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## Why Google Voice Reminds Me of AT&T

And Not for the Reasons You May Think

Posted by [Judy Shapiro](#) on [07.07.09](#) @ 09:40 AM



I'm an ex-AT&T "Bell head," so anything telecom always gets my special attention. When I saw the Google Voice [re-announcement](#) recently, I couldn't help wondering, "Huh, what's up with that? How does this fit into Google's core business?" Mostly, though, I was interested in understanding why this and why now.

First, let's put Google Voice in perspective. I'm going to put it out there and say Google Voice is, IMHO, a refined GUI within a fairly standard VoIP version of unified messaging with number portability thrown in (sorry all for the techno-jargon, but a factual articulation of the technology seemed in order).

Nice, but hardly deserving of the media gush that quickly followed this re-announcement, especially since Google Voice is a rebranded version of its [GrandCentral](#) "one number for life" initiative launched in 2006. This notion of having the same phone number for life has been done and redone dozens of times in the past 12 or so years. Of course, we all know that anything Google launches tends to bask in the Google glow, defying critical analysis.

Computerworld's [Mike Elgan](#) correctly contended that Google intends to monetize this free service via new advertising vehicles within its voice network. But that answer still didn't get at the "Why now?" part of my question -- until he made another observation: "Google Voice means Google is technically, literally and actually a telephone company."

And then I was struck with deja vu -- Google is doing now what AT&T did in the 1980s and 1990s. I know since I worked at AT&T at that time.

First a quick AT&T history lesson. From the 1980s to the mid-1990s, AT&T was in its full power as a global innovation brand fueled by its dominance in the communications business. While the diversity of the AT&T business was amazing, it was generally focused on communications and it stayed "dose to its knitting." (AT&T had many such quaint terms.)

But competitive communications pricing pressures being what they were, AT&T expanded into business well beyond its core competency starting in the late '80s. It dabbled in home security, launched PCs, sold electronic games and even explored pay per view. It did this so it could grow by controlling digital-information delivery channels from source to final consumption point, all in the name of leveraging the vast AT&T infrastructure. This explains lots of these diverse AT&T businesses, including its short-lived attempt to build its own internet via a project called HomeCenter, circa 1994.

These ambitious (dare I say arrogant?) goals were necessary to fund its "big" company overhead. It played in lots of industries because it could and because the cache of the AT&T brand blinded the leadership into believing that such an AT&T Information Network goal was achievable. Tons of resources were thrown at these diverse business plays in the hope of reaching the business promised land that a lock on controlling information to users would have provided.

We all know how it turned out. AT&T went from a powerhouse to literally being almost a shell of its former self, regulatory issues notwithstanding. Only now, nearly 25 years later, is it beginning to make a brand comeback. But it will probably never relive its former glory days.

So flash-forward to Google today -- why launch Google Voice now? Right now, Google is in its prime and has become the arbiter of technological coolness, much the way AT&T was in its day. And, like AT&T in communications, Google has a very strong hold on the online ad market. But it's facing new types of pressures from technology, as well as new business models. Furthermore, the Google pay-per-dick money machine is losing its grip and has, by many accounts, already plateaued. This is similar to what happened with AT&T when MCI entered the field.

Much like AT&T did 20 years ago to maintain its growth, Google is trying to do the same -- control the data distribution channels. In the case of AT&T, it was all about information delivery to business and residential users. In the case of Google, it's all about advertising delivery to its "product" -- the users of its services.

The trouble with wanting to dominate all delivery channels (whether it be information or advertising) is that you are forced to go further and further afiel from your core competency. And while playing in disparate businesses is something a leader brand can afford to do, over time the core business tends to suffer -- slowly but inextricably. Then at some point, you are willing to throw out the knitting needles. AT&T did, and it did not end well. Google looks like to be headed in the same direction.

The launch of Google Voice lets me see these parallels more clearly. As wonderful as Google Voice may be, I am tempted to advise: "Stick to your knitting."

*Judy Shapiro is senior VP at Paltalk and has held senior marketing positions at Comodo, Computer Associates, Lucent Technologies, AT&T and Bell Labs. Her blog, [Trench Wars](#), provides insights on how to create business value on the internet.*

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By [nicktime](#) | LA, CA [July 7, 2009 10:56:25 am](#):

Now that's interesting ... and very true. I wonder if this idea will buzz through the halls Google - "Those who do not learn from the lessons of history are doomed to repeat the mistakes."

Ya can't say you didn't warn them.  
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By [Gene w.](#) | Atlanta, GA [July 7, 2009 11:02:21 am](#):

That is not an opinion I have heard before and I think it makes sense. Great post.  
[Permalink](#)

By [HarveyMasser](#) | oakland, CA [July 7, 2009 11:53:22 am](#):

As someone who was at MCI during the telecom wars -- your observation is not without merit.

I would argue though that AT&T (and other telcom providers) were further encumbered by the regulatory environment.

But the parallels are striking. Thanks.  
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By [dansteely](#) | Los Angeles, CA [July 7, 2009 01:23:46 pm](#):

Who is the MCI to Google?  
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By [dangrossman2](#) | Warminster, PA [July 7, 2009 02:22:22 pm](#):

The regulatory encumbrance is on its way for Google, the DOJ has been giving them the evil eye for months.  
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By [Rodney33](#) | FRISCO, TX [July 7, 2009 02:46:07 pm](#):

Hold the phone!

Everybody reading this should be familiar with the FCC's 2008 700MHz spectrum auction for Internet use. The spectrum is now available due to TV's recent move to HD.

The big bidders were AT&T, Verizon, Google, a Craig McCaw group and a regional bid by Cablevision for metro NYC.

Prior to the auction, Google won a government ruling that if a bid of at least \$4B came in through the auction, it was in the best interest of all users of the spectrum (customers), to be able to change their web access provider at a moments notice. That means a tool on a consumer's web enabled device (smart phone or computer) could continuously search for the best access price and always connect customers at the lowest cost available, which might even be free. That ruling is currently being challenged by CTIA (The Wireless Association) for obvious reasons.

The technology now exists and is waiting to be unleashed to provide omnipresent internet access at substantially higher speeds, 50-100x faster than current speeds. This will enable a lot of magical things to happen, particularly as it pertains to two-way, real time video communication.

Independent of the new spectrum yet to be unleashed, you have the rise of the smart phone, which is running on slow 3G speeds right now. But it's easy to imagine the capabilities at 100x faster speeds, that are everywhere and always on.

Smart phones will be the number one way US consumers access the web by the end of 2010. The math is very easy. Cell phones outnumber computers 3 to 1. Smart phone penetration is already in the double digits and only needs to equal 34% of all wireless phones to surpass computers. Best Buy conducted a survey in 2009 that found 40% of all non-smart phone customers intend to purchase one within the next year. Combine that with the fact that wireless phones by their nature have a much greater incidence of use than a computer, as they're always on and always with consumers.

Additionally, smart phones are WAP enabled. They don't have to use a cellular signal to operate. They can run off of the wireless internet. The only current limitation for a smart phone to circumvent the wireless phone spectrum via VOIP based calling is that wireless internet access isn't omnipresent with a single access connection.

What all this is leading to is a new playing field where Web enabled wireless tools will replace activities traditionally done by phones, computers, televisions, radios and more.

Google excels in the Web. That's all they're thinking about. That's why they;  
1) bid on the 700 MHz spectrum  
2) bought youtube  
3) are getting into the "phone" business.

When will the government choose to unleash the new spectrum? It could be awhile as there are economic ramifications to it's release. When it is released, Google is prepared to compete and win.

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By [thelostagency](#) | Brisbane [July 7, 2009 02:46:15 pm](#):

Great comparison, it is the same thing that happened in Australia with Telstra, it is a fair case and point and Google must be very careful not to be the next Microsoft. Google voice could be one of best recent purchases and the most suitable in a world where if savings can be made by moving online companies and people will do it.

The only point is that Google is a data focused company and with all its data and analysis, I think they are the first ones that will see if the tide starts to turn against them or their products.

Google has access to more data than any company has ever had, so hopefully it can use this to make their products better and avoid the traps of AOL, AT&T and Microsoft.

This may also be the reason behind much of their recent decisions to make new products open source, opening up access to their APIs.  
[http://thelostagency.wordpress.com](#)  
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By [stevehaak](#) | Toronto, ON [July 7, 2009 02:56:03 pm](#):

Bravo! Excellent article with an educational component and historical perspective. Something many articles I come across written by 20-somethings are lacking.

Paralleling AT&T and Google (historically), there are more similarities than not. Google is definitely over-reaching outside of its comfort zone and origins, and dabbling in too many things IMHO. This recent re-announcement of Google Voice along with the death of Google Notebook/Netbook (at least for now) is an indication of their lack of a clear vision and concise brand.  
[Permalink](#)

By [scottlackey](#) | New York, NY [July 7, 2009 03:06:23 pm](#):

Thoughtful point of view...but I think that Google Voice is very far from the bloated AT&T's wild forays into home security, electronic games, etc.

Google Voice, much like Gmail on steroids, is designed to rule the mobile computing platform. Very smart decision on their part. Own the phone access and own access to the platform.

Why? Because it's all about mobile advertising which is in its infancy now but will grow exponentially...and quickly. That's central to their business model.

And Google will have unique advertising access. Smart.

Scott Lackey  
Jugular, Co-Founder & Strategic Director  
[http://www.jugularnyc.com/blog](#)  
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