical pros and cons of the "walled garden" approach. The service works well but lacks choice.

Would-be viewers must buy one of only two phones that support Verizon's system and then spend \$15 a month on the one broadcast package that Verizon sells.

In Italy, by contrast, carriers can support all television broadcasters and aggregators that use the nation's open standard for mobile television. In some Asian countries, television broadcasters use different frequencies than cellular carriers, and customers who buy TV-equipped phones receive television for free.

In Europe and Asia, application providers and equipment makers compete directly for consumers, who can use any phone and most services on any network. Innovators have no need to make different products for different networks, which lets them spread development costs further and offer more to consumers.

The American system, on the other hand, discourages entrants.

"Given the size of the American market, we'd obviously like to be able to sell television-enabled phones here, but we have no plans to develop different phones specifically for each carrier's network," said Nokia spokesman Andrew LaGuardia.

GPS restrictions

U.S. carriers also have maintained a strong hold over applications that use in-phone Global Positioning System chips.

Nearly all phones sold by Verizon and Sprint have GPS chips for 911 calls (phones from Cingular and T-Mobile use a different technology to let emergency workers locate callers).

But both carriers have hesitated to let third-party companies use that information to provide driving directions, local search and other place-dependent services that many companies would like to provide.

Both Verizon and Sprint, however, have signed deals with specific vendors to take advantage of their GPS chips.

Verizon uses the services of a company called Networks in Motion; Sprint uses the same company and an Israeli company called Telemap. Telemap technology would work in Verizon phones and provide some competition for Verizon customers, but Verizon won't let Telemap into its system.

"We'd love to be there," said Telemap product marketing manager Rami Honig. "By wrapping all the places-of-interest information from MapQuest into our local search, we think we provide a very rich service, but we haven't been able to sign a deal with Verizon."

Even Yahoo blocked

Customers of Verizon and Sprint could easily have more options, but their carriers block many vendors, some of them famous names, that would like to use GPS to enhance local search.

"We built GPS capacity into our local search tools," said Mark Plungy, a Yahoo spokesman. "We're just waiting for someone to give us the data we need to make it work."

Exclusivity, or at least highly restricted competition, applies to nearly every aspect of the wireless application market.

Samsung announced a gorgeous phone at CTIA, a wafer-thin stick of black plastic with a phone on one side and a music player on the other. The UpStage could work on every network, but Samsung will sell it only through Sprint.

Moreover, those Sprint customers who do buy the UpStage will be steered to the Sprint music store.

So what of the argument that the walled garden is best for the customer because it ensures ease of use? It's hard to find people who think Americans have it better than their counterparts in Europe or Asia.

"Europe is distinctly ahead of the U.S. in terms of mobile services," said independent analyst Jeff Kagan, "and one of the big reasons seems to be that they don't have all those exclusive deals the slow the spread of innovation." {WebDesk} **Links:** Log on for links to other stories about the CTIA Wireless show.

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