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Google Jolts Telecom Rivals

Plan to Offer Fast Web Service Is Bid to Shape U.S. Broadband Policy; Foes are Skeptical

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European Pressphoto

Agency

The Google logo on display at the unveiling of the Nexus One Android smart phone in January.

Google Inc., putting more pressure on cable and phone companies, said it plans to begin offering ultrafast Internet services to consumers in a small number of U.S. cities.

Under the plan, the Internet search giant will take its biggest step into supplying Web connections rather than the services that run atop them. Google said it will build and test a few fiber-optic networks that reach homes, aiming to serve 50,000 to 500,000 people. Google executives said the move was designed to accelerate the deployment of faster networks and show off the sort of services that high-speed connections can enable, such as rapid video downloads.

The move carries risks for Google. The company has only dabbled in telecom services so far, and isn't offering the kind of national network that could compete with industry giants. Privately, executives at cable and phone providers expressed skepticism, with one describing the plan as a publicity stunt, since Google didn't announce serious capital spending for the project.

Google's move appears to be as much about politics as about technology. It comes as federal regulators are close to completing a yearlong effort to draft a national broadband plan, which will lay out proposals to ensure all Americans have access to Internet service that is affordable and offers high speed. Google has been campaigning to spur faster service, which would enable consumers to more smoothly use Google services such as the YouTube video site.

"We have been advocating that the [Federal Communications Commission] set up an experimental testbed, and this is our way of putting our money where our mouth is," said Google product manager Minnie Ingersoll. Google said it would select the test locations this year and its service would be offered at "a competitive price."

Google and Internet providers have been facing off over a number of issues in Washington, from the availability of spectrum for wireless access to "net-neutrality," the issue of whether operators should be allowed to charge different content providers different rates for delivering that content.

Ms. Ingersoll said the project was "in line" with the company's views on open access, since Google would let other providers resell service on its network and wouldn't discriminate between different sorts of traffic carried by it. Phone and cable companies aren't required to allow rivals access to their Internet lines, which critics say has hampered competition.

FCC Chairman Julius Genachowski released a statement calling Google's plan "a significant trial," while public-interest groups applauded the move as a major step toward their goal of seeing all Internet lines as open as Google says its fiber network will be.

Google said it has no intention to build a nationwide network to rival those offered by giants such as Comcast Corp. and Verizon Communications Inc. but the move could make Google investors nervous given the possible

size of its expense. Google said it was too early to estimate the cost of the program, since the cities hadn't been chosen. Google could face embarrassment if the program doesn't roll out as planned and heat over possible service glitches. It could also further galvanize telecoms against it as it is seeking their cooperation on a number of projects, such as selling phones running its Android software.

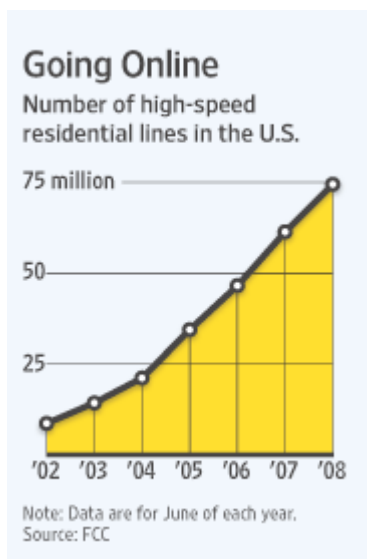
The move is Google's latest attempt to pressure Internet providers to upgrade and open up their networks. Impatient with wireless carriers' control over services on cellphones, Google bid to purchase wireless spectrum, invested in wireless carrier Clearwire Corp., and bought a company that allows users to make Internet calls over mobile phones. Now, it is making a similar move in the wired Internet world, facing off against cable and phone providers—which have faced public criticism for not upgrading their networks fast enough.

Whether Google can succeed with its ultrafast network remains unclear. It has virtually no experience in the area, besides operating a relatively small Wi-Fi network in Mountain View, Calif., that has about 20,000 active users, according to the company. It had participated with Earthlink Inc. in an effort to provide free wireless access to San Francisco, which was abandoned amid political opposition and financing concerns.

Art Brodsky, communications director of Public Knowledge, a public-interest group in Washington, said that even if Google comes up with something "whiz-bang" it is unclear whether large service providers would upgrade their networks faster. The group has received funding from Google, as well as other Internet providers, including Comcast.

A cable industry official noted Google has no background in the difficulties of sending trucks and technicians out to people's homes to provide customer service and sending customers a bill every month. "If this were easy, everybody would be doing it," this person said.

Google said in a statement it knows "that other companies have been in this business a long time, and we're not pretending to have all the answers here." It added, "We do have experience with Web infrastructure from operating our data centers."



Ms. Ingersoll said Google will manage the deployment of the fiber network, but probably partner with contractors to help build it. Google said it would offer service at a speed of one gigabit per second—100 times faster than what many U.S. consumers have access to today.

The National Cable & Telecommunications Association, which represents cable operators, noted in a statement that cable operators have invested \$161 billion over the past 13 years in Internet lines, and said that they "look forward to learning more about Google's broadband experiment."

—Nat Worden and Roger Cheng contributed to this article.

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