

Sprint's Son: "We Need Real Competition, Not Pseudo-Competition"

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SAN ANTONIO – Masayoshi Son said that if only the big two U.S. carriers are increasing market share—from 56 percent to 73 percent in the last five years—the U.S. wireless market will continue at status quo.

"We would like to have partnership with the rural carriers which we do not overlap," Son said while speaking with press after his keynote. But he was not relenting on the need for industry consolidation to take on AT&T and Verizon. "We need even deeper scale to fight back. Otherwise, if you are cornered and you are fighting alone, it's not enough power."

Regulators' reluctance has proved a big early test for any inkling of merger of Sprint and T-Mobile, with the FCC and anti-trust officials expressing a desire to maintain the current four-competitor landscape in the U.S.

"We have to increase the understanding. It's not a simple number four. It is a duopoly that is increasing concentration dramatically," Son said. "How do we increase true competition, not the pseudo-competition?"

He said the U.S. is the only major country where the average cost per user is increasing, a statistic he blamed on a lack of competition. And as for the talk of T-Mobile's resurgence in the last year signaling a new wave of strong competition in the U.S. market, Son sounded skeptical.

"If you compare with the rest of the world, it is nothing," Son said. "It is just a short-term phenomenon in a small corner. We need a real fight."

Vaguely expanding on that, Son said he wants a real price war and real network competition and said that has yet to happen in the U.S. But he kept it real when talking about Sprint's ability to kick off a real price war on its own, admitting that Sprint's negative cash flow and income was prohibitive to reaching the scale needed for a sustained fight.

Sprint will survive, Son said, but reinforced his consolidation argument by saying that a lone surviving Sprint could not compete on AT&T's and Verizon's level.

The talk of a possible Sprint and T-Mobile tie-up has been well documented and Son has publically confirmed his hopes to acquire Deutsche Telekom's 67-percent share of T-Mobile. But Son also gave consideration to partnering with another of CCA's biggest members.

"I'd like to partner with Dish in many possible ways," Son said, saying the

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companies have discussed agreements and have been testing technology, specifically fixed mobile broadband. "They can be our great ally."

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