**WDA business models used by Sprint, Verizon, and AT&T Wireless**

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**Abstract**

When you go shopping at a Wall-Mart, eating at a restaurant, or pump gas at a gas station, do you ever stop and think about how that business operates? In our everyday life we utilize businesses to conduct common task. Imagine your local grocery store stopped functioning or went bankrupt, what would happen? That is why there are processes that help managers run a successful company such as AT&T; Verizon and Sprint. These companies have made business connections with other companies, which have allowed them to be privy to cutting edge technology in the wireless phone industry, such as Apple, and IBM, Microsoft etc. Coupling with these companies has allowed AT&T, Verizon and Sprint to be among the first companies to offer such a phone as I phone, Android and Windows Mobile. (cnet, 2005)

**AT&T** is one of the best companies in the industry because of its competitive prices, knowledgeable and friendly customer service, comparable rate plans, and up to date technology. In order to even begin to function as a serious business in this industry you have to be knowledgeable of your consumers and the demand of each of the different groups. Also the technology you offer has to be up to date and the prices have to fit in with the economy. The I-phone is a great product to examine when observing the key success factors for operating a business in this industry. With this particular product the target group was people who want to be able to store information, be entertained, and communicate, on the go. This target group includes many different types of social groups of people such as professionals, students, entrepreneurs, corporate people, and others. This phone as all but revolutionized the industry, and has allowed other companies to get on the band wagon, for a small fee any company that has a service they wish to provide or advertise can jump on the band wagon, and for a fee can have an application created to be put on the phone. Just recently State Farm Insurance had an application added to the I phone, (State Farm.com, 2011) it is a claims application, in the event that you are in an accident and have your phone with you not only can you call the police, but you can also take pictures, and start the claims processes without an agent present, this cuts down on the number of agents in the field, but it also allows State Farm to be on the cutting edge of technology, and saves us the customer the trouble of having to wait for an onsite agent. The type of technology that is offered on this phone has allowed AT&T to couple there business with many others that are trying to not only stay in the game, but actually win.

When strategizing a plan to create such a wonderful product Apple came up with a great idea, to target the majority. With this idea in mind the next thing to look at would be the pricing. When pricing you have to try to maximize your profit without making the prices too high or low. Also you have to see what items are on the market at the time of the release date. (finance.yahoo.com, 2009).

The AT&T global backbone network includes:

\* MPLS-based services available to 182 countries over 3,800 service nodes.

\* 38 Internet data centers across the globe.

\* More than 886,000 worldwide fiber route miles.

Our industry-leading wireless network includes:

\* Their fully digital voice and data network, with GSM/GPRS (Global System for Mobile communications/General Packet Radio Service) infrastructure that covers 100 percent of their service area — more than 3 billion people in 200+ countries.

\* Third-generation, or 3G, wireless broadband service, available today in more than 360 U.S. major metropolitan areas.

\* Wireless laptop users are enjoying faster broadband uplink speeds thanks to our current deployment of High Speed Uplink Packet Access (HSUPA) technology. AT&T completed the first High Speed Uplink Packet Access (HSUPA)-enabled network in the United States in June 2008.

\* Superior spectrum availability in the nation's top 100 markets.

Our U.S. wired network capabilities encompass:

\* 48 million access lines.

\* More than 17.5 million high speed Internet subscribers.

AT&T has seen unprecedented growth in the wireless market in recent years and it will be a challenge for the company as landline (which AT&T was known for) declines and more aggressive competition from other wireless carriers loom over their horizon. The wireless smart phones market is very competitive as well since the introduction of the iPhone. Google the worlds’ best search engine released an open source operating system (OS) for smart phones, called Android. Many smart phone handheld device makers are embracing this OS to catch-up with the iPhone. The iPhone and AT&T, however, is currently enjoying the explosive acceptance of the iPhone and reaming in the benefits. (http://www.att.com, 2009).

**Verizon**

With the transformation of the wireless industry, the market is becoming increasingly saturated, and in this competitive market, wireless companies need to be concerned with how they will position themselves in the future. Players in the wireless industry, more specifically Verizon Wireless, need to constantly ask “Where do we go from here?” They cannot become comfortable with where they stand in the life of the company, and they must always be looking at how they will strategically place themselves in the future. In order to move towards the future, we need to understand the history of the wireless industry and cellular phones, the history of Verizon Wireless, the industry and competition, and the industry’s current problems.

Verizon Wireless cellular service is inelastic because the products and services it offers makes them the dominant leader in the wireless industry; therefore, a 10% change in calling plan prices (monthly access fees) would not affect the quantity demanded. Verizon Wireless can depend on this inelasticity in their pricing model because of the strength of its brand and the wealth of products and services it offers. Verizon Wireless' competitive advantage comes from its ultra-low churn rate (the percentage of customers who disconnect their service is less than one percent of its 60 million customer base). This indicator suggests that customers are satisfied with the service Verizon Wireless offers and a slight price increase probably would not drive its customers to the competition. This data also suggests that customers probably stay with Verizon Wireless because of its continued expansion of new technologies and services such as its all-digital nationwide CDMA network, EVDO' or its advanced data network (used to wireless send and receive email and other data almost anywhere in the US), and VoIP (Voice over Internet Protocol) that they use for their Push to Talk products. Verizon Wireless markets to a nearly all demographics nationwide and most of its services are offered in the smaller rural markets as a direct result of the one billion dollars per quarter it spends on improving its network as well as acquiring smaller wireless networks to make their nationwide network stronger and larger. Most customers agree that as the available services increase, a slight price increase is to be expected. However, to prove the elasticity' theory empirically, additional data would need to be analyzed. Therefore, one could effectively assume that a 10% increase in price would not change the quantity demanded. (Brue, 2004).

With this in mind, it is evident that Verizon looks to succeed by profit driven revenues, as well as customer quality. It leads the industry in lowest ‘churn,’ that is consumers who quit their contracts prior to the official contract end date. Verizon leads with a 1.0% churn rate, with AT&T in second in churn with 1.7%. Sprint lost over 1.3 M customers in 2007, giving them the highest churn rate of the top four at 2.4%. Once again, Verizon was ranked highest in the American Customer Satisfaction Index (ACSI), showing that not only do they retain their customers consistently, but they provide them with the most superior services (AllBusiness.com, 2007)

Not only is Verizon highly thought of by their customers, their employee culture and training are also well regarded. They ranked fourth in best training, and were the only wireless firm in the top ten in US and Canadian Firms for 2008, as ranked by Business Ranking Annual, 2009 (Gale). Not only are they top in training, they were also ranked eighth as the best large company to work for in information technology by the same publication. Their large investment into employee training, as well as their recognition as one of the best places to work, shows dedication to investment in human capital, an intangible asset that very often pays large dividends. Also, a happy workforce is a productive workforce, and their productivity will increase revenues and profits relative to their competitors.

Lastly, the Verizon Wireless cellular service reaches over 200 million potential customers in the US alone. They have the first nationwide broadband phone service based on the CDMSA and EV-DO platforms. As the original carrier in wireless broadband they hold the first mover advantage.

Verizon has two main weaknesses. The first is the fact that their phones rely on the CDMA/EV-DO standard. It is estimated that 3.0 B of the world’s wireless phones are on the GSM standard, while less than 250 million are on the CDMA standard. While both standards are capable of mobile broadband, it is the majority of the GSM phones that are fully compatible with the 3G standard, and capable of utilizing all the speed of the 3G standards. When a vast majority of the world’s cellular telephones are on one standard (GSM), including those of their fiercest competitors, AT&T and T-Mobile, Verizon will have a hard time competing without a change in the status quo.

Secondly, Verizon has little to no footprint in the international market. They also do not accept the standard that is widespread amongst foreign cellular devices, and thus cannot capitalize on international phones in the United States.

As has been illustrated Verizon is in a strong financial position; with significant capital to invest in those areas that it feels are most likely to generate the greatest competitive advantage. The question is, where is that area? Should Verizon continue to invest in the domestic market and expand its already significant service provider network? Should it invest in upgrading its technology to be compatible with newer service platforms? Or should it roll the dice and diversify into the international market?

While a significant case can be made for Verizon selecting to adopt any of the above strategies, it is imperative that they first ensure that they provide the most technologically sound service possible. Therefore, it would be wise for Verizon to first look to upgrade from its current 3G platform into newer, 4G networks.

Verizon’s principle business strategy has been to differentiate its product and to provide high quality customer service. A major element of such a strategy is to ensure that the product being offered is top of the line. In order to do this, Verizon must ensure that it keeps pace with the evolving technologies of the industry, and doing that, in Verizon’s case, means upgrading its service platform.

Once this technological component of Verizon’s service has been upgraded, additional decisions and investments can be made with the remaining financial resources. (finance.yahoo.com, 2008).

**Sprint**

Sprint currently operates in two different industries: the traditional telecommunications industry and the newer wireless phone industry. The telecommunications industry provides traditional voice services (local and long distance), data networking services (technologies that provide private networks - Private Line, Frame Relay, and VPN), and Internet. The wireless industry is comprised of companies that offer wireless phone services with other value added features such as Internet, Voice Mail, Walkie Talkie, music, etc. One advantage that telecommunication companies enjoy is that just about every business needs to communicate. In fact, the one marketing drive by Sprint's data communications division, my division, was "Business Runs on Data, and Data Runs on Sprint". Why is this important to the topic of complements? It is because there are many, many complements to the services that the carriers provide. Examples of complements are: Internet hosting services with Internet Service, Application Service Providers (ASPs) and electronic storage providers with data networking services, call center outsourcing services with voice and data services, and even adult chat companies with voice and data services. Complements to the wireless industry are growing and will be just as numerous. These include wireless application providers, music ring tones, camera phones, and Palm organizers that are integrated with the mobile phone.

Key Success Factors

Wireless

 Coverage

 Quality

 Innovation

 Service

 Infrastructure

 Network capacity

 Government licenses

 Agreements with mobile phone manufactures

 Price competitive

 Relationship with telecommunications company

 Adhere to government regulations

 911 and emergency services

Value Chain

Sprint's Telecommunications services

The value chain for telecommunication and wireless services are detailed below. The activities that Sprint participates in are bolded and in red text.

Networking Equipment, Cable (Electric or Optical), Installation of backbone network, Local and Long Distance service, data services (including Internet), marketing/sales channels, network design, network implementation, consulting services, after purchase support

Sprint's Wireless services

Customer equipment manufacturer, transmitter/receiver/repeater provider, cell tower provider, value added features provider (voicemail, ring tones), cell phone service provider, marketing channel, distribution channel, after purchase support

Competitive Advantages

1. Engineering centric  Sprint is known is engineering centric company and has a very strong Global IP Network and Wireless CDMA voice and data network. These products are designed better than other companies and well tested before they hit the market. This allows Sprint to offer the highest levels of quality in the industry

2. Growth through well planned, innovative strategies  Sprint was the first company to install a nationwide, all digital, fiber optic network. Sprint was also the first company to implement a global homogenous IP network (Internet). Other companies have grown through mergers and use different types of equipment and administration systems which can cause interoperability issues. Sprint was the first company to implement a fully CDMA wireless network allowing them to enhance the whole network at one time when implementing improvements. One key enhancement being the addition of 3G, which enabled them to offer network wide Internet and data services. All other companies have had to make these upgrades one area at a time. This competitive advantage allows Sprint to be a highly innovative company.

**Conclusions**

We have not seen any phenomenon as huge as voice going mobile. We carry the cell phone wherever we go. Considering that the industry itself is barely 15 years old, it has shown all the characteristics of a digitalized industry. Manufacturing is driven by economies of scale and getting concentrated in a few hands. The cell phone as we know it, from designs to applications, is probably in for a major makeover, or so it seems from the barrage of prototypes from individual designers, boutique firms, and even large technology companies in recent months. People primarily use their cell phones to call their friends and family, but future cell phones may be closely linked to users' lifestyles and interests, such as gaming, politics, and college sports (Kharif 2006). The cellular phone has even rapidly transcended functionality and is fast becoming a part of the fashion industry. One could argue that a growing number of people wear their cellular phones (Narayanan, 2005). The gadgets of the future may include high resolution pictures and video, chat, speech-to-text, unified messaging, games, organizers, browsers with intelligent alerts, e-commerce capabilities, and location awareness. Consumers are wanting these gadgets to be reliable, light weight, the ability to include state of the art technology, and of course, to be fashionable. Another desirable feature is to keep information secure in case of theft or loss.

Some expect cell phones to become so capable that they eventually replace laptop computers for many customers. Instead of using a desktop computer at the office or plugging a laptop into a docking station, people will connect their phones to a larger screen and keyboard.

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