How Dish Network saved the T-Mobile Sprint merger

The satellite TV provider may have been an unlikely savior, but now the big question is whether it will deliver on its promises.

Satellite TV provider Dish Network ended up being the savior for the T-Mobile Sprint merger. Just when it seemed that regulators would reject the $26.5 billion marriage, Dish swooped in and made a deal last summer brokered by the Department of Justice that would make it a fourth national carrier to replace Sprint.

As part of the agreement, Dish is acquiring Sprint's prepaid mobile brand Boost and Sprint's 800MHz wireless spectrum to help it build a 5G network that is supposed to rival the likes of AT&T, Verizon and the new T-Mobile.

Making a deal was critical, since the DOJ had said that reducing the number of wireless carriers from four to three was anticompetitive. But adding Dish as a new nationwide competitor satisfied its antitrust concerns.

The Republican-controlled Federal Communications Commission, which also needed to approve the merger, had already indicated it would do so, even without Dish in the picture.

At first blush, Dish, a struggling satellite TV provider, may not have been the most obvious choice to replace Sprint as the fourth nationwide wireless competitor. But a closer look at the company reveals deep-seeded wireless ambitions. Notorious deal-maker Charlie Ergen, who controls Dish, has spent the better part of a decade promising to transition its shrinking satellite TV business into a mobile wireless powerhouse.

Still, many critics are skeptical that Dish will be able to pull off its plans. This was the argument made by the 14 state attorneys general who sued to stop the merger late last year. Ultimately, that challenge failed when, in February, a district court judge sided with Sprint and T-Mobile that a combined wireless company would have a better chance of competing with AT&T and Verizon.

To help you understand what the deal entails and what it means to you, CNET has put together this FAQ.

What exactly was the deal Dish made with T-Mobile and Sprint?

To get the Justice Department to sign off on the merger, Dish agreed to buy Sprint's prepaid brand Boost and to acquire some wireless spectrum. The deal also gives Dish access to T-Mobile's network for seven years while Dish builds its own 5G offering.

The whole purpose of this agreement is to create another nationwide carrier that can compete with the new T-Mobile, as well as with AT&T and Verizon.

T-Mobile also has a deal to potentially lease Dish's unused 600MHz spectrum for use in its own 5G rollout.

Why would regulators think Dish could be a national wireless competitor?

Dish has already spent years and billions of dollars accumulating wireless spectrum, but it has yet to build its own network. And prior to the deal, it hadn't made a major announcement about any plans to do so.

By purchasing Sprint's prepaid business, getting additional airwaves and adding the ability to begin offering service on the T-Mobile network while it builds its own, Dish has an easier and more cost-effective path to finally become a wireless competitor.

So Dish will be a new fourth carrier?

That is the plan -- though it's unclear what the service will look like beyond utilizing Sprint's prepaid business and retail stores.

Under the deal, Dish will pay $1.4 billion for the prepaid businesses and $3.6 billion for the 800MHz spectrum, which is coveted because it has great range and can go through walls, even if it can't carry super-high speeds. Dish already has spectrum holdings in the 600MHz and 700MHz bands, as well as some midband holdings that'll allow for greater speeds, though it doesn't have the same amount of range.

Still, Dish executives are adamant the company will be a big player in the 5G mobile market.

"With the close of T-Mobile and Sprint, Dish is one step closer to becoming the nation's fourth facilities-based wireless carrier," Jeff Blum, a senior vice president at Dish, said in a statement after the companies announced the close of their merger.

"We are eager to welcome Boost customers, employees and dealers," Blum continued. He said the company is looking forward to "delivering lower prices and increased competition in the prepaid market." And he emphasized that the company is "committed to bringing full, standalone 5G to America."

The strategy sounds risky. How will Dish achieve this?

The Boost prepaid brand will give Dish immediate access to a mobile business with about 9.4 million subscribers. It will operate as an MVNO, or mobile virtual network operator, by leasing access to the Sprint and T-Mobile wireless networks and reselling the service under the Boost label.

But when it comes to 5G service, Dish is essentially building a wireless network from scratch. Its plan is to combine the spectrum it owns with spectrum acquired from Sprint and to use new network technologies to build a 5G mobile network at the fraction of the cost of its bigger rivals.

The company has told Wall Street it only intends to spend about $10 billion to build its 5G network across the US.

But many analysts are skeptical that Dish will be able to achieve the projected cost savings and execute on its new network build within the promised timeline.

When should we expect Dish to start offering mobile services?

The prepaid Boost service should be up and running under Dish's management very quickly. Blum said in a statement after T-Mobile announced the close of the merger that T-Mobile has 90 days to divest the Boost assets to Dish, once the Justice Department signs off on the consent decree.

In December, Ergen told a federal judge that his company would offer wireless service within 30 days of the deal closing.

Will Dish's Boost service be exactly like the Sprint Boost service?

Dish executives have promised the new Boost will be "disruptive." Beyond that, they've offered no details. The big difference is that the "new" Boost service will also be able to use T-Mobile's wireless network, which will greatly expand coverage for Boost customers.

Why are critics skeptical that Dish will deliver on its promises?

For years, Dish has been accused of hoarding valuable wireless spectrum. The company had until March 2020 to utilize its wireless airwaves or risk losing its licenses.

But as part of the agreement, the company got an extension to June 2023, by which time it pledges to have a 5G network of its own that'll cover 70% of the US population.

Do we know anything about the progress it's made so far on building that 5G network?

Ergen told the judge in December that the company would only cover about 20% of the population with 5G by June 2022. That's about all the company has said about progress toward its goal.

I've heard that Dish is helping out other carriers by leasing excess spectrum. What is that about?

Last month, the FCC approved deals between Dish and its wireless competitors -- AT&T, T-Mobile and Verizon -- to allow those companies to temporarily lease some of its unused wireless spectrum to deal with potential surges in network usage. The agreements allow these companies to use Dish's spectrum for 60 days to help shore up their 4G LTE networks.

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