



ALL IN THE FAMILY: Customers purchase the iPhone 4 shortly after the phone went on sale with the Verizon Wireless network in Boca Raton, Florida February 10, 2011. REUTERS/JOE SKIPPER

VERIZON EYES FAMILY DATA PLANS

BY SINEAD CAREW
NEW YORK, MAY 19

VERIZON WIRELESS expects to offer family plans at some point in the future for data services supporting multiple devices including smartphones and tablet computers, according to a top executive of parent company Verizon Communications.

Verizon Wireless plans to kick off pricing changes this summer by eliminating smartphone plans that allow unlimited Web access for a flat fee. It will replace them with tiered pricing that forces heavy data users to pay more for mobile data.

After this change the company will look

to soften the blow by offering more options such as family plans for data services, Chief Financial Officer Fran Shammo told the Reuters Global Technology Summit.

While families can share a bucket of minutes for phone calls today, each family member with a smartphone has to pay \$30 per month each for data services. If they own a tablet computer they pay another separate data fee.

"We had individual minutes for individual users. Then we eventually got to what we call family share where everyone in the family shares the same minutes," Shammo said.

"I think it's safe to assume that at some point you are going to have mega-plans (for

data) and people are going to share that mega-plan based on the number of devices within their family. That's just a logical progression," he said, but did not provide a time frame for such mega-plans.

HIGH-SPEED IPHONE?

LIKE ITS RIVAL AT&T Inc, Verizon is limiting usage of data services to avoid putting a

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strain on its network or increasing network costs out of proportion to monthly fees.

Operators are dependent on data services for revenue growth, and they are still figuring out how to cap usage in a way that makes data services affordable enough for consumers to use devices other than phones.

In February Verizon ramped up its competitive efforts against AT&T by launching a version of the Apple Inc iPhone, which had been exclusive to AT&T.

While Verizon has sold fewer iPhones than some analysts expected, Shammo said he was happy with sales of a "six-month-old phone" that only works in some countries. Verizon's device was a version of the iPhone 4, which AT&T had launched the previous summer.

When the next iPhone model launches, Verizon will be able to offer it at the same time as AT&T, according to Shammo, who had said in April that Verizon's next iPhone would have global coverage, like AT&T's iPhone.

Some customers held off on buying the first Verizon iPhone because they were waiting for a model that supports Verizon's high-speed wireless service, which runs on a new technology called Long Term Evolution (LTE).

Shammo said that even if the next iPhone does not support LTE, Verizon will have enough high-speed alternatives to sell.

"I think it's a bigger issue for Apple than it is for us," he said. "Depending on where Apple plays, that's where we'll sell."

PREPAID "IMPORTANT"

FOR VOICE SERVICES, Verizon focuses mainly on postpaid customers who pay monthly bills and commit to a long-term contract. It is also experimenting with prepaid services, where customers pay in advance but do not commit to a contract as this is the one area of voice services that is growing.

Until now Verizon's prepaid services have been uncompetitive with more specialist rivals and have made the biggest in-roads in the market by renting network space to prepaid provider Tracfone, a unit of America Movil.

The company has yet to decide if it will expand nationwide with a \$50 per month prepaid plan it is testing in Florida and elsewhere, according to Shammo. He said Verizon would do what it needs to do in prepaid.

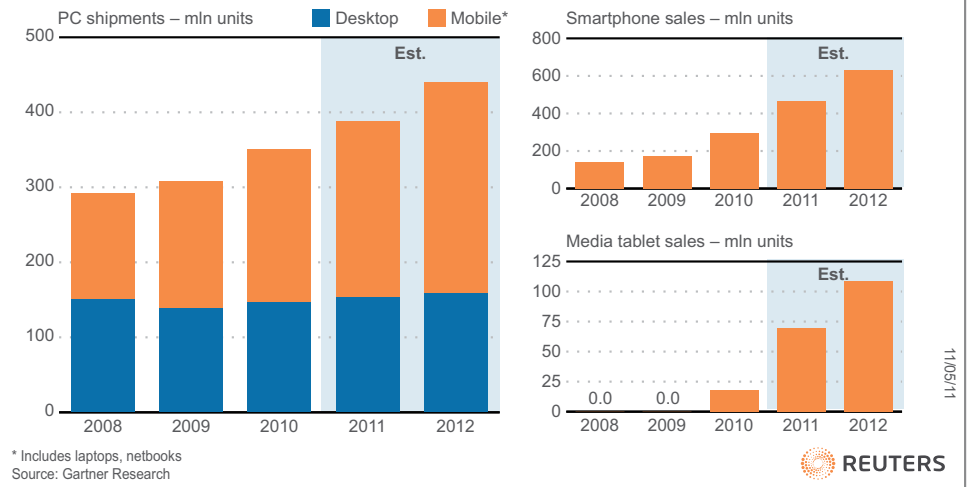
"We've always said we're a postpaid company," he said. "That doesn't mean that

REUTERS VIDEO



World PC sales steady, mobile takes off

Mobile devices now represent the majority of PC sales.



Reuters graphic/Stephen Culp

prepaid is not important to us."

Expansion of the prepaid plan would put Verizon into direct competition with smaller rivals such as MetroPCS and Leap Wireless.

Verizon Wireless is currently the top U.S. mobile provider, but it will be leapfrogged by AT&T next year if AT&T gains regulatory approval for its \$39 billion plan to buy T-Mobile USA, a unit of Deutsche Telekom.

Verizon, which recently bought business services firm Terremark, may add to this deal with the purchase of boutique software companies worth less than \$100 million, Shammo told Reuters.

Verizon is the majority owner of

Verizon Wireless, its venture with Vodafone Group Plc.

Verizon shares closed up 23 cents or 0.6 percent to \$37.32 on New York Stock Exchange.

(Reporting by Sinead Carew; Editing by Matthew Lewis and Steve Orlofsky)

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