

FCC CHAIRMAN JULIUS GENACHOWSKI  
PREPARED REMARKS ON NEW JERSEY APPS CHALLENGE  
HOBOKEN, N.J.  
APRIL 11, 2012

Thank you. It's great to be in New Jersey.

Thank you Dr. Farvardin for hosting us today, and to Dr. McCormick and Dr. Sebastian for your leadership.

Thank you to Hoboken Mayor Dawn Zimmer for joining us.

Thank you to all the entrepreneurs and investors who will be participating in our roundtables, some of whom traveled from California.

Thank you to the FCC staff who helped organize this event – Josh Gottheimer, Maya Uppaluru, and Jordan Usdan.

Thank you Senator Lautenberg for organizing this event and for your leadership in promoting American ingenuity and entrepreneurship.

I commend Senator Lautenberg for his introduction of the America Innovates Act, which recognizes that innovation is a core American strength, a vital contributor to economic growth and job creation. This important bill recognizes that we need to support both technological innovation and business innovation.

Of course, Senator Lautenberg is uniquely qualified to lead on this issue, seeing as he is one of New Jersey's first tech start-up entrepreneurs, building ADP into one of the largest computing services companies in the world.

I should note that Senator Lautenberg is a Columbia graduate and the son of Eastern European immigrants. I am too.

No, we don't have a secret handshake.

But we both recognize from personal experience the contributions that immigrants have made to our society and economy. More than 40% of Fortune 500 companies were founded by an immigrant or the child of an immigrant. This represents massive contributions to economic growth and job creation in the United States.

Let's not forget that smart innovation policy requires smart immigration policy.

I look forward to working with Senator Lautenberg on this and other ideas to unleash American ingenuity.

We do learn a lot from our parents. One of the things I learned has shaped my own career.

My father immigrated to the U.S. to study engineering. I'll never forget the day—I was in high school—my dad and I were on a college trip to Boston. I remember him leading me into the dusty stacks of the MIT library, and showing me engineering plans he had drafted as a graduate student. They were for a device designed to someday help blind people “read” words on paper by translating text into physical signals.

The formulas and drawings didn't make much sense to me then, but the core lesson has remained with me:

Communications technology has the power to transform lives for the better. Help provide access to people with disabilities. Help improve education and health care. Help empower people in our great Democracy.

And help drive our economy.

And indeed, the news from the broadband economy is very good.

Last year, America's ICT sector grew three times faster than the overall economy.

According to one report, wireless innovation and investment is responsible for creating 1.5 million U.S. jobs in recent years.

As you just heard Senator Lautenberg and Dr. Mandel, one of the most promising sources of U.S. innovation is the mobile apps economy.

The numbers in Dr. Mandel's report are truly astonishing – nearly 500,000 jobs for an industry that barely existed when I became FCC Chairman three years ago.

The question is how do we continue to drive this progress and ensure that the U.S. continues to lead the world in innovation-led economic growth.

As is often true, a big part of the answer to our future lies in our past. Tom Friedman and Michael Mandelbaum said it well: America has a proven five-part formula for innovation and economic prosperity: world-leading education; immigration policies that invite the world's best and brightest; investment in basic scientific research and development; laws that encourage entrepreneurship while safeguarding consumers; and the building and continual modernizing of our infrastructure.

Since my arrival at the FCC we have focused the agency on broadband, the communications infrastructure of today and tomorrow. We're focused on ensuring that the US has a strategic bandwidth advantage in the 21st century.

We developed America's first National Broadband Plan, which lays out strategic goals and action steps to promote broadband-enabled innovation.

First, we need ubiquitous broadband, so that we have the most attractive market in the world for high-speed broadband apps and services.

That's why a few months ago at the FCC we adopted a once-in-generation overhaul of Universal Service, modernizing it from telephones to a broadband Connect America Fund, and putting the U.S. on the path to universal broadband by the end of the decade.

That's why we've been eliminating and streamlining rules to remove barriers and lower the cost of broadband buildout.

Second, we need universal broadband adoption, so that every American is taking advantage of our 21<sup>st</sup> century communications platform.

Right now, one-third of our population doesn't have broadband at home - 100 million Americans - held back by issues including cost, a lack of digital literacy, and an under-appreciation of the value of broadband. The FCC's Connect to Compete Initiative enlists government, nonprofit, and private sector leaders to tackle the barriers to adoption. A major deliverable: for the first time, low-cost broadband - \$9.95/month - provided by cable companies to families with kids on school lunch programs.

Third, we need to preserve the freedom and openness of the Internet, which have been essential to the Internet's success as an engine of innovation. Last year, we adopted a strong and balanced framework to preserve Internet freedom, and said this framework would increase certainty and predictability in the marketplace, unleashing new innovation and investment across the broadband economy. And it has. In 2011, overall investment in network infrastructure was up 24 percent from 2010. Internet start-ups attracted \$7 billion in venture capital in 2011, almost double the 2009 level and the most investment since 2001.

We also need to unleash spectrum so that mobile broadband can achieve its vast potential in driving economic growth and job creation.

All these mobile apps that we're celebrating rely on our spectrum – our public airwaves – to transmit data. But spectrum is finite, and demand for spectrum for mobile broadband is on pace to exceed supply.

We just took a big step forward in addressing the spectrum crunch with Congress's adoption of the FCC's voluntary incentive auction proposal – a new market-based mechanism to repurpose spectrum for flexible use such as mobile broadband. The new law contains unnecessary provisions that increase complexity and threaten to decrease benefits. We are working hard to faithfully implement the law and maximize the opportunities it creates.

Tackling the spectrum crunch is so important, because the promise of mobile innovation is so great.

In the past three years, the U.S. has regained global leadership in mobile innovation. We're also now ahead of the world in deploying 4G mobile broadband at scale - with 64% of the world's 4G LTE subscribers here in the U.S. And these next-generation networks are projected to add \$151 billion in GDP growth over the next four years, creating an estimated 770,000 new American jobs.

New Jersey has all the key ingredients to become a great engine of job-creating mobile innovation: talent, world-class research universities, infrastructure, and access to capital.

I'm glad that New Jersey leaders like those here today are working to encourage collaboration and entrepreneurship in the apps economy.

It's a low-cost but potentially high-yield way for young people to build their business skills and become entrepreneurs.

That is why my staff has worked with local universities to launch the New Jersey Apps Challenge today—to catalyze a mobile app innovation cluster and create jobs and opportunity in New Jersey.

The competition is a chance for students and recent alumni affiliated with the New Jersey Institute of Technology, Rutgers, or Stevens Institute of Technology to design an innovative, market-ready app.

One of the prizes will be dinner with Foursquare's CEO Dennis Crowley.

I'm pleased to play a part in the New Jersey Apps Challenge, which I believe will help generate some great new ideas, and highlight New Jersey's potential as a job creation engine in the digital economy.

New Jersey is the home of Thomas Edison.

It's the home of Bell Labs.

The talent in this room is proof that New Jersey can be home to some of the breakthrough innovations of the 21<sup>st</sup> century.

And I am looking forward to the roundtable where we have assembled some of the top entrepreneurs, investors, academics and local government leaders to talk about how to spur an innovation cluster here in New Jersey.

The opportunities are enormous, and I thank all those assembled for working hard to unleash them.

Thank You.