

**Testimony of**  
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**before the**  
**Committee on Commerce, Science and Transportation**  
**United States Senate**  
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**S. 2686 – The Communications, Consumer’s Choice,  
and Broadband Deployment Act of 2006**

Good morning, Chairman Stevens, Ranking Member Inouye, and distinguished Members of the Committee. My name is Roger Cochetti. I am Group Director for U.S. Public Policy of the Computing Technology Industry Association (CompTIA), and I am here today on behalf of our 20,000 member companies.

Mr. Chairman and Ranking Member, I want to thank you and the Members of your Committee for holding this important hearing on S. 2686, the “Communications, Consumer’s Choice, and Broadband Deployment Act of 2006.” We believe that this bill, as well as other efforts in the U.S. Senate and House, represents a good starting point in the legislative discussion surrounding the update of our nation’s communications laws.

It has been roughly ten years since the last comprehensive overhaul of these laws. Clearly, technology, as exemplified in the explosive growth of the Internet, has pushed the current law to its edges. Thus, the Congress now faces a unique opportunity to simultaneously strengthen America’s information infrastructure and stimulate our economy, both of which will make the United States more globally competitive.

Mr. Chairman and Ranking Member, the Computing Technology Industry Association is the largest computer industry trade association in the United States. We represent the business interests of virtually every segment of the information technology (IT) industry. For 24 years, CompTIA has been well known for the services that it

provides to the IT industry. These include research, non-technical industry standards, educational materials and programs, networking and partnering opportunities and, perhaps most notably, skills certifications for professionals in the computer industry. Roughly 20,000 mostly American businesses are members of CompTIA and each month over 10,000 people around the world take one of our exams in order to earn one of our dozen CompTIA professional certifications.

And while we represent nearly every major IT hardware, software or services company, Mr. Chairman, we distinctly represent the nation's tens of thousands of so-called Value-Added Resellers, or VARs. In fact, about 75% of our membership is comprised of VARs. These small system integrators – typically having about six employees per establishment – set up and maintain computer systems and networks for America's small businesses. An estimated 32,000 American VARs computer-enable small business today, selling some \$43 billion dollars worth of computer hardware, software and services; mostly to America's small businesses. This means that over one-third of the computer hardware sold in the U.S. today is sold by VARs, again mostly to small businesses.

VARs are the IT departments of small businesses and without them, small businesses in the United States today could not function. Your dentist, travel agent, local retailer, or dry cleaner typically contracts with their local VAR to install, maintain and service their IT needs. For example, the local area network in your dentist's office was almost certainly not installed nor is it maintained by the dentist him or her self; nor was it installed or maintained by a large vendor company. It was almost certainly designed, installed and is maintained by one of our nation's VARs. This is true for virtually all small businesses in the United States.

In addition to representing the interests of the small IT companies, called VARs, through our public policy offices in Washington, Brussels, Hong Kong and Sao Paulo, CompTIA works to provide global policy leadership for the IT industry, addressing a wide range of issues, including e-Skills capacity-building, the promotion of R&D, protecting intellectual property, and many others.

Communications policies and regulations are of central importance to our members, Mr. Chairman, particularly as the technologies of telecommunications and

information processing converge between themselves and with other technologies. IT today is viewed by our member companies, and more importantly by their customers, as a seamless stream of services and products that cover what may in the past have been labeled telecommunications, computation, broadcasting and other activities. Consequently, as this Committee considers changes in the nation's communications laws and regulations, it is important to bear in mind that any such changes will have an enormous effect on the IT industry in general and on the small IT businesses who are the IT departments of the nation's small businesses.

### **Communications, Consumer's Choice and Broadband Deployment Act of 2006**

With the passage of a decade since the enactment of the nation's last major telecommunications laws, much has changed -in the marketplace, in the technology environment and in the convergence of once separate industries and markets. A decade ago, the Internet – and all of the rich content and access facilities that have led almost 80% of all Americans to describe themselves as Internet users- was in its infancy; wireless services were in their toddler years; digital video services were in their childhood; and broadband services for small businesses were not even born. When the Telecommunications Act of 1996 ('96 Act) was passed, American small businesses stood at the precipice of the digital communications revolution. By deregulating the local telephone monopoly, fostering facilities-based competition, and setting up the present competitive dynamic between local cable and telephone companies, among other things, the '96 Act set in motion market forces that would change our lives, and the lives of American small businesses, forever. In short, as IT became more deeply embedded into the daily work of small business, the proliferation of networked broadband technologies opened up new opportunities never previously imagined.

Consequently, S. 2686 is a truly sweeping piece of legislation, reflecting important efforts to update the laws governing America's communications landscape. While it seeks to reform and/or address such critically important matters as the Universal Service Fund, cable program access and "broadcast flags," to name but a few issues, for our primarily VAR membership, three core areas of S. 2686 hold particular interest: The availability of radio spectrum for new data services in general, and the allocation of so-

called “white space” broadcast spectrum for new wireless services in particular; streamlined and national franchising procedures for broadband services; and the regulation by the government of the terms and rates for Internet access.

### **Unlicensed “White Space” Spectrum**

The use of radio spectrum for data services is an absolutely essential part of our industry today, Mr. Chairman. While wireless networks were considered rare and exotic in 1996, today they are a common element in the networks used by small businesses. And while local area wireless networks, often called WiFi, are standard for many small businesses today, wide-area broadband networks are clearly the next major element of the American small business IT environment. This growth – and the growth driven by the introduction of many other new wireless applications – requires additional spectrum at the low frequencies whose propagation characteristics permit signals to penetrate structures.

Earlier this year, the Congress acted decisively to ensure that spectrum that could be used for wireless services was freed up from broadcast television in connection with the transition from analogue to digital television broadcasting. Section 602 of S. 2686 would build on that step forward by mandating that the FCC carefully proceed to ensure that other un-utilized or under-utilized spectrum that is currently licensed for television broadcasting – the so-called “white spaces” that lie between broadcast television channels – be freed up for unlicensed wireless services. The careful allocation of this spectrum for unlicensed wireless services will help introduce new competition in the provision of broadband services to small businesses and consumers alike.

In addition, Mr. Chairman, we believe that the opening up of spectrum from these “white spaces” to new wireless applications offers an opportunity for new broadband services in areas that may not be fully served by other services today. This is of particular importance to VARs and small businesses in rural areas.

The allocation of “white space” spectrum for new wireless services will both contribute to the competitive mix of broadband services in areas already served by other broadband technologies and help extend broadband services to new areas that may not be

fully served today. Underscoring the benefits of broadband technologies for small businesses, the U.S. Small Business Administration recently noted:

*“Broadband investment (and more generally investment in information technology) appears to provide substantial benefits to both consumers and the overall economy...[Broadband] services permit faster downloading and uploading of bandwidth-rich applications, video, music, pictures and data. As producers and consumers of these services and applications, small businesses stand to benefit from broadband deployment and use.”*

According to the SBA, 48% of American small businesses use some type of broadband service to conduct business. Of this, 26% use cable-provided broadband; 21% use DSL; 4% use high-speed satellite; 4% use T-1; and 3% use wireless broadband. Our members believe that the percentage of small businesses that use broadband should and will increase as new wireless and wire line broadband services become available.

“White space” frequencies represent prime, largely unused wireless “real estate”. With their excellent signal propagation characteristics, low-cost broadband deployment using this spectrum should be readily achieved, jumpstarting significant new business opportunities and improvements in the productivity and competitiveness of small businesses, urban and rural. Such wireless broadband services will enable small businesses to more easily and cost-effectively employ and network IT, especially in sparsely populated, underserved areas where the economics of broadband deployment sometimes make it impractical for providers to serve. In doing so, “white space” technology will give America’s small businesses a better foot up in the globally competitive economy.

Currently, unlicensed devices may not operate in the “white spaces” between broadcast bands. Section 602 of S. 2686 seeks to change this, calling on the FCC to very carefully “certify” devices that do not interfere with working TV stations. This will open the spigot of research and development, ultimately creating a whole new market for wireless products and services including many that are related to broadband.

We believe that a U.S. spectrum policy that recognizes the enormous importance of wireless services to the IT and the small business sectors, efficiently allocates spectrum, protects against interference to licensed services, and provides market flexibility will promote innovation and competition. In so doing, such a policy will contribute to American productivity and to our global competitiveness. For small businesses – who on average spend about \$545 per month for all communications services, a disproportionate amount compared to a large business – S. 2686 would work to provide more competitive broadband options for them. As such, we applaud this part of the bill.

### **Video Franchising**

Mr. Chairman, 35 million of the approximately 40 million high-speed lines in America serve residences and small businesses. Converged services (i.e., data-video-voice, VoIP, video conferencing, data transfers, etc.) drive much of this growth, making small businesses more productive, efficient and competitive. Cable-provided broadband and telco-provided DSL represent the two leading choices to enable converged services. To illustrate the prevalence of these two choices, of the 48% of all U.S. small businesses that use broadband, according to the Small Business Administration, nearly 47% used either cable-provided high-speed services or DSL, with cable services being the clear leader.

It is no accident that these two choices command the market. Cable and telephone companies represent substantial – presently available – facilities-based offerings. In a very large number of local areas in America, there exist a cable and a telephone company, with at least one of them offering broadband/high-speed services. In fact, although the FCC concludes that low population density has an “inverse association” with high-speed service availability, even in U.S. locales with densities lower than six persons per square mile, 92% of the populace in those zip codes can be served by high-speed services.

No doubt, other “intermodal” (i.e., wire line, wireless, satellite and broadband over power line) forms of broadband or high-speed services exist or are planned, but S. 2686 exploits a proven model – i.e., the competitive zeal between cable and telephone

providers – to ignite present and future broadband deployment. (Parenthetically, this may be one of the most successful aspects of the '96 Act. Congress egged-on the dynamic tension between the two largest communications providers in most American markets and explicitly abstained from the regulation of information services, which fueled the growth of cable and telco-provided high-speed services.)

To further encourage competition between the two major modes of communications competition and encourage the wider roll-out of broadband services, Title III of the bill would grant an expedited national entry procedure for network operators who want to offer converged broadband services to small business and consumers alike. To accomplish this, S. 2686 seeks to limit some of the restraints on the growth of broadband that were previously imposed by local franchising authorities, while at the same time ensuring that local franchise authorities continue to receive comparable revenues and public access channels.

Our members want more broadband competition and more broadband choices for use with their customers. In an informal 2006 survey of CompTIA member VARs about the provision of broadband services to their small business customers, 67% of our members noted they had no competitive choice for broadband offerings in their locality. 78% of the participating VARs believed that telephone companies should be allowed to offer cable-like broadband services to compete with the local cable provider. And similarly, 78% would pay more for faster services from their broadband provider.

While this survey is not scientifically representative, it clearly confirms what our members have been telling us: competition in converged broadband services needs a nudge. We believe that S. 2686 works to reduce one of the main obstacles to that deployment – the multiple and sometimes arbitrary rules of local franchising authorities, which have heretofore limited competition to the detriment of American VARs and their small business customers.

Mr. Chairman, similar proposals exist in counterpart House legislation, which we also encourage. National franchising of broadband services, with safeguards for local franchise authorities and for consumers, will enhance broadband competition and in so doing significantly benefit America's small IT businesses, the VARs, and their

customers, America's small businesses. The result will be further improvements in productivity and American competitiveness.

### **Government Regulation of Internet Access Services**

Much has been said on the topic of so-called "Net Neutrality", yet few practical details have surfaced. What we can gather from the debate is that Net Neutrality resembles the four principles issued in 2005 by the Federal Communications Commission, which would work to "ensure access" to incumbent broadband facilities by competitors for the provision of their Internet content, run applications, and connection devices. Still, details are sparse.

S. 2686 seeks to fill this void, urging the FCC to study Net Neutrality for the next five years, and then prescribe answers should it find that something is "broken". Importantly, the bill eschews the immediate regulation of Internet access services that have been advocated by some.

Throughout a variety of debates in this Committee and in chambers around the world, the issue of government regulation of the Internet has been debated for a decade. Our members have consistently told us that new government regulations should be the last, not the first, resort in addressing problems that arise on the Internet. The medium is extremely dynamic and regulations are – by definition – slow to develop and update; and government regulations – no matter how well intended in the United States – are only used to justify more and different regulations in other countries. Moreover, CompTIA has consistently cautioned governments to avoid regulating against theoretical problems that do not yet exist and to focus on problems that do exist.

Mr. Chairman, we believe that when problems arise in connection with the Internet, the most effective tools to address them are market forces, technology, end-user education and industry best practices. These techniques are flexible, global, and every bit as powerful as the Internet itself. If these tools fail, then government regulations should be sought as a last resort.

While we respect the concerns of those who have advocated the immediate regulation of Internet access services in the U. S. in anticipation that a problem might emerge – which could not then be successfully addressed through the private sector tools

that I described above – we can not conclude that the time has come for wholesale government regulation of Internet access services in the U.S.

### **Conclusion**

In closing, Mr. Chairman and Members of the Committee, thank you for the opportunity to testify before you today. CompTIA believes that S. 2686 represents an important departure point in the update of U.S. communications law. For CompTIA and our largely VAR membership, this legislation would free-up needed spectrum; promote more competition for converged video, broadband services between local cable and telco providers; and ensure the Internet remains a vibrantly competitive place – however it evolves – for America's small businesses and consumers alike.

Mr. Chairman, I would be happy to respond to any questions you may have.