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AT THE TEXAS FORUM ON INTERNET REGULATION

TEXAS A&M UNIVERSITY, BUSH SCHOOL OF GOVERNMENT & PUBLIC SERVICE

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I would like to thank Commissioner Pai, the FCC and Texas A&M University's Bush School of Government and Public Service for organizing today's panel and for extending an invitation to Texans for Economic Progress (TEP) to participate. Today's focus is to examine the impact of the FCC's proposed Open Internet rules on the American public—innovators, consumers, entrepreneurs and others. I'd like to talk specifically about how these rules would impact the technology sector.

TEP is a statewide technology coalition and our core belief is that greater access to technology and infrastructure investment is critical to prosperity for Texas. Our mission is to inform, educate and connect the statewide technology community relative to three key issues: education, entrepreneurship and infrastructure.

When I first joined TEP four years ago, tech entrepreneurs didn't pay much attention to public policy. Their focus was building their businesses, attracting capital and hiring the next employee. They had little interest in what happened in the Texas capitol or in DC. Until now, that approach was fine because to date the government, under a bipartisan approach, hasn't made moves to snuff out Internet-based innovation with burdensome bureaucratic red tape.

But now we're talking about Net Neutrality and potential solutions like Title II, which simply translates to heavy-handed federal regulation of the Internet. So today we are seeing a new type of engagement amongst the Texas technology community around policy issues. And we're all for that. We want this level of engagement, and our job is to clearly explain the issues so that the tech community in Texas isn't hijacked by the misguided arguments of a small minority.

This is a great time of disruption in tech and I see it all across the state in MedTech, EdTech, Media and more. Doctors are becoming entrepreneurs, teachers are turning into technologists in flipped classrooms. Media companies—from newspapers to Netflix—are struggling to find profitable business models as the world moves to multiple screens that are constantly streaming large amounts of data. Everything is changing—and fast.

All of this is happening largely because today's Internet works. High-speed coverage has never been higher with 99 percent of the nation and 99 percent of Texas having access to broadband coverage. Connections are getting faster because competition has never been more prolific. All we have to do is look down I-35 to Austin where we see four companies—Google, AT&T, Time Warner Cable, Grande, all in very different categories—cable, telecomm, and whatever we can call Google—are rushing to provide mega-fast 1 Gig connection. It's the free market at work and consumers are winning.

The technology sector thrives because it has the freedom to take risks. Light-touch regulation and limited government interference are driving forces in this movement.

Now the FCC has a proposal before it to reclassify broadband Internet access as a Title II "telecommunications service" instead of an "information service" as it is classified today. Under Title II, all providers of broadband Internet access would be classified as public utilities and their Internet transmissions would be governed under the rules and requirements of the 1934 Communications Act.

So in this great time of beautiful free-market chaos, Title II would take us back 80 years, which makes no sense whatsoever. Title II means that apps like Instagram, your Kindle, anything that transmits Internet connectivity would be subject to burdensome regulation. Over regulation has serious consequences for innovation. Here's an example—and a true story . . .

Week before last, we hosted an event at Geekdom in San Antonio and I had the privilege to interview Dr. Jerry Wilmink, who is the CEO and Founder of WiseWear, a company that is creating an incredibly innovative wearable device that bridges the gap between fitness and wellness. With this tiny detector that you wear on your person, you can assess your dehydration level, the efficiency of your movements, your heart rate, the number of steps you take, etc. It's the future of wearables. He told this incredible story about being inspired by his elderly grandfather, who passed away due to a fall caused by dehydration. The WiseWear technology could have detected his levels and perhaps even saved his life, which is why he created the company. But as he was shopping for investment, a well-intentioned venture capitalist told him "don't create a medical device . . . you'll be mired in federal regulation which will take years and cost you tens of millions of dollars before you even hit the market. Go the consumer route." And he did just that. Because of existing regulation, he changed the course of his business approach. Why in the world would we want to create additional federal Internet regulation and further hinder the Dr. Wilminks of the world? It's unnecessary, burdensome, and will stifle our state and our nation's ability to compete in this incredibly aggressive technology economy.

And we see this across multiple sectors. At a TechStars fast pitch, I witnessed how start-up founders couldn't talk to a room full of investors about how much money they needed to raise because of the unintended consequences of federal regulations. Uber, Lift, Sidecar, RideScout, and other celebrated new tech solutions face tremendous uphill battles because of existing regulations that stifle competition. Outbox is a company launched by our friend Evan Baer, that provided a solution to digitize mail, but was forced to shut its doors because of federal regulation they couldn't overcome. So why, when innovators already face tremendous regulatory hurdles, would be even think about creating new regulations that threaten the Internet as we know it? Internet connectivity itself is what makes all of these innovations work. Beyond federal regulators, state and city leaders would do well to look at what they're doing to promote—or hinder—growth of the Internet and the innovators who depend on it.

Now some folks will want to make this conversation about fast lanes and slow lanes, saying the "big companies" are discouraging competition and inflating prices. But it's simply not true. Here's the reality: There is no such thing as fast lanes and slow lanes. There is no paid prioritization. The proposals to dump a ton of regulation on the Internet hold the technology community hostage because a small percentage of content providers want to decrease their costs as they struggle to figure out their business model in a disruptive economy. And what is even more incredible is that the proposed Title II doesn't even address their stated concerns.

Simply put, policy shouldn't hamstring the innovators, the job creators and the companies that are investing in the infrastructure that drives our current economy because media companies can't figure out how to make more money. Connectivity is solid across the country. Consumers are in a good place because the playing field is leveling and companies are clamoring to compete and invest in creating better, faster high-speed networks. It makes absolutely no sense to impose more government oversight to slow things down.

There is no room for old-school thinking in a new economy. The right amount of regulation is already in place to encourage private investment in 21st century networks. So let's leave 20th century regulations in the past, where they belong.