

May 5, 2008, 7:09 pm

Qwest Hangs Up on Sprint Nextel

By [Matt Richtel](#)

The turnip that is Sprint Nextel is giving a little more blood.

Qwest Communications, the Denver-based telecommunications provider, announced Monday it has decided to start reselling mobile phone service provided by Verizon Wireless. That means it will stop selling the mobile phone service that it currently provides over the Sprint Nextel network.

The development is more bad news for Sprint Nextel, which has been fighting uphill since its \$35 billion merger in 2005.

Qwest said it made the decision to switch wireless partners because it looks “at Verizon Wireless as the undisputed industry leader,” according to company spokeswoman Kate Oravez.

AT&T and others might, in fact, dispute that claim. But at least it’s fair to say that Qwest considers Verizon Wireless superior to Sprint.

Under the new deal, Qwest will resell Verizon Wireless service under the Verizon Wireless brand. It will be able to sell service to businesses and government customers; it does not have that flexibility under the contract with Sprint.

Under that existing Sprint contract — a five-year deal that expires in the summer of 2009 — Qwest has sold “Qwest Wireless” branded service but that rides on top of the Sprint backbone and uses Sprint’s technology. Qwest has been concerned that it was not allowed to sell Sprint handsets until 120 days after the phones are sold in Sprint stores, making it tough for Qwest to compete.

Qwest now has around 850,000 customers in its own branded service. The company will seek to move those customers to its Verizon Wireless. Those who don’t move will continue on the Sprint backbone, but Qwest will cease to sell new customers into its own branded service.

Ed Snyder, a telecommunications industry analyst with Charter Equity Research, said the news is bad for Sprint Nextel because Qwest is among its biggest mobile partners.

“It adds to their woes,” Mr. Snyder said of Sprint Nextel.

It also is an interesting tradeoff made by Qwest. It has decided that the benefits of partnering with Verizon Wireless offset any brand name sacrifices it makes by no longer selling mobile service in its own name.

