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Telcos Unsheathing Wireless Weapon

Verizon and AT&T are lining up mobile wireless versus cable.

By Peter D. Shapiro

The telcos are starting to exploit their market-leading **mobile** wireless assets in their all-fronts competition with cable operators.

This long-anticipated development coincides with the removal of internal organizational obstacles at each of the telcos.

At Verizon, the big story is that C-level executive transfers from Verizon Wireless (VZW) have infused the leadership ranks at the Verizon Communications mother ship. These include Dennis Strigle, president and COO, formerly president and CEO at VZW; John Stratton, EVP and CMO, formerly VP and CMO at VZW; and Richard Lynch, EVP and CTO, formerly EVP and CTO at VZW. They are importing a marketing-oriented, hyper-competitive attitude that is new to the parent company. Ironically, while these C-levels were still at VZW, they and their colleagues may have resisted efforts to associate their own fast-growing wireless business with the parent's fixed products that compete directly with cable. Given their new responsibilities, they probably now see much more clearly the benefits of convergence between mobile wireless and Verizon's fixed phone, Internet access and TV products.

And, at AT&T, as it has pointed out, the merger with BellSouth provided AT&T with complete control over its formerly jointly owned wireless operator (previously known as Cingular), thus allowing more flexibility to exploit opportunities for wireless/fixed marketing and technical convergence.

Current examples of such combinations include:

At Verizon:

- Calling plans that include unlimited home-to-mobile phone calling.
- Price discounts through bundling of wireless with one or more of residential phone, Internet access and TV.

At AT&T:

- Bundle sold online of AT&T Mobility wireless with fixed local and LD phone and AT&T Yahoo DSL.
- "Unity" calling plans offering unlimited calls within AT&T's "calling community" of 100 million wireless and wireline phone numbers, available to both residential and small business customers in AT&T's 22-state fixed services footprint.
- AT&T Mobility handsets that are able to access the AT&T Yahoo portal can select and schedule TV content downloads to an AT&T Homezone **DVR** receiver.

These product combos are not especially novel conceptually. However, they are noteworthy because of the massive scale of the big telcos' presence in wireless, with 63.7 million customers served by Verizon Wireless and 67 million by AT&T Mobility. In this sector of the multidimensional cable/telco competitive game, the MSOs are still many moves behind.



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