

Sprint to Continue IDEN Network

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Sprint Nextel Corp. on Wednesday said it would continue to support its Nextel-branded walkie-talkie network, which industry observers had speculated the company might shutter.

Dan Hesse, Sprint's president and chief executive officer, said in a news release that the nation's third-largest wireless carrier would market the network's press-to-talk service, called Direct Connect, more aggressively and offer more handsets to use on it.

"Nextel Direct Connect provides a differentiated experience for our customers," said Hesse, who was named CEO last month. "Sprint has invested significantly during the past two years, and the network is performing at best-ever levels. Customers can expect to see continued investment and the introduction of new handsets to utilize the network's unique capabilities."

Sprint shares were down 44 cents, or 4.1 percent, to \$10.36 Wednesday.

In 2005, Nextel Communications Inc.'s network was described as a valuable asset for Sprint because it was popular with construction crews, taxi services and other business users.

But technical problems and difficulties combining Sprint and Nextel's operations have led thousands of subscribers to drop the Nextel service, hampering Sprint's ability to keep up with larger rivals AT&T and Verizon Wireless.

As of the end of September, the Reston, Va.-based company, with operational headquarters in Overland Park, Kan., reported 18.7 million subscribers were using the Nextel network, sometimes called iDEN because of the technology it uses.

The company hasn't reported fourth-quarter results yet but said this month that it expects to have lost 683,000 monthly customers on both iDEN and its Sprint-branded CDMA wireless network.

The company says it's largely dealt with the technical issues on iDEN, reporting that customer complaints about call quality and dropped and blocked calls have decreased 60 percent since December 2006.

Industry observers surmised the company might drop the iDEN network because of the cost of running both it and the CDMA network. Also, the iDEN network doesn't allow more lucrative data services, effectively shutting out about 30 percent of the company's customer base.

In a research note in the fall, UBS analyst John Hodulik said those problems have hurt the company's profit margins and created a competitive disadvantage compared with Verizon and AT&T, where all customers have access to data services.

"Moving customers off of the iDEN network at a faster clip would allow the company to begin grooming its network — and lower costs — and could eventually lead to a decommissioning or sale of the iDEN network," Hodulik wrote.

The company has tried to bring more iDEN customers to the CDMA network, introducing hybrid phones that operate on both last year. And this year it plans to roll out QChat, a press-to-talk service on the CDMA network.

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