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In the midst of tough competition with other wireless network vendors, Verizon Wireless chooses Nortel as go-to provider in a major 3G network expansion.

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Verizon Wireless has chosen Canada's Nortel Networks as its infrastructure provider in a $1 billion network expansion to accommodate the anticipated rush for third-generation (3G) wireless voice and data services.

The hefty backbone contract is the latest bid by the country's leading wireless network to extend its customer base over such competitors as AT&T Wireless , Cingular Wireless , T-Mobile, Sprint PCS and others.

Verizon Wireless plans to roll out new and upgraded CDMA2000 1X radio base stations, switching, Passport Internet Protocol (IP) platforms, and other related equipment from Nortel in San Diego, Los Angeles, Las Vegas, Detroit, Atlanta and Cleveland.

The agreement, an extension of a partnership with Nortel that dates back to 1996, also includes a new market build-out and deployment of next-generation CDMA2000 1X technology in Myrtle Beach, S.C. CDMA2000 1xEV-DO is supposed to provide secure peak data transmission speeds up to 2.4 Megabits per second (Mbps), with performance akin to wired desktop network connections. Verizon Wireless plans to make CDMA2000 1xEV-DO service available in San Diego later this year.

Verizon Wireless boasts 34.6 million customers -- a large segment of users it would like to ultimately lure to its 3G services, which include digital voice and high-speed data services like Web browsing, streaming media, multimedia messaging, mobile commerce and virtual private networks (VPNs) to businesses and consumers.

For Nortel, the multi-year contract extension represents a coup over such rivals as Lucent Technologies and powerhouse Cisco Systems , both of whom which it competes to lay the foundation equipment such as cables, routers and switches to pipe the data through networks to users.

"Verizon Wireless has built its reputation on network quality and reliability, and Nortel Networks equipment plays an important role in our ability to deliver the best wireless services in the business," said Richard Lynch, executive vice president and chief technical officer, Verizon Wireless. "They have earned this additional business by demonstrating strong performance over the last several years."

Greatly expected to usher in an era of new, high-tech communication, 3G has yet to catch fire and ignite to be the revenue monster industry analysts anticipated it would be a few years ago. But there are signs that the technology is gaining momentum -- particularly in Japan, where wireless services are perhaps most popular and advanced, according to market research firm IDC.

The 3G service market in Japan is expected to reach 69 million subscribers in 2007, and may account for some 78 of the 88.9 million subscriptions in the entire cellular phone/PHS market. IDC expects 3G cycling in Asia to pick up in 2004.

"The development of 3G services has an enormous impact on related markets," said Toshihiro Mishima, Communications Research Manager, IDC Japan. "Major service providers for cellular phone/PHS and consumer wireless LANs, as well as device vendors, content providers and ISPs, should gain new business opportunities by promoting necessary services and products for the upcoming 3G era."

Similar results are expected in the U.S., albeit with more conservative estimates. The real bright spot in wireless communications in the U.S. has been the emergence of Wi-Fi hotspots. Embraced by such corporate behemoths as McDonald's and Starbucks, hotspots are access points where users can access wireless networks.

"Over the past year, the hotspot market has become one of the hottest areas in IT and telecom. The list of companies investing in Wi-Fi service andequipment start-ups, as well as the companies launching branded hotspot services, reads like a who's who of international IT and communications bellwethers," said Keith Waryas, research manager for IDC's Wireless Business Network Services program.

On key, Nortel will also support Verizon Wireless' plans to offer Wi-Fi service, providing connections between the Verizon Wireless wide area network (WAN) and hotspots across the country.

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