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Hearing on the Future of Audio

House Subcommittee on Communications & Technology
Committee on Energy and Commerce

Chairman Walden, Ranking Member Eshoo, and members of the Subcommittee, on behalf of CTIA – The Wireless Association®, I want to thank you for the opportunity to participate in this morning’s hearing on “The Future of Audio.”

From the vantage point of the wireless industry, we believe the future of audio is mobile, it is personal, it is what the consumer wants it to be.

I want to share with you some of the reasons we feel this way, as well as a few suggestions for how to ensure that our optimistic projection turns out to be true.

As mobile broadband becomes more and more ubiquitous, the mobile platform – whether accessed by phone, by tablet, or by some other connected device – provides a compelling opportunity for artists and entrepreneurs to deliver, and consumers to access, all sorts of audio products. Whether their interests lie in music, in news, in sports, or even in politics, consumers can and will be able to access content of their choosing, tailored to their preferences of the moment.

This shift from a producer and distributor driven model to a consumer driven model will test existing businesses and force them to adapt. We see this in the way that the music and news gathering businesses, for instance, are being transformed by the twin forces of digitization and disintermediation. This is a challenge for some in the old order, in much the same way that telephony was a challenge for the telegraph, and wireless is a challenge for wired. At the same time, these forces are unleashing a wave of creativity and innovation that is giving rise to new businesses like Pandora, Spotify, and TuneIn, morphing iPods into iPhones, and enabling new services, like Cricket’s MUVE, which has greeted enthusiastically by consumers and investors alike.

While many of us who grew up in the age of the LP lament the loss of album art, liner notes, and lyric sheets, we should recognize that this transformation is one that is good for consumers - and good for America. Consumers gain control, as they can choose the time and method by which their content is delivered or accessed. And

America wins because it is at the center of this transformation, as home to many of the innovators bringing these new services to market and as the world's undisputed leader in wireless broadband.

So what needs to be done to enable continued American leadership and ensure that the future of audio is, indeed, bright? The short answer is that we must continue to have access to spectrum, which is the highway across which audio traffic moves. We need a light regulatory touch that will enable service and applications providers to experiment with new product offerings and pricing structures. And we need to resist calls to use the legislative or regulatory process to protect or extend the life of business models that find themselves subject to new competitive challenges.

I want to expand a bit on this last point, as I know that some of our friends in the radio industry will use this hearing as an opportunity to reiterate their call for wireless devices to include an FM chip or some other type of commercial radio capability.

To be clear, CTIA is not opposed to including FM capability in wireless devices. Many of CTIA's manufacturers build handsets that include FM chips and each of the largest carriers offers handsets that contain this functionality. Indeed, close to fifty wireless devices today have a FM chip included. But the decision to offer FM capability – or not – should be driven by consumer preference, not government fiat, and for this reason we absolutely oppose a mandate involving FM chips. We take a face value NAB President and CEO Gordon Smith's statements to this Subcommittee that he is not seeking a mandate in this space and are pleased that he agrees with us on this point.

CTIA opposes a mandate in this space for a variety of reasons, but mostly because such a requirement is at odds with the idea that a competitive marketplace does a superior job of delivering products and services that consumers value. Our members provide phones with and without radio capability, just as they provide handsets with or without keypads, and devices with or without Internet access capabilities. This differentiation allows consumers, who often have widely divergent preferences, to

find what they want and value, rather than taking any phone they want, as long as it's black and connected to the wall, as was once the norm.

Proponents of an FM chip mandate will try to wrap themselves in the cloak of public safety to justify their request. I urge you to reject this effort, which has been considered and dismissed by a panel charged with ensuring that the mobile platform can augment the emergency alerting capabilities currently provided by television and radio broadcasters.

I had the privilege of serving on the Commercial Mobile Service Alert Advisory Committee when it met to develop recommendations for implementation of the Warning, Alert and Response Network, or WARN, Act. In evaluating the technological options available for executing on the WARN Act's call for a mobile alert system, the CMSAAC considered and rejected the use of technologies like an FM receiver, a NOAA Weather Radio, a paging chip, and a satellite chip, as possible solutions to enabling emergency alerting in commercial mobile devices. As the CMSAAC noted, there are serious technical challenges to using these non-native services in commercial mobile handsets, including providing an antenna that is not integrated with a wired headset and addressing power consumption. Additionally, none of these potential solutions offer the geo-targeting opportunities that are possible with the cell broadcast model that was ultimately adopted and is now available to many consumers.

If some in the radio business want to encourage consumers to buy FM-enabled devices, they are free to do so, but they should not seek to have the government impose their business plan on others. The CMSAAC's conclusion was correct in finding that FM is not appropriate for wireless emergency alerts, and thus decisions regarding the inclusion of FM capability in wireless devices must be driven by consumer preference and market forces. That will produce better outcomes for platform providers, content creators, and consumers, as Congressman Issa and

Congresswoman Eshoo have acknowledged in their “Creativity and Innovation Resolution,” H.Con.Res. 42, which CTIA is pleased to support.

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to appear on the panel. With the right combination of good spectrum policy and regulatory restraint, reliance on the innovative capabilities of American entrepreneurs, and trust that consumers know what they want, the future of audio is, and should remain, bright.