

“Connecting Everything: The 4G Future”

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Good morning. I want to spend a few minutes talking with you today about connections, competition, and innovation.

But first I want to start out with a little history – the ancient history of the mobile phone industry. And, no, I don’t mean six weeks ago.

On April 3, 1973, Martin Cooper of Motorola walked out onto Sixth Avenue in New York City near the New York Hilton and made the first mobile phone call.

His DynaTAC phone was about the size of his head. It was not the twenty minute battery life that limited its use. It was that most people did not have the arm strength to hold up anything that heavy for very long.

And who was the first person Martin Cooper called with that first cell phone call? His rival – the head of research at Bell Labs.

Competition is a good thing. It drives us to accomplish great things that would not otherwise be possible.

There is another part of that story to remember as well. The reason for that first mobile phone call was that it was a publicity stunt. It came about as an effort to persuade the FCC to allocate spectrum to private companies for use in cellular communications.

Over the four decades since that first phone call, competition and the spectrum necessary to make it possible have revolutionized not only the mobile industry, but the lives of all Americans and billions around the world.

Now we find ourselves in the midst of the next great evolution. What we are seeing today is the first generation of mobile devices designed for broadband communication. We don’t know where this will lead us, but we know it will change consumer behavior and expectations in ways we have not even thought of.

I’m willing to bet it will not be long before consumers look at today’s iPads and Kindles with the same sense of amusement that we look at Martin Cooper’s giant phone.

In the early days of television, refugees from the world of radio tried to perform the very same programs on the screen. But television did not come into its own until it began to tap its potential as a visual medium and allow people to step into a different world.

The same was true of cable television. At first, it was just a way of bringing a clear signal to customers in rural areas of the country – people who, even with huge rooftop antennas, still couldn't get good reception for network television. In 1952, there were 14,000 subscribers on cable TV. A decade later there were still far less than a million. But by the end of 1970s, there were nearly 16 million households with cable. What happened in between was the launch of HBO – the first-ever TV network you had to pay for and the first with content designed for cable specifically. Then came CNN, ESPN, and the hundreds of channels we now know.

Think back to the days of dial up and then remember how broadband changed the experience on home PCs. Information, entertainment, communications, and business were all transformed. At first, we saw every institution we were familiar with go online with a dot-com after its name: Sears.com, McDonalds.com, and so on and so forth.

But it was not until we saw the Amazons, Facebooks, and Googles come along that consumers saw how the technology could really be used.

Think of a company such as eBay which has fundamentally transformed how millions shop and make a living. You'll be hearing more about eBay from John Donahoe tomorrow.

Think of Twitter. A couple of years ago people dismissed it as a way of letting the whole world know what you're eating for lunch. But the jokes stopped when it helped topple decades-old dictatorships.

That learning about what consumers are looking for is coming to the mobile world. But we are still at the starting point of the transformation that is ahead of us. The tablets that so many of you are holding right now are the first generation. We still don't know what consumers and businesses will do with these technologies. We don't know what consumers and businesses will do with mobile broadband.

What will be the killer app? On narrowband mobile, it was voice. We know that something else will be the killer app for broadband. After all, do you know any kids who actually talk on their phone? Maybe somebody here today is developing that killer app – and I'm sure we'll be hearing from you soon.

We are moving from smart phones to smart devices. Just as we're starting to see segmentation in smart phones, we will increasingly see them in smart devices. Some will be targeted for entertainment. Some will be targeted for gaming. Some will be specifically for medical use. Some will be for technicians in the field. The list goes on and on.

Think back to the evolution of the automobile. Henry Ford set out to build what he called a "*universal car*." He said it would be "*a car for the great multitude*." When he unveiled his Model T, he said "*Any customer can have a car painted any color that he*

wants – as long as it is black.” But then came sedans, pickup trucks, SUVs and even Mini’s, each targeted to a different market segment. And we are seeing the very beginning of this in smart devices.

But this innovation is threatened by the spectrum crunch that we all know is real and looming.

A new report by Ericsson released just last week shows that mobile data traffic has doubled in just the past 12 months.

In 2009, consumers worldwide downloaded 300 million mobile apps.

Last year that number increased more than sixteen fold to five billion. And this year we expect it will bring an even greater increase.

By 2014, voice is projected to represent only 2 percent of total wireless traffic.

Smartphone penetration is 30 percent and growing rapidly. And the average amount of traffic per smartphone is growing exponentially.

And that’s just phones. The tablet market is projected to swell from 18 million units globally in 2010 to 70 million units by the end of 2011 – with half of the tablets sold in North America.

But here is what we know: those smart phones consume 24 times more data than a traditional cell phone. And those tablets use 122 times more data than a traditional cell phone.

This is severely taxing the available spectrum capacity in the United States. More than 95 million Americans now have active smartphones and mobile data devices.

And demand for data is expected to increase 50 times over the next four years.

We simply do not have the present capacity to accommodate this growth. We have too many devices and too little airwaves in use to support them. The result is that we’re on track to run out of network capacity sometime in the next two years.

The onslaught of new data devices and mobile apps – which so many of you have created – fueled by faster networks have created booming demand that leaves us at a critical tipping point for our industry.

We as a nation are simply not ready to meet this coming gap between supply and demand. Our future economic growth, innovation, and job creation are at stake. Imagine the result if clogged roads had made Henry Ford’s Model T almost unusable. Our modern information age traffic jam harms consumers and our nation overall.

The looming spectrum crunch will need to be solved at all levels. With different spectrum strategies. With different network architectures. With different sets of devices. With different ways to distribute content. And, with different business models.

This is the problem that we at LightSquared are helping to solve. We are deploying valuable spectrum to deliver much-needed capacity to the industry —we have 59 MHz of spectrum dedicated to terrestrial and satellite services.

But to us, this is not just about providing more spectrum, it's about how we bring wireless broadband to more people. Usually when demand outpaces supply, people focus on the high end. But LightSquared is working to turn wireless connectivity into a pure utility – to commoditize it – to force prices down.

Existing wireless carriers are vertically integrated, managing all components of the value chain—from the network to device subsidies to customer acquisition and care. However, LightSquared's business model is anchored on providing network access on a wholesale-only basis. We will have no retail overhead. Instead, our core expenses support building and deploying a world-class integrated cellular and satellite network. We will sell access to our network through retail distribution partners, who in turn, will resell the service, under their own brand, to their customers. And our wholesale-only model also means that we will never compete with our customers for end-users.

Our lean cost structure combined with our network infrastructure sharing and outsourcing partnerships allow us to offer companies access to a nationwide wireless network at incredibly competitive wholesale rates. This is what I mean when I say we're commoditizing wireless connectivity.

And we're commoditizing network access in another way... Just as the electric company doesn't care what you plug into your outlets, we are building an open network where any device, any application, and any company that wants to use our network are able to do so. We are working with companies of all sizes, all across the country - from startups to mid-tier CLECs to very large companies such as Sprint.

We are fueling the democratization of wireless broadband.

LightSquared is not just waiting for this future; we're helping to make it happen now. Working with Nokia Siemens Networks, this fall we opened our Innovation Sandbox where startups and entrepreneurs developing software, hardware, and applications can test and optimize their solutions on our network. We think of this as a matchmaking service for the next generation of big ideas in mobile broadband – a Match.com for the wireless industry.

The world of mobile has changed many, many times over since Martin Cooper lifted that brick- sized device to his head on Sixth Avenue back in 1973. The pace of change is light-speed fast – and constantly accelerating.

In his last State of the Union address, President Obama said that making broadband available for 98 percent of Americans is essential to “winning the future.” It was a verbal challenge that underscores the FCC’s National Broadband Plan which states that, “Broadband can and must serve as a foundation for long-term economic growth, ongoing investment, and enduring job creation.”

LightSquared has accepted this challenge and is working to connect America, create economic opportunities, and drive job growth – even in areas that have traditionally been on the wrong side of the digital divide.

This is an exciting moment for all of us working on these important issues. Over the next couple of days you’ll be hearing from some of the most exciting leaders from some of the most pioneering and innovative companies in the world. And I’m confident that if we continue to increase competition, capacity, and connectivity, the years ahead will transform the technology landscape in ways we cannot even imagine.

Thank you.