

Analysts Weigh-In on Dish's Offer to Sprint

Ben Munson

Dish Network unleashed a whole lot of disruption Monday morning when it announced a \$25.5 billion offer to merge with Sprint. The unsolicited bid threw a big wrench into Softbank's \$20-billion deal for Sprint.

Roger Entner, founder of Recon Analysts, sees Dish's offer playing out in terms of more money for Sprint's investors.

"Either Softbank has to up the offer or [Sprint] is getting more money from the Dish deal," Entner said.

But for Sprint, he sees the new offer as a cause of more confusion and delay in its efforts to catch up to Verizon and AT&T. Sprint's strategic options could be limited while this new deal is being considered and Entner thinks that would be a benefit to the competition.

"For T-Mobile, it's almost a godsend. As they are putting together their merger, the other guys are having significant problems," Entner said, citing how close T-Mobile's merger with MetroPCS is to being finalized.

Mike Roberts, Principal Analyst at Informa Telecoms & Media, sees Dish's offer as being superior both strategically and financially to Softbank's offer.

In addition to the help Sprint could provide Dish in meeting the timeline the FCC established for deployment on its AWS-4 spectrum, Roberts sees a clear synergy benefit in the merger.

"Dish and Sprint could quickly offer TV, broadband and mobile bundles to compete more effectively with larger integrated telecoms players such as Verizon and AT&T," Roberts said.

IHS Global Insight telecoms analyst Dexter Thillien thinks DISH could create the first compelling quad-play opportunity in the U.S. market.

"Multiplay services have lower churn than stand-alone services, but the other converged operators have yet to offer strong offers bundling both fixed and wireless services," Thillien wrote in emailed comments.

Sam Rosen, analyst at ABI Research, agrees that Dish will need help in achieving

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the requirement of 40 percent coverage in four years that the FCC demands. But he thinks the challenge for Dish is to not lose control of its spectrum assets.

"I think there will be some flexibility in that timeline depending how things play out on the ground," Rosen said. He speculated that Dish's bid for Sprint was possibly a show of a good faith effort around that regulatory requirement.

Looking further out, Entner has doubts about how Dish will be able to sustainably kick in \$8-\$10 billion annually toward Sprint's continued network build-out. But he added that, if Sprint is able to acquire Clearwire, he has to hand it to Dish Chairman Charlie Ergen.

"Softbank gives Sprint \$8 billion to buy Clearwire, Sprint buys Clearwire and then Dish buys Sprint," Entner said. "It has never been done more elegantly and smoothly."

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