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## Broadband & Mobile Featured Article

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### Why Wireless Carterfone is Needed



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The [Carterfone](#) ruling allowed the AT&T network to be opened up to competition and was basically the result of AT&T trying to stop a company from adding a device which was acoustically not electrically to their network.

The 1968 Federal Communications Commission allowed the Carterfone and other devices to be connected directly to the AT&T network, as long as they did not cause damage to the system. This ruling (13 F.C.C.2d 420) created the possibility of selling devices that could connect to the phone system using a protective coupler, and opened the market to customer owned equipment.

Many companies including [Skype](#) have tried to [apply](#) this ruling to the wireless market and changing the practice of bundling service and device with long-term contracts consisting of early-termination penalties. I actually thought this matter was [over](#).

But today I came across a press [release](#) from The Phoenix Center which says that if the [FCC](#) were to regulate the way the mobile industry operates, consumers would lose out. Their point is that the result of such moves will be higher costs for mobile devices with no guarantee of lower service costs.

This is why their press release is right:

Long-term service contracts do indeed partially include financing charges on the device which you use. If you keep your phone for the length of the contract, you are doing well and any change to this practice could hurt you.

This is why the idea is wrong:

Being locked into a service contract is not what anybody wants. People generally want short commitments, not long ones.

When service providers subsidize equipment they ensure that the equipment functions in a way which does not eat into service provider revenue. This is why service providers in the US have [crippled](#) the bluetooth function on phones so customers are forced to buy equipment or service from the provider so they can share photos, music, etc.

America lags behind Asia and Europe when it comes to mobile devices. iPhone aside, Americans just don't see some of the world's best devices because they have to pay more for them than they would pay their service provider who finances the hardware they provide.

Device manufacturers despise American wireless carriers because they can't get their phones in the hands of Americans without having to go through service providers who set the rules and charge fees and dictate terms. This just can't be good for customers.

The iPhone showed the world that service providers are the wrong people to hold the keys to the mobile device gate.

Increased and open wireless competition would lower device prices. If you are spending \$400 on a phone, it better be awesome. People will actually demand better products and manufacturers who produce substandard products just won't make money.

If Wireless Carterfone comes to fruition the benefits far outweigh the drawbacks.

I am not the head of a think tank like the Phoenix Center but my experience tells me open is always better than closed and often times for reasons we can't foresee. In my career, I have always advocated open approaches to communications and have published magazines on [CTI](#) which espoused openness in communications equipment and [Internet Telephony](#) which espoused openness in communications over a network.

In every case, the open solution was better. Look at solutions like [Asterisk](#) for more proof that open solutions help customers. I just have to disagree with the Phoenix center over the long term. Sure, in the short term there could be a situation where a consumer has to pay a few hundred more for a cell phone but over time, more choice will bring the prices down more quickly and the devices will have full functionality which is always a good thing.

Finally -- and this is corny, I agree -- closed markets are just un-American.

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