AT&T Snags OnStar Wireless Contract from Verizon

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BARCELONA, Spain (AP) — AT&T Inc. is scoring a win over rival Verizon Wireless as it takes over the contract to supply wireless connections to cars with General Motors' OnStar service.

Verizon Wireless and its predecessor companies have supplied the network for OnStar since the service launched in the 1990s, but AT&T will take over with the 2015 model year, AT&T and GM said Monday.

The news comes as cellphone companies are jostling to connect non-phone devices to their networks. Now that nearly everyone has a phone, the phone companies have to look elsewhere for growth. Dallas-based AT&T has been particularly aggressive in this area, garnering, for instance, the contract to connect Amazon Kindle e-readers.

AT&T will connect OnStar cars to its new "4G LTE" network, which can supply much higher data speeds than current OnStar connections. That means GM could deliver car software updates wirelessly, instead of making owners take their cars to the shop. It could also enable video streaming for passengers, in-vehicle Wi-Fi "hotspots" and give GM a better view of what's going on inside a car, and whether it needs maintenance. Owners might even be able to call up views from their car's cameras, remotely.

"They're basically smartphones on wheels," said Glenn Lurie, head of AT&T's "emerging devices" division.

Verizon has an LTE network that delivers speeds similar to AT&T's, with wider coverage. Lurie said that by the time AT&T takes over the contract, its LTE network will cover 300 million Americans, or 96 percent of the population. It also has older, slower networks as a backup.

Verizon Wireless said it was looking forward to continuing to provide service to current OnStar customers.

AT&T and GM made the announcement just before the opening of Mobile World Congress, the world's largest wireless trade show, in Barcelona. The companies didn't reveal financial terms. The 6 million current OnStar users pay $19 per month or $199 per year, plus per-minute calling fees. Turn-by-turn GPS navigation costs extra, too.

British automotive research firm SBD believes that 100 million cars worldwide will have built-in wireless capabilities by 2015.

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AP Auto Writer Tom Krisher contributed from Detroit.

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