

AT&T: Data-Only Plans Coming For Phones In Two Years

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NEW YORK (AP) — The CEO of AT&T Inc. said Friday that cellphone plans that count only data usage are likely to come in the next two years. In such a scenario, phone calls and texts would be considered as just another form of data.

Randall Stephenson didn't say AT&T has such a plan in mind, but he suggested that someone in the industry will likely offer one.

"I'll be surprised if, in the next 24 months, we don't see people in the market place with data-only plans," Stephenson said at a Sanford Bernstein investor conference in New York. "I just think that's inevitable."

Analysts see such plans as a logical extension of trends in wireless technology. Smartphones with data service can already use it for Internet phone calls and texting through services such as Skype.

Phone calls are also taking a back seat to other things people do with their smartphones. AT&T has been recording a decline in the average number of minutes used per month.

However, phone companies still make most of their money from calling plans and texting, which use very little data. That means phone companies would want to compensate for the revenue fall-off somehow, perhaps by raising data prices.

The switch would be complicated by the fact that phone companies charge each other to connect calls to phone numbers. That's one reason calling plans are charged separately from data usage now. But at least in the U.S., connection fees are low, and phone companies could make up for the cost by raising their own fees. Connection fees for international calls are much higher.

AT&T has said that it wants to introduce wireless data plans that allow a subscriber to share a data allowance over several devices, such as a smartphone and a tablet computer. Another AT&T executive, wireless head Ralph De La Vega, has said these plans are close to being introduced.

Such plans also represent an opportunity for phone companies to add more data revenue, but they are a possible pitfall as well, as consumers will effectively be getting a discount compared with buying separate plans for their devices. Stephenson said AT&T is determined to make more money from the plans, not less.

When you have millions of devices such as tablets that lack cellular data plans, Stephenson said, "it seems to me it's a lift, not a deterioration" to get them

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connected.

Tablets such as the iPad are often available with cellular data modems, but the majority are used only on Wi-Fi.

AT&T has also floated the idea of letting websites or video services pay for the data used to access them, instead of having the data count toward the visitors' allowance. That idea, similar to "800" toll-free numbers for websites, is more controversial, as it would let deep-pocketed websites make themselves more attractive than startups.

Stephenson said he expects experimentation along those lines to begin in the next year. He didn't say if AT&T would be the one to do it, but he said Web content providers are already contacting the company about setting this up.

"It's not us going out and mandating this. The content guys are coming in asking for it," Stephenson said. "If you don't allow those kinds of models to flourish, you're going to inhibit the potential of these services."

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