

Steve Largent

IPI Communications Summit Keynote Address

February 29, 2012
Washington, DC



It's a real pleasure to be with you this morning, and to have the chance to talk with you about one of my favorite subjects. I've been directly involved with the wireless industry for a little more than eight years now. In that time I've seen tremendous change and growth. In fact, as I think about it, over that period of time I don't believe there's another industry that has done more good, for more people, than wireless.

What's even more exciting is that I believe that we're just at the beginning. As good as we all have it now...with the fantastic new devices...and new applications...and new functions...this is just the warm-up act and the main event is still to come.

I think it's also important to point out the role legislation and regulation have, or have not, played in the industry's growth. The Government made a decision back in 1993 in the Omnibus Budget Reconciliation Act to stay out of the way and let wireless go on its own. That experiment was a huge success. The light touch of regulation is a major reason why wireless has been so successful. And I think it's critical for policymakers to keep that in mind going forward.

Because of my involvement with the industry, I often get asked questions. "What do I think is next?...or...how much better can wireless really get? Has it peaked?"

The answer to that is, absolutely not. This is an industry that has come a long way, in a relatively short period of time. Remember that the first commercial cell phone call was made almost thirty years ago.

We've gone from the big bag phones, like this one, that only a few folks could afford to lug around, to something like this...which wasn't the easiest thing to carry around either...to these incredible personal computing devices that you can fit in your pocket.

I think sir Winston Churchill could have been talking about our industry when he once said, "Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning."

This could very well be the end of the beginning for wireless. But it's clear that the next chapters of the story are going to be even more interesting and meaningful for all of us, than what we've already seen.

That's great news for everyone in this room, and the hundreds of millions of other mobile consumers in this country. We're all using service and products of the world's wireless leader. The United States is the center of the wireless universe, and this morning I'm going to lay out the reasons why that's so.

You won't have to just take my word for it. I'm going to give you the facts that back that up. There are a lot of them, and when you leave here this morning, if there's one thing to remember, it's that the U.S. wireless industry is second to none in nearly every comparative area.

Value. Advanced services and products. Technology. Infrastructure investment. We lead in every one of those areas. On top of that, we're having an enormously positive impact on our country's economic growth.

We're also revolutionizing how other industries are improving their productivity and efficiency. The effects mobile is having in areas such as energy, education, transportation, and healthcare are profound. But as I said earlier, for all of the good that's going on right now in the wireless space, the best is yet to come.

So let's get started. The first area I want to touch on is the value U.S. wireless consumers are enjoying. Bank of America/Merrill Lynch tracks 28 countries associated with the organization of economic cooperative development. That's the OECD. It includes all of the EU and other countries such as Russia, Japan, South Korea and the U.S.

According to the OECD numbers, U.S. consumers average nearly 780 minutes of wireless use a month. That's more than double the second highest average use, which is in Canada. While we're using our devices much more than every other OECD country, we're also paying less than anyone else.

The average revenue per voice minute in the U.S. is just three cents. The closest country to that is Turkey. In Japan, the average is about 30 cents a minute. Consumers in Spain, Germany, France, and the U.K. are all paying at least three times more, per minute, than we are here in the U.S.

Compared to the average cost in all of the European countries, American wireless consumers are paying about 70 percent less. So when it comes to the pure cost and use comparison, the U.S. clearly leads the way with the lowest cost per minute, and substantially more average minutes of use.

Value also includes areas such as technology. Not only do we enjoy the best prices in the world, and use our products more often than anyone else, we're also communicating on the world's most advanced wireless networks.

Before I get into figures that support that, I want to give you some perspective. We have about five per cent of the entire world's population, and about six percent of all of the mobile subscribers. Keep those baselines in mind as we look at the scope of mobile technology that is deployed here in the U.S.

Third generation, or 3G, wireless service is now available to about 98 percent of the U.S. population. That stacks up favorably against any other country. But as many of you know, this industry never stands still. U. S. wireless carriers are aggressively rolling out 4G service. When you com-

pare what they're doing, to what's going on in other countries, you'll see just how far ahead of the pack we are.

LTE is one flavor of 4G technology. The U.S. has almost 90 percent of the world's LTE subscribers. WiMax is another advanced technology, and we have almost 60 percent of those subscribers. Remember, that we only have six percent of the world's wireless subscribers. Yet, the vast majority of consumers using the most advanced wireless technology live here in the U.S.

One of the key reasons for that is U.S. carriers put their money where their mouth is. They don't just talk about improving service. They dedicate substantial resources to make it happen.

Between 2001 and 2011, wireless carriers sank more than 220 billion dollars in network investment. In 2010 alone, American service providers spent a cumulative \$25 billion in capital expenditures. That's almost double that of carriers in France, Germany, Italy, Spain and the UK combined. That level of investment is even more impressive when you think back to what kind of shape our economy was in two years ago.

Those billions of dollars are also important seeds for future economic growth. It's estimated that every dollar invested in wireless infrastructure will return an additional seven to ten dollar in Gross Domestic Product. Consider that for a moment. A one thousand percent return for every dollar invested in wireless infrastructure.

It also means more jobs, at a time when we really need them. One projection estimates that nearly three quarters of a million new U.S. jobs can be created with the ongoing 4G investments over the next four years.

Those jobs will pay pretty well, too. Wireless-related workers are paid more than double the national average of other production workers. The case is very clear. Wireless investment means more economic growth, and that's another huge value the U.S. wireless industry is providing.

It's also spurring fantastic growth in other industries. Wireless is dramatically changing how companies do their business. It's providing them a versatile tool to integrate into their operations, and simply allowing them to do whatever they do, better. It means farmers can be smarter about how they irrigate and fertilize their crops. It means a small business can better track shipments or keep tabs on their employees in the field. It means dispatchers can spot traffic jams or problems way ahead of time, and pick another route, making sure products or services are delivered on time.

I don't know about you, but I use my smart phone every day to see what's the best way to work. Do I want to drive down Canal, or take the Key Bridge, or maybe the Roosevelt? Maybe you use it to find a nearby restaurant, or check bus times, or your email while you're stuck away from the office.

Wireless is fundamentally changing American life, personally and professionally. It's making life better, more convenient, and safer, for the hundreds of millions of Americans using wireless every day.

As I mentioned earlier, wireless is at the core of tremendous innovation in numerous areas. It's helping us transport goods and people around the country better than ever. It's leveling the playing field for small businesses, giving them access to the same information and the same markets as much larger companies.

Wireless is helping us develop new ways to more efficiently deliver and use energy. It's also become an increasingly effective tool for our nation's teachers. Another area that holds great promise is m-health.

The value there comes in a lot of different ways. Wireless is providing doctors with real-time information and imaging that helps them make a quicker and more accurate diagnosis of their patients' problems. There's an example right here in the D.C. area, of a cardiologist who saw his patient's vital signs report on his smart phone...called him right away, and told him he was about to suffer a heart attack and to get to the nearest hospital as soon as he could.

That probably saved the man's life. Situations like that are occurring all the time now because of mHealth innovation. It's also giving doctors the capability of sharing test and imaging results, in live consultations with other doctors who could be just around the corner, or halfway around the world.

One of the benefits of that is being able to provide equal access to advanced healthcare. Americans living in rural communities can tap into the same level of expertise and resources as those living near state-of-the art facilities, thanks to wireless.

Mobile communications is also putting patients in the driver's seat with their own care, saving them time and money, and giving them the chance to live healthier, more productive lives.

It's no secret that we spend a lot of money on healthcare in the U.S. The most recent figures show we spend around \$2.2 trillion a year. That's the most of any other industrialized country on the planet. Of that total, about 60 percent is spent on chronic disease treatment.

That could be heart disease, cancer, diabetes, asthma, or maybe stroke. About 45 percent of all Americans have to deal with those or some other form of chronic disease. It's estimated that if those suffering from congestive heart failure, COPD, and diabetes, allowed their doctors to remotely monitor them with wireless, we could save more than \$21 billion a year in healthcare costs. That savings would come by reducing emergency care, and cost for hospitalization, and nursing home care.

mHealth is one of the most exciting areas of wireless development going on today. CTIA is actively promoting innovation in mobile health by making it one of the focal points of our spring trade show, CTIA Wireless. For the past several years, we've featured a mHealth pavilion for companies to come and show their new products and services.

We've also taken that effort international. This past November we sponsored the only wireless health pavilion at MEDICA in Dusseldorf, Germany. It's the world's largest medical supply show, with about 150,000 attendees from all over the world.

I want to share with you this morning one example of the exciting work that's going on in mHealth. CTIA Vice President, John Walls, talked with the CEO of Zephyr Technology, which is a Baltimore-based company. They're at the forefront of wireless monitoring and they were one of the exhibitors in the CTIA pavilion in Germany.

(ROLL TAPE OF MEDICA EXHIBTOR, ZEPHYR, 3:06 http://www.youtube.com/user/CTIATheWirelessAssoc?feature=watch#p/a/06081351B1304ACD/2/_k00WZZ3bg4)

That's just a taste of what is going on in the mHealth space. Today there are thousands of apps available to U.S. consumers that help them monitor their health, their fitness, or their diets. Maybe

I don't want to know how many calories are in my favorite flavor of coffee ice cream, but I do care about my health overall. Wireless is putting me, and all of you, in better control of our lives.

The industry is doing so much for so many people. We're also one of the key drivers of our country's economic growth. There is tremendous upside. That's why it is vital that we get public policy right. Decisions that are made here and in state capitals around the country can have significant effects.

One of the public policy areas...no, let me change that...THE key area, for this industry and its ability to keep the U.S. leading the world in wireless, is spectrum. Spectrum is the fuel to the virtuous cycle of wireless innovation.

Without it, all of the great new devices and services...all of the consumer and enterprise benefits...all of the advances in mHealth, mobile education, smart grid, transportation...all of that won't mean a thing if we don't have the fuel, or the spectrum, to meet consumer demand.

Recently Congress had the wisdom to include spectrum in its passage of the payroll tax cut legislation. That bill calls for spectrum to be made available through auction. We don't know how much yet, but some in Congress estimate it could be about 120 MHz of spectrum. That would be a great start. But like Churchill said, it's really just the end of the beginning.

The President laid out in his national broadband plan the need for 500 MHz of spectrum. We need that to keep up with other countries that have more spectrum in their pipeline. The U.S. is already the most efficient user of spectrum in the world. But the fact is several other countries have plans in place that will give them more commercial spectrum than we've allocated.

We recently produced a short video that explains the spectrum crisis we're facing. I want to show it to you this morning because I think the examples it uses will give you a good idea of the need and importance of getting more spectrum to market.

(PLAY SPECTRUM VIDEO: http://www.youtube.com/watch?v=6U3XWGprTEM&feature=player_embedded&list=PLAB8712C347AB2804)

That's a high level look at the spectrum situation. The demand is obviously there.

One way you can see that is the growth of smart phones. Today about half of all American adults have one. The first 4G handset was launched at our spring trade show just two years ago. Today, there are more than 40 4G smart phones available in the U.S. market.

Many of the most advanced devices are rolled out in the U.S. The iPhone was just the start. Since then, companies such as Motorola, Nokia, Samsung, Blackberry, Google, HTC, and even Amazon and Barnes and Noble have offered state-of-the-art devices. And that's just to name a few.

The applications market is also exploding in the U.S.

Three years ago there were about 100,000 apps available, on 7 operating systems and in seven apps stores. Today, we're zeroing in on two million apps, on 11 operating systems, in 28 apps stores. And most of those are not run by a carrier.

I know spectrum has been a major factor in all of this growth. We're going to need a lot more of it to keep the ball rolling.

But competition is also at the center of the wireless revolution. We see it at every level. It's alive and thriving within carriers, manufacturers, and developers. It's what drives the millions of Americans whose jobs are tied directly or indirectly to the wireless industry.

Wireless companies have always been focused on meeting consumers' needs, better than any of their competitors. It's what drives their innovation, certainly more effectively and faster than any regulation could. That again, is why the right touch of public policy...the light touch, is so important.

We need to get it right with spectrum. And we need to get it right in areas such as taxes. Passing the Wireless Tax Fairness Act in the Senate would be a huge gain for mobile consumers. I'd say the same thing about the Digital Goods and Services Tax Fairness Act. Both of those provide sensible relief to consumers, and I really hope Congress can see the light and pass them both.

So that's wireless in America today. We are the global leader in the value we provide consumers and business. More spectrum is essential to staying on top.

As I close today, I want to cite another quote from Churchill. He said, "Success is never final." That could be interpreted in a lot of different ways, but here's how I see it.

As good as you are, you can be better. As much as you've done, you can do more. The success the wireless industry has had so far and the benefits consumers enjoy are impressive. Given the right resources, the industry will prove that its current success is far from final, that it is only just the beginning. Thank you.