Aren’t Regulators Always Skeptical About Mergers?

Ben Munson

Even without a shred of official word yet the possibility of a tie up between Sprint and T-Mobile is the story of 2014 to date. And all the little bits of news have been snatched up accordingly.

Aside from T-Mobile CEO John Legere entertaining the notion and throwing around the dreaded “duopoly,” [1] reputable publications like the Wall Street Journal have provided a steady stream of reports citing the usual people familiar with the matter. Late yesterday, the Journal dropped an article putting both Sprint CEO Dan Hesse and SoftBank CEO Masayoshi Son in a meeting with Justice Department officials [2] and getting a solid promise of “skepticism” toward whatever might be in the works.

The Justice Department being skeptical of a potential anti-trust-bending merger is not exactly news. It’s in theirs and the FCC’s job description to be skeptical of things like that. It would have really been news if the DOJ had indicated something like “Sure, go for it! Mergers are cool.”

Two head honchos talking regulatory hurdles with the very folks who keep the hurdles in place is news. It does a lot to demonstrate how serious SoftBank and Sprint are about pursuing this merger. As for Son, if past indications are any clue, we may not know how serious he is until he barges into Tom Wheeler’s office and threatens to set himself on fire [3].

If the gears start officially turning on this deal, it won’t come as any surprise to see the Justice Department and the FCC go into skepticism mode. They have an interest in competition and are keen to preserve it. The interesting part will be seeing what kind of M&A feats of strength or asset divestitures will be required of SoftBank, Sprint and T-Mobile for the merger to get regulatory blessing.

On top of that, it’ll be a blast to see how Sprint and T-Mobile see fit to balance power in a combined company. T-Mobile has the brand momentum at the moment but Sprint is a telco with a long U.S. history. And how will Dish figure in? Will Charlie Ergen make good on his promise of Bidding War 2 with Sprint and throw money at T-Mobile? Or could Sprint, a new fixed mobile broadband partner of Dish’s, and T-Mobile see fit to bring Ergen and his growing spectrum portfolio into the fold?

I’m guilty as anyone of jumping on every story that’s popped up about the merger thus far. And I won’t promise to stop. But I will say that I’m excited for when this story moves past the obvious and into more interesting territory.

Source URL (retrieved on *11/23/2014 - 7:36am*):
http://www.wirelessweek.com/blogs/2014/01/aren%E2%80%99t-regulators-always-skeptical-about-mergers

Links:
[1] http://www.wirelessweek.com/news/2014/01/legere-says-sprint-merger-would-help-t-mobile-compete
[2] http://www.wirelessweek.com/news/2014/01/report-regulators-%E2%80%9Cskeptical%E2%80%9D-about-sprint-t-mobile-merger
[3] http://www.wirelessweek.com/news/2013/07/softbank-ceo-%E2%80%9Cprepared-die%E2%80%9D-over-spectrum-allocation-issues