What a combined T-Mobile and Sprint would look like

After two earlier attempts failed to materialize, T-Mobile and Sprint announced on Sunday that they've reached a $26.5 billion merger agreement. If approved, it would combine the third and fourth largest carriers in the United States. The new business would instantly become a much more formidable rival to Verizon and AT&T. Both companies claim that a successful merger would make the United States a leader in the formative early years of 5G mobile networks. But there are very legitimate concerns that shrinking the field of wireless competitors could end up hurting consumers and raising prices.

The deal must be cleared by regulators, including both the Federal Communications Commission and Justice Department, which is no small hurdle. FCC chairman Ajit Pai seems open to the idea, but many of the antitrust staffers at the DOJ today were the same people who convinced these two companies to abandon merger talks in 2014.

Read: Will regulators approve the massive T-Mobile-Sprint merger?

Both companies have said they expect the merger to be completed no later than July 2019. During that review period, it's possible that T-Mobile and Sprint could make concessions or reach agreements with the FCC or DOJ to gain the stamp of approval. We're still a long way from this thing being official, but we do have some sense of what T-Mobile and Sprint joining forces would look like.

Photo by Chris Welch / The Verge

This is going to take a long, long time

Absolutely nothing is going to change in the short term for T-Mobile and Sprint customers. In a best-case scenario, this deal isn't expected to close until the middle of next year. If it's approved, the given timeline for T-Mobile and Sprint to fully combine is between three and four years. That clock starts only *after* the merger is given the thumbs-up, so things will be business as usual into the 2020s.

What carrier brands are included in the merger?

- T-Mobile
- Sprint
- MetroPCS
- Boost Mobile
- Virgin Mobile

T-Mobile and Sprint say they haven't yet finalized overall branding strategy or made decisions as to which of those familiar names (besides T-Mobile, obviously) might stick around should the merger be successful. At the very least, the Sprint brand is likely to go away over time since it's associated with postpaid service and being absorbed into T-Mobile.

AP Images for T-Mobile and Sprint

"Lower prices, faster speed, and better capabilities," maybe

In an early attempt to head off concerns over a shrinking mobile market, T-Mobile and Sprint are insistent that their merger would lead to lower prices for consumers. That line of thinking seems to assume that Verizon and AT&T will enter into

a pricing war with this combined company due to its increased scale. But it’s far from assured. T-Mobile has been trying to undercut its bigger rivals over the last several yars, but it has also had to keep an eye on Sprint’s discount plans. Under the merger, this fierce four-way struggle for customers would radically change.

[embedded content]

Appearing on CNBC Monday morning, T-Mobile CEO John Legere declined to specifying just how much consumers would save as a result of the industry-changing merger. “Services are going to be broadened, prices are going to go down, speeds are going to go up. The 5G capability is going to be beyond anything the United States as seen before,” he told host Jim Cramer. That 25-minute interview above is a great look into the way T-Mobile and Sprint are framing this combination.

There’s also reason to think that moving from four to three major carriers would drive prices up, not down. Many have pointed to Canada, which only has three major carriers and wireless prices that are much higher.

T-Mobile CEO John Legere at CES 2013, where he kicked off the company’s “Uncarrier” mission.
Photo by Chris Welch / The Verge

The combined company would have nearly 100 million customers

Combining T-Mobile and Sprint would result in a company with over 90 million customers, immediately putting it neck and neck with AT&T (around 93 million) and not too far behind Verizon Wireless, which tallied 116.2 million wireless customers at the end of Q1. Coming together would give the new T-Mobile more clout than either company has today. Both T-

Mobile and Sprint insist that their combination is the only viable path to quickly establishing a 5G network, both from a technological and investment perspective.

It would be a powerhouse of spectrum

The technical benefits of this proposed merger are clear: combining the cellular networks of T-Mobile and Sprint could eliminate the weaknesses that each company has today and reduce the number of areas with weak or no service coverage. The perception around T-Mobile has generally been that it's great in cities but lackluster elsewhere. And Sprint's entire pitch in recent ad campaigns is that its network is *almost* at the same level as the other carriers but has cheaper plans. So… that says everything.

This merger would fundamentally shift the image of both companies and likely put the new T-Mobile on the same level as Verizon and AT&T in terms of service reach and reliability. It would also put the combined company in a prime position for 5G, the next generation of mobile data networking that all four major carriers are already at work on.

Read: What does the Sprint and T-Mobile merger mean for 5G?

"With Sprint's expansive 2.5GHz spectrum, T-Mobile's nationwide 600MHz spectrum, and our other combined assets, the new T-Mobile plans to create the highest-capacity mobile network in US history," John Legere said in yesterday's video about the merger. The projected number estimates that the new T-Mobile would have 30 times greater network capacity than the T-Mobile of today. Verizon and AT&T would continue to own more spectrum individually, but the holdings of T-Mobile and Sprint make for a great combo.

T-Mobile picked up a huge amount of that 600MHz spectrum –

good for carrying high-speed data over long distances and penetrating through buildings in cities – in an FCC auction. Sprint's enormous wealth of 2.5GHz spectrum would play a key role in the 5G rollout, as well.

[embedded content]

T-Mobile's network would be the "anchor"

The companies have said that T-Mobile's nationwide network will be the "anchor" of the combined business and network, with "selected Sprint 'keep' sites" across the US helping to increase coverage and density. Sprint's 2.5GHz spectrum would be deployed across the T-Mobile footprint, and T-Mobile's entire spectrum portfolio would be deployed to all of the Sprint sites. This integration of two networks would involve the decommissioning of some cell tower sites.

T-Mobile and Sprint say that 20 million Sprint customers have smartphones that are compatible with the current T-Mobile network. Sprint has over 50 million postpaid subscribers.

Sprint customers would be moved to T-Mobile's network within three years

Since it's the foundation for everything, Sprint's customer base would be migrated over to T-Mobile's network "within three years," and the companies have vowed this would happen without any kind of service degradation or other negative impacts to the customer experience.

Sprint's CDMA voice network would be

“aggressively” changed over to VoLTE

Since T-Mobile doesn’t have much use for Sprint’s voice network that uses CDMA technology, the combined company would “aggressively” work to migrate it to voice over LTE (VoLTE), a more modern infrastructure for voice calls that offers more capacity, better quality, and improved connection / reliability. Sprint’s major rivals (including T-Mobile for now) have all already deployed VoLTE across their networks, but the fourth-place carrier has taken years to deploy it. No specific timeline for this transition has been given.

Illustration by Alex Castro / The Verge

The Uncarrier strategy would continue

The feisty strategy that brought T-Mobile so much success and catapulted it past Sprint isn’t going anywhere. If the merger is approved, you can continue to expect “Uncarrier” events and announcements around new services and wireless plans. CEO John Legere will certainly keep up the constant barrage of trash talk on Twitter; he’ll just have one less competitor to target.

It’s too early to know exactly how T-Mobile will bring over Sprint customers and how the transition between cellular plans will work. Some customers will be in the middle of phone leasing, so there’s a lot to consider. But you can expect “Uncarrier” perks like flat monthly bills without hidden fees, no service contracts, and other changes that T-Mobile pioneered and competitors duplicated.

The companies are promising to focus on rural America

Legere specifically cited rural America as one benefactor of

the proposed T-Mobile and Sprint hookup. “In many of these communities, they already have very limited wireless choices, usually between dumb and dumber or a myriad of other regional and MVNO players,” Legere said. “We will change all that. We’ll build hundreds of stores and hire thousands of people to compete in rural America.”

Photo by Joe Raedle / Getty Images

Who would own what?

T-Mobile parent company Deutsche Telekom will hold a 42 percent stake in the combined company and handle its financial earnings. Sprint majority owner SoftBank will get 27 percent, with the remaining 31 percent held by the public.

As for the board of directors, Deutsche Telekom would nominate nine directors (two independent) and SoftBank would nominate four directors (two independent). T-Mobile CEO John Legere, SoftBank CEO Masayoshi Son, and current Sprint CEO Marcelo Claure would all be on the board. Deutsche Telekom CEO Tim Höttges would become chairman.

As the numbers reflect, this “merger” is essentially a case of T-Mobile buying Sprint.

Where would the new T-Mobile be based?

The combined company would be headquartered in Bellevue, Washington (T-Mobile’s current campus). It would also maintain a “second headquarters” in Sprint’s hometown of Overland Park, Kansas.

Who would be in charge?

If the deal gets approved, current T-Mobile CEO John Legere, who has been the face of the carrier’s successful turnaround,

will become the chief executive of the combined company. T-Mobile COO Mike Sievert will serve as president and COO.

Legere would continue on as chief executive of the new T-Mobile.
Photo by Chris Welch / The Verge

Some T-Mobile and Sprint retail stores would close, and all T-Mobile stores would be refreshed

A merger between the two companies would call for some degree of store consolidation, as there wouldn't be a need for two T-Mobile locations in close proximity for neighborhoods that might have both a T-Mobile and Sprint store now. But the companies claim that, overall, the merger would produce a major boost in jobs across the US when you factor in 5G deployment, new store openings elsewhere, and customer support.

T-Mobile's customer service model would be applied to Sprint

The new T-Mobile would carry over the customer service operation — everything from product support to social media interactions — of current T-Mobile, the companies have said. If the merger is approved, T-Mobile and Sprint have promised to "significantly expand customer care centers and staffing." Redundancies in customer service are always a go-to for early job cuts, but for now, the companies claim that they'll be hiring up after combining.

Photo by Justin Sullivan / Getty Images

If the deal falls apart, there’s no breakup fee

Despite the transaction’s demise, T-Mobile came away with billions of dollars in cash and spectrum when AT&T’s attempt to buy it collapsed under the Obama administration. T-Mobile and Sprint note that this deal doesn’t contain any breakup fees if it comes undone, thanks to regulatory scrutiny. However, T-Mobile has said that it will provide a four-year roaming agreement to Sprint. That agreement will continue if the proposed merger fails.

For now, nothing changes

Until their proposed merger is approved, T-Mobile and Sprint will remain competitors in the wireless market. T-Mobile plans to launch an internet TV service sometime this year. And both companies are routinely making announcements about their individual 5G plans and continued tests as the road to a consumer rollout continues.

The most important development over the coming weeks and months will be the amount of pushback and resistance the proposed merger gets from the FCC and Justice Department. T-Mobile and Sprint executives are already heading to Washington this week to bring their message to lawmakers. The waiting game has begun.

Photo by Chris Welch / The Verge

https://www.theverge.com/2018/4/30/17301392/t-mobile-sprint-merger-preview-phone-carrier