

Remarks of FCC Chairman Kevin J. Martin
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Thank you, Steve (Largent), for that kind introduction. I appreciate the opportunity to speak with you all today.

It is difficult to envision how the communications landscape will look in 15, 10, or even five years from now. But there is one thing that is certain – our communications will be increasingly mobile. And you all will be playing a bigger and bigger role.

The communications industry is going through a time of unprecedented change. And, the wireless industry is at the forefront. Already today, cell phones are morphing into mini-computers, mini-music players, and mini-TVs. People want access to all kinds of information – the Internet, e-mail, photos, music and videos – at any time and from any location.

This is unquestionably an exciting time in the wireless world. We are seeing unprecedented growth and dramatic innovation. These changes will be hastened by the development of true wireless broadband as an alternative to broadband delivered via cable or DSL.

Wireless consumers increasingly expect faster speeds, more advanced handsets, and a wide array of applications. And I am pleased to see the industry respond with greater investment in network infrastructure, the development of new technology standards, and a move toward more open networks.

This new era in wireless technology would not be possible without the remarkable level of competition that exists in the wireless industry.

Each year, the Commission reports to Congress on the state of competition in the wireless industry. This year's report demonstrates how the competitive marketplace for wireless services continues to bring consumers more choice, better services and lower prices.

- Today, wireless is the poster child for competition. At the end of 2006, there were 242 million wireless subscribers in the United States – up from 213 million at the end of 2005 and millions more than the number of people who subscribe to traditional wireline telephone service.
- The additional 29 million subscribers represent the largest increase in the number of subscribers ever. In June 1995, the entire wireless subscriber base was only 28 million.
- And look what has happened to the level of competition in the wireless market. In the early 1990s, there were, at most, two providers in every market. Today, the FCC estimates that 95 percent of the people in the U.S. can choose from at least three wireless operators competing to offer them service. And almost 90 percent of the people can choose from at least four providers.

- During 2006 and 2007, wireless providers continued to deploy mobile broadband networks that allow users to access data at downstream speeds of 400 to 800 kbps.
- And, as of May 2007, approximately 82 percent of the U.S. population lived in an area of the country covered by at least one of these mobile broadband networks.
- In addition, as of December 31, 2006, there were 22 million mobile wireless devices capable of accessing the Internet at broadband speeds in use in the United States, up from only three million the year before.
- We've also seen the introduction of innovative new products during the past year, such as the iPhone, which is truly a handheld mobile computer. The iPhone can seamlessly connect to any Wi-Fi hot spot for Internet access service. And almost two million iPhones have been activated on AT&T's network.

Importantly, competition in the wireless industry has also led to lower prices, higher usage and adoption rates, and technological innovation. And many of you in this room have been instrumental in bringing the benefits of competition to American consumers. Your contributions to improving wireless services for the American consumer have not gone unnoticed.

The FCC has an important role to play in this mobile revolution as well.

During my tenure as Chairman, the FCC has made vast amounts of spectrum available for the next generation of innovative wireless services. Since 2006, we have more than doubled the amount of spectrum previously made available for mobile wireless services.

Most recently, the Commission auctioned spectrum in the 700 MHz band. The sheer size of the 700 MHz Auction is a harbinger of the benefits to come. The Auction was the largest in FCC history and raised a record \$19.592 billion in total bids.

Even in a difficult economic climate, revenues raised in this auction easily exceeded congressional estimates of about \$10 billion – nearly doubling the amount Congress had anticipated would be raised.

- The Auction drew wide-ranging interest from a number of new players. A bidder other than a nationwide incumbent won a license in every market.
- 99 bidders, other than the nationwide wireless incumbents, won 69 percent of the 1,090 licenses sold in the auction.
- And small businesses had success in the auction as well. 55 percent of the winning bidders in the auction claimed designated entity bidding credits as small businesses. These bidders won 379 (or 35 percent) of the nearly 1,100 licenses auctioned.

I believe the 700 MHz auction has the potential to transform broadband in the same way that the PCS auction transformed voice services 10 years ago – by injecting much-needed competition, fostering innovation, and taking broadband mobile.

These developments will enable the U.S. to leap ahead in broadband deployment and spread the benefits of broadband to all consumers. Americans living in rural and remote areas will be able to access the full range of content and applications available in most urban areas. And consumers everywhere will be able to access the Internet wirelessly from any location, at speeds that rival today's DSL and cable.

Although initially opposed by the industry, the Commission also worked to create a more open platform on a portion of the 700 MHz spectrum. The Commission was determined to ensure that the fruits of wireless innovation swiftly pass into the hand of consumers. A network that is more open to devices and applications can help foster innovation on the edges of the network. As important, it will give consumers greater freedom to use the wireless devices and applications of their choice when they purchase service.

I believe that putting these choices into the hands of consumers, rather than network operators, will spur the next phase of wireless broadband innovation – innovation that can make us more productive, keep us entertained, and improve our quality of life.

When adopting the open platform requirement in the 700 MHz band, we saw it as a rare chance to promote innovation and consumer choice while writing on a clean slate. We targeted only one block of the spectrum. And since I have been Chairman, I have opposed applying network neutrality obligations with mandatory unbundling or wholesale requirements to networks that would undermine investment incentives. This careful balancing of spurring innovation and consumer choice while encouraging infrastructure investment is critical to the wireless industry's continued impressive growth.

And what we have observed since the adoption of our 700 MHz rules is quite outstanding. The requirement for open access in the 700 MHz auction is leading carriers to recognize the benefits of a more open platform.

In fact, in less than a year, many of you have evolved from vocal opponents to vocal proponents, embracing the open platform concept for your entire networks.

Verizon Wireless has committed to open its entire network to devices and applications of consumers' own choosing. More and more wireless providers, including T-Mobile and Sprint through their participation in the Open Handset Alliance, and AT&T, are also embracing more openness in terms of devices and applications. Indeed, in looking at the program for this conference, I was excited to see a number of educational sessions and panels focusing on the issue of openness. This interest now appears to be shared across the industry.

In light of the industry's embrace of a more open wireless platform, it would be premature to adopt any other requirements across the industry. Thus, today I will circulate to my fellow commissioners an order dismissing a petition for declaratory ruling filed by Skype that would apply Carterfone requirements to existing wireless networks.

But, unfortunately, our work in the 700 MHz band is not done. Let me also touch upon the Commission's commitment to public safety in the 700 MHz band. Meeting the needs of public safety is critically important.

During a crisis, public safety officials need to be able to communicate with one another. We are all aware of problems caused by the lack of interoperability for public safety during recent crises – like 9/11 and Hurricane Katrina.

I believe the Commission remains committed to ensuring that we work to solve public safety's interoperability challenges. Because the reserve price for the D Block was not met in the 700 MHz auction, the FCC is now evaluating its options for this spectrum.

In conclusion, let me say that, at the Commission, our job is to provide ample spectrum for a range of wireless services and a regulatory framework that allows you – the entrepreneurs, engineers, and network operators of the world to provide lower prices, better and more innovative services, and more choice to wireless consumers.

At the same time, we also must ensure that our regulations continue to protect consumers in this new, more mobile world. Indeed, in some ways the wireless industry is a victim of its own success. Because with increased success often comes increased expectations.

Today, to your credit, wireless is no longer seen as a luxury, but as a vital means of everyday communication. And the public has growing expectations of how they will be able to use wireless to meet their everyday needs. For example, E911 ensures that when someone dials 911 during an emergency, public safety can easily and reliably find them. To achieve that goal, we need to ensure that our enhanced 911 rules provide meaningful automatic location information that permits first responders to reliably find them.

We all know that people are relying on cell phones for more and more of their calls, including calls to 911. CTIA estimates that since the 1996 Telecommunications Act, 911 calls placed annually from wireless phones have increased six fold (from 55,000 to 290,000). The advances in wireless technology allow people to call for help more quickly and from more remote places than ever before. We need to make sure that our location accuracy requirements keep pace with these changes so that consumers can take advantage of all the opportunities wireless technology has to offer.

I believe this is an opportunity for the wireless industry and a harbinger of even more success. In the end, I am confident the wireless industry will rise to the occasion and I look forward to working with you and my fellow commissioners on this critical public safety issue.

Thank you for your time today. I truly appreciate the invitation to be here.