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## Google, Skype Could Benefit If FCC Backs 'Openness' For 700 MHz Auction

"Openness" means a service provider won't be able to dictate which devices and services can be used on the network in the way cellular carriers currently do with their networks.

By [W. David Gardner](#)  
InformationWeek

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Providers of [Internet telephony](#) services seem to have won a battle in the war against conventional wired and [wireless](#) telephone service this week when FCC chairman Kevin Martin called for "openness" in draft rules for the upcoming [auction of radio spectrum in the 700 MHz band](#).

Companies like [Google](#) and eBay's Skype applauded the move. [Google](#) called Martin's new public stance a "favorable development". eBay's CEO supported Martin, too. [Google](#) and eBay and other technology companies are increasingly facing off against entrenched telecom firms like AT&T and Verizon Communications(VZ).

The auction, which won't take place for several months, is shaping up as a major battlefield between [IP](#) technology firms and traditional telephone companies. And the draft rules still need to win votes from a majority of the commission before the auction can take place.

"Openness" means the service provider won't be able to dictate which devices and services can be used in the way cellular carriers currently determine which phones can be used on their networks and which services will be enabled.

"This is a very high-stakes game," said Steve Arnold, a [Google](#) and [search](#) engine expert, in an interview Wednesday. "The future of telephony is IP. The telephone company platforms are old and the Googleplex is new." Arnold believes [Google](#) holds a powerful hand in its competition with the telephone giants because it has tens of thousands of servers scattered around the world in some 30 datacenters; Arnold believes [Google](#) could be transformed relatively easily into a [telephony](#) company someday.

Meg Whitman, president and CEO of eBay, noted in a press release Tuesday that the online auction firm's [Skype](#), which provides voice-over-IP [communications](#) services, has asked the FCC to support openness principles in the [700 MHz](#) auction.

"eBay is encouraged by reports that the chairman of the FCC is proposing 'openness' principles for [wireless](#) services in the context of the upcoming spectrum auction," she said. "We believe that ensuring greater choice for wireless consumers is a very positive development, and we look forward to meaningful openness based on Carterfone principles being part of the commission's final rules." The landmark Carterfone decision in 1968 opened up competition in the former government-regulated AT&T phone company and has been cited often as an important precedent in developing future competition among telecommunications providers.

The big question mark is [Google](#). In May, the firm asked the FCC to allocate a significant portion of the 700 MHz radio spectrum in such a way as to increase competition among wireless providers. And, while [Google](#) hasn't indicated that it will be a bidder in the auction, major [Google](#) investors L. John Doerr and [Ram Shriram](#) are involved in Frontline Wireless, a well-financed venture that plans to bid in the auction.

Steve Largent,

CEO of wireless trade group CTIA, has a different view. Complaining that the FCC chairman appeared to favor [Google](#), Largent said in a statement: "Crafting special rules for a company with a market cap of \$170 billion to address problems that don't exist in our competitive market makes absolutely no sense whatsoever. The bottom line is that the American taxpayer is at serious risk of losing billions of dollars because one of the wealthiest companies in the world has apparently convinced policymakers that they require special auction rules that tailor-fit their business plan."

Arnold, who has written a book on [Google](#) and has another in the works, said [Google](#) has several important advantages in the coming battle for spectrum. "The world sees [Google](#) as a Web search engine with ads," he said. "But [Google](#) is poised to become a supra telephony platform. It already has next generation [telephony] infrastructure." In addition, he noted that while [Google](#) has a telephony infrastructure in place, it isn't hampered by FCC regulations that must be adhered to by telephone firms like AT&T and Verizon. He said [Google](#) is challenging traditional telephony technology through its "engineering and infrastructure."

"The question is: will [Google](#) become a global telephony company," he asked rhetorically? "Yeah, I think it will, but not overnight. Right now, [Google](#) is saber-rattling. I think it will eventually make a deal with the phone companies." He observed that [Google](#) has generally supported flat rate pricing for online delivery of

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video and other services, while the telephone companies generally want to charge more for those downloads. "Google doesn't want to see charges for YouTube," he added.

Another issue playing out behind the scenes is the delivery of Wi-Fi. Google has rolled out free Wi-Fi in its hometown of Mountain View, Calif., and that has given pause to the phone companies because consumers can use the wireless network to make free and low cost VoIP calls. Google has said it isn't planning a nationwide Wi-Fi network and, indeed, even its effort to deploy Wi-Fi in San Francisco has run into problems.

Wireless service providers have been slow to equip their handsets with Wi-Fi functionality, although Apple's new iPhone has Wi-Fi capability and more cell phones with Wi-Fi are showing up on the market. CTIA's Largent challenges some of those opinions on the Wi-Fi issue. "Contrary to what was reported in the media, many wireless providers are offering Wi-Fi-enabled devices, and consumers are purchasing and using those devices across the country, not just at company-branded hot-spots."

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