

FCC CHAIRMAN JULIUS GENACHOWSKI

BROADBAND: CREATING JOBS & DRIVING ECONOMIC GROWTH

Speaking at LivingSocial's headquarters in Washington, D.C., FCC Chairman Julius Genachowski addressed America's broadband opportunities and examines why high-speed Internet is vital to U.S. job creation, economic growth and global competitiveness. While recognizing the critical role of the private sector to build out our nation's broadband infrastructure, Chairman Genachowski said that government also has an essential role. Namely, he discussed the need to unleash more spectrum for mobile broadband through voluntary incentive auctions; expanding access by connecting more schools, libraries and hospitals to broadband through Universal Service Fund reform; and growing the rate of adoption by giving Americans the necessary tools to get online.

BROADBAND IS VITAL TO JOB CREATION AND AMERICA'S ECONOMIC RECOVERY

- According to a new report by McKinsey, broadband creates 2.6 new jobs for every one job lost.
- A 7% increase in broadband penetration could create an additional 2.4 million new jobs.
- Deloitte projects 771,000 new jobs as a result of 4G-network deployment.
- \$8 trillion are exchanged over the Internet each year.
- Over the past 15 years, the Internet has enabled as much economic growth as the Industrial Revolution generated in its first 50 years.
- In the U.S., the Internet accounted for 8% of America's GDP growth from 1995-2009. Since 2004, it's accounted for 15% of U.S. GDP growth.

BROADBAND IS PROVING TO BE AN ENDURING ENGINE FOR ECONOMIC GROWTH

- Broadband is our innovation infrastructure, enabling collaboration and boosting productivity.
- The U.S. remains the dominant player in the global broadband economy:
 - The U.S. captures 30% of all Internet revenue worldwide and more than 40% of net income.
 - The U.S. completed the transition to digital TV before other countries.
 - The U.S. has the highest number of 3G subscribers and are ahead of the world in deploying 4G networks
- In the U.S., consumers are projected to purchase 26.5 million tablets. More than 30% of doctors have already adopted tablets.
- The "apps economy" is projected to generate \$4 billion in sales in 2011, \$38 billion by 2015.
- Cloud computing is generating \$60 billion annually in sales in North America.
- Investment in wireless networks was up 20% in 2010 and venture capital investment in start-ups is at its highest levels since 2001.
- The tech sector is the most profitable part of the U.S. economy. Tech companies in the S&P 500 are projected to earn 18% of the index's total earnings – more than any other sector.

CLOSING THE SPECTRUM, CONNECTION, ADOPTION, SKILLS & UTILIZATION GAPS

- Without action, demand for mobile broadband spectrum will soon outstrip supply. Mobile networks will become increasingly congested, resulting in more dropped calls and slower downloads. Consumers will face not only a decrease in service quality, but also an increase in prices.
- Nearly 100 million Americans – or one-third of the U.S. population – lack access to broadband.
- 20 million Americans can't get online, even if they wanted to.
- In the U.S., there is a 68% adoption rate, compared to 90% in South Korea or Singapore.
- 63% of hiring managers for tech positions say talent shortage the reason for open positions
- According to Indeed.com, there are 12 metropolitan areas in which the ratio of job postings to unemployed people is 1:1 – that's one job posting for every person looking for a job.
- McKinsey & Company estimates better use of health IT could reduce U.S. health care costs by \$200 billion a year, and deliver another \$100 billion in value for improved health outcomes.

FCC AGENDA: MOBILIZE AMERICA, CONNECT AMERICA & EMPOWER AMERICA

- Voluntary incentive auctions are the single-most effect lever to unleash more spectrum for mobile broadband. CBO estimates spectrum auctions could raise \$25 billion for U.S. deficit reduction and pay for a mobile broadband public safety network, which could create thousands of jobs.
- Modernizing the Universal Service Fund by building broadband infrastructure for the 20 million rural Americans who are currently denied access would expand the U.S. broadband market and create jobs.
- By promoting digital literacy and broadband adoption, the FCC is giving tools to consumers to help find and perform jobs and reap significant cost-savings in education, healthcare, e-government and much more.