

# AT&T to Sell Toll-Free Service for Wireless Data

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Las Vegas (AP) — AT&T Inc., the country's second-largest wireless carrier, announced Monday that it's setting up a "1-800" service for wireless data. Websites that pay for the service will be toll-free for AT&T's wireless customers, meaning the traffic won't count against a surfer's monthly allotment of data.

It's the first major cellphone company to create a comprehensive service for sponsored wireless access in the U.S. The move is likely to face considerable opposition from public-interest groups that fear the service could discourage consumers from exploring new sites that can't afford to pay communications carriers for traffic.

AT&T is trying to forestall critics by announcing that one of its first customers for the service is a startup: Aquto, which has an app that rewards users with extra data if they watch ads or download specific apps.

Health insurance company UnitedHealth Group Inc. will also use the service when it launches in the first quarter. Mark Collins, senior vice president for data and voice products at AT&T's wireless arm, said that, as an example, UnitedHealth could use the service to provide customers with free educational videos.

Collins stressed that apart from the issue of billing, the traffic from the sponsoring sites will be treated the same as other traffic on the network, keeping AT&T in compliance with the Federal Communications Commission's "net neutrality" rules, which mandate equal treatment of traffic. Those rules are subject to a court challenge.

Matt Wood, the policy director at Washington-based communications right advocacy group Free Press, still thinks that the plan runs against the principle of openness and equal access that's made the Internet successful.

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"Letting the carriers charge more or less money to reach certain sites is discriminatory, and it's not how the Internet is supposed to work," Wood said in a statement.

Collins said sponsored access is part of the evolution of the wireless market, providing new avenues for growth and the option to create new business models. AT&T is planning to charge the sponsoring sites in a number of ways, subject to negotiations. For instance, he said, it could take a share of revenue generated by the traffic.

Wood sees this as enabling double-dipping by AT&T. Given that consumers pay for a "bucket" of data every month and very few exceed it (AT&T says only a small percentage does), they won't actually save any money through the service, he said, while the sponsoring companies will also be paying AT&T.

"Both the customer and the content or app provider are paying for the same data. Only AT&T makes out better," Wood said. "The extra costs could flow back to consumers too, in the form of higher cable bills, or higher prices to use the websites and apps taking on this expense. For example, if ESPN has to pay more money to AT&T just to reach wireless customers, ESPN is going to try to make that money back somewhere else."

Dallas-based AT&T made the announcement at its software developer conference in Las Vegas, a day before the opening of the mammoth International CES consumer electronics show.

GoSmart Mobile, a sub-brand of No. 4 carrier T-Mobile US Inc., announced two weeks ago that Facebook traffic will be free for its subscribers, since the site is paying for it.

AT&T's announcement is much broader — the company is inviting all Web companies to use its "1-800" service, and the free access will apply to all its subscribers. At the end of September, AT&T had 51 million smartphone subscribers on contract-based plans, and a few million more on prepaid plans.

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