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**Testimony of Steve Largent  
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before the  
Senate Committee on Small Business and Entrepreneurship  
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On behalf of CTIA - The Wireless Association®, I want to thank Chairwoman Landrieu and Ranking Member Snowe, and all the Senators on the Committee, for the opportunity to participate in today's hearing on the National Broadband Plan and its impact on small business.

CTIA is an international organization representing the wireless communications industry. Our membership ranges from some of the largest, publicly traded companies in America to small, privately held companies with just a few employees. Our members include carriers, network equipment and handset manufacturers, integrators, and applications developers, each of which contributes to making the United States the most competitive, innovative wireless marketplace in the world. Large or small, CTIA's members all are focused intensely on helping to provide wireless services and products that benefit every American consumer and business.

CTIA's membership believes that the National Broadband Plan represents a significant opportunity to expand broadband Internet access to reach all Americans. This is especially true with respect to spectrum and the need to address what Federal Communications Commission Chairman Genachowski has termed a "looming spectrum crisis." Thus, we are excited by the plan's intensive focus on the need to make additional spectrum available for mobile broadband services. Accomplishing that goal – quickly – is critical. As the plan's author, Blair Levin, said in a speech last week, "if we get the implementation of the mobile piece of the Plan right, we can precipitate a massive private investment boom and build a world leading broadband ecosystem. And if we get it wrong, we will cause our economy to suffer huge losses in wealth and jobs." We agree, and we're focused on helping to get it right.

With adequate spectrum and continued, significant private investment and innovation, we can ensure that every American has access to broadband at home, at work, at school, and in our public institutions. We think that the continued evolution toward always-on, always-available

high-speed wireless broadband has profound implications for every segment of our society, including America's small businesses.

Whether accessed by aircard or smartphone, wireless broadband creates significant opportunities for small businesses to appear large, for remote businesses to appear local, and for nimble businesses to compete more efficiently. Without the need to be tied to a desk or wall jack, wireless broadband enables employees to be more productive.

While a 2009 Harris Interactive study found that businesses of all sizes are increasing their reliance on wireless data services, this shift is perhaps most profound in small businesses, since employees in smaller companies tend to be highly mobile. That is particularly the case with respect to home-based businesses, where workers have to be out and about to visit with customers, suppliers, and partners. As a result, employees in small office/home office companies tend to be more dependent on their mobile devices than employees in larger enterprises may be. In fact, a recent study by Compass Intelligence found that workers in a small office/home office setting spend 50% more time on their wireless devices than employees in an enterprise setting do. Enhanced wireless broadband access will benefit these companies, and thus they have a stake in the outcome of the National Broadband Plan's implementation.

Examples of mobile products and services that can help drive efficiency gains, enable innovation, and expand business opportunities are growing by the day, but let me highlight just a few for you. Most of these companies are less than five years old, and if you haven't heard of them yet, you probably will soon.

**Stelera Wireless:** After buying licenses in the 2006 AWS-1 spectrum auction, privately held, Oklahoma City-based Stelera has launched wireless broadband service in a variety of markets in Texas, Colorado, and Kansas, none of which are larger than 20,000. Stelera's service enables companies doing business in these markets access to connections as fast as 14.4 Mbps downstream and 2 Mbps upstream, enabling users to access a global supply system while marketing their goods and services on a broad basis.

**Mozido:** This Dallas-based company provides electronic banking solutions to carriers, banks, and retailers. Mozido's service provides end users with an FDIC-insured stored value account that enables a variety of financial transactions to be



completed over the mobile device, generally at a fraction of the cost of traditional banking services.

**KoreTelematics:** This company, based in Alpharetta, Georgia, is at the forefront of enabling machine-to-machine communications that will assist in a range of integrated telematics services, including smart-grid monitoring and fleet management.

**Square:** Developed by a San Francisco-based company, the Square is a tiny device that plugs into the audio port on an iPhone and transforms a mobile phone into a check-out stand capable of accepting credit/debit card payments. An Android version of the device is in development and there is no reason why this concept can not be expanded to work with any device that has audio port that can run software. This sort of mobile payment advance can expand the capability of a small business to accept a wide variety of payments for goods or services.

**IPPLEX/iVisit:** This Santa Monica, California-based company has developed LookTel, a smart phone application which automatically scans and recognizes common household objects and provides other assistance to the visually impaired. The technology was developed with the help of grants from the National Institute of Health and National Eye Institute. LookTel won first place in the Mobile Applications - Healthcare category at 2010 CTIA E-Tech Awards.

**Zoom Safer:** This Reston, Virginia-based company is focused on developing innovative software that prevents consumer and corporate motorists from texting and emailing while driving.

The wireless platform is the common tie between these companies that are helping drive the transformation of our e-commerce, telematics, and health care marketplaces, often in competition with much larger companies. They need access to a robust wireless broadband to succeed, and with it, the services and products these entrepreneurs offer can be leveraged to help other small businesses succeed too.

Implementation of the spectrum recommendations in the Plan, which will be aided by enactment of Senator Kerry and Senator Snowe's Radio Spectrum Inventory Act (S. 649), will enable these companies and others to grow, while also helping to promote continued U.S. leadership in the wireless industry.

In addition to ensuring that the wireless industry has sufficient spectrum to meet rapidly growing consumer and business demand for mobile bandwidth, policymakers can enhance small

businesses' ability to succeed by reforming the tax code to better reflect the realities of our information-driven economy. Mobile devices are no longer a luxury for business, they are a necessity. The tax code must reflect this shift.

Senator Kerry's MOBILE Cell Phone Act, S. 144, would make a much-needed change in the tax code by eliminating outdated record-keeping obligations devised in a day and age when the wireless device was called a "car phone" and a minute of airtime cost an order of magnitude more than a minute of use does today. Wireless devices are now nearly ubiquitous in the small business environment, and data from Harris Interactive suggests that a majority of those devices are provided to employees by their employer. Requiring every person with an employer-provided device to comply with detailed, call-by-call record-keeping requirements might have made sense in the late 1980s, but it doesn't make sense today.

Enactment of S. 144 would cure this problem by eliminating the record-keeping obligation and treating an employer-provided wireless device the same way a wireline telephone or desktop computer are treated. Treasury Secretary Geithner and IRS Commissioner Shulman have expressed support for the bill and two weeks ago the House passed companion legislation. We thank the Senators on this Committee for their support of the Kerry bill and strongly urge its adoption during the current session.

The wireless industry looks forward to working with Congress, the FCC, and other stakeholders to ensure that every American consumer and business has access to robust mobile broadband service. By adopting the National Broadband Plan's spectrum recommendations, updating our tax policies, and continuing a strong commitment to encouraging private investment, we can make that vision a reality.

I appreciate the opportunity to share these thoughts with you and look forward to your questions.