Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993 Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services	)))))))))	WT Docket No. 09-66 (Terminated)

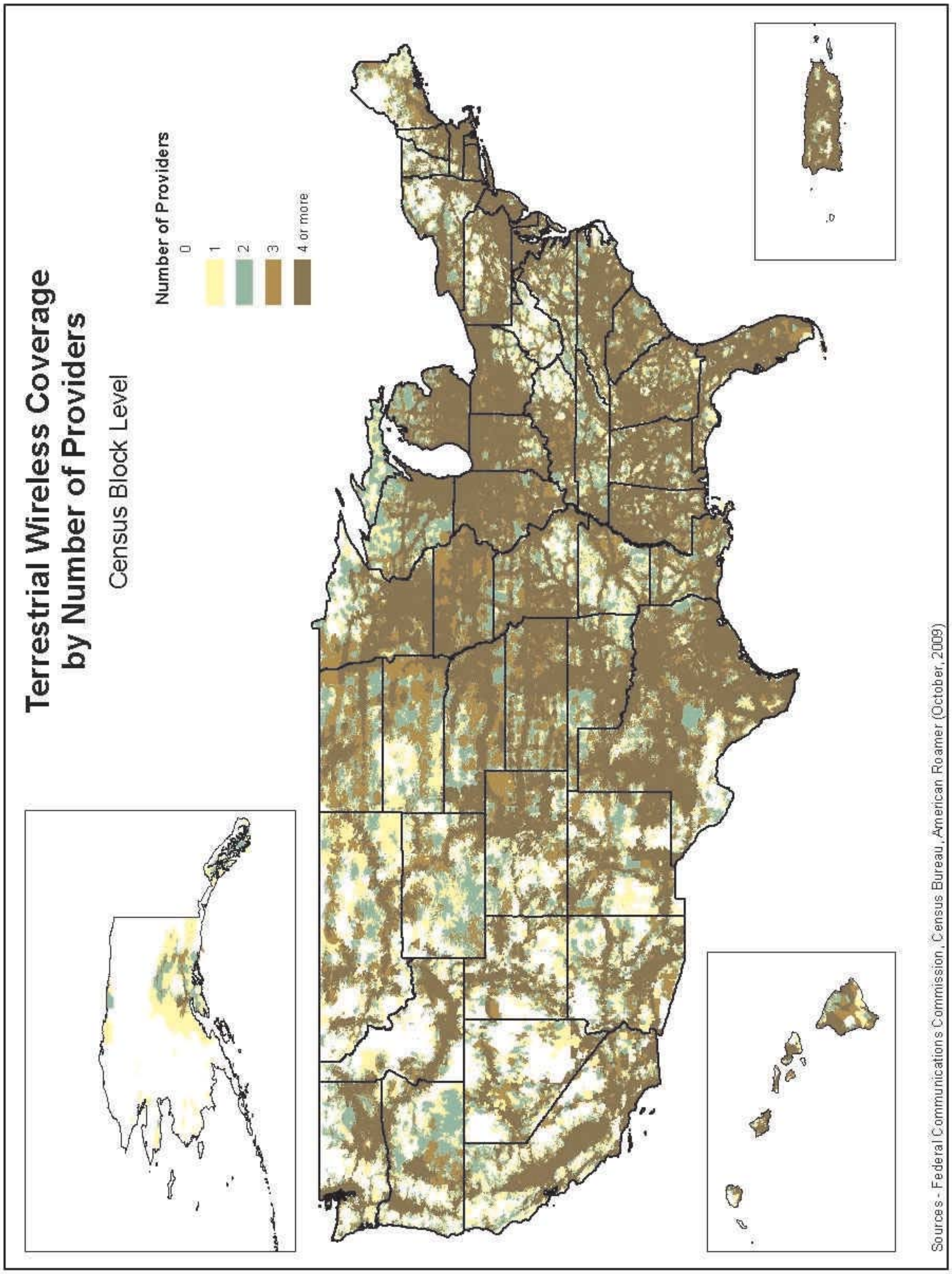
FOURTEENTH REPORT

Adopted: May 20, 2010 **Released: May 20, 2010**

By the Commission: Chairman Genachowski and Commissioners Copps and Clyburn issuing separate statements; Commissioners McDowell and Baker concurring and issuing separate statements.

TABLE OF CONTENTS

Map 1: Mobile Wireless Competitors



I. EXECUTIVE SUMMARY

1. In this Mobile Wireless Competition Report, we present our findings regarding the state of competition in the mobile services marketplace, pursuant to Congress's instruction in section 332(c)(1)(C) of the Communications Act. Promoting competition is a fundamental goal of the Commission's policymaking. Competition has played and must continue to play an essential role in mobile – leading to lower prices and higher quality for American consumers, and producing new waves of innovation and investment in wireless networks, devices, and services.

2. In this Mobile Wireless Competition Report to Congress (*Fourteenth Report* or *Report*), we incorporate several important new forms of analysis that reflect fundamental shifts in the mobile marketplace. For example, whereas previous reports analyzed Commercial Mobile Radio Service (CMRS) competition and discussed a variety of metrics – including number of providers, subscribers, usage, and prices – this *Report* integrates an analysis of CMRS into an analysis of all mobile wireless services, such as voice, messaging, and broadband. This *Report* also goes beyond previous reports in reflecting the transformative importance of mobile wireless broadband, which has resulted in a shift from devices that can place traditional phone calls to pocketable devices that can access the entire Internet. Because each of the interrelated segments of the mobile wireless ecosystem has the potential to affect competition, this *Report* analyzes competition across the entire mobile wireless ecosystem, including, for the first time, in-depth analyses of "upstream" and "downstream" market segments, such as infrastructure and devices.

3. As described in this Mobile Wireless Competition Report, the mobile wireless ecosystem is sufficiently complex that any review or analysis of competitive market conditions must take into consideration a multitude of factors. As a result, rather than reaching an overarching, industry-wide determination with respect to whether there is "effective competition," the *Report* complies with the statutory requirement by providing a detailed analysis of the state of competition that seeks to identify areas where market conditions appear to be producing substantial consumer benefits and provides data that can form the basis for inquiries into whether policy levers could produce superior outcomes.[1] As the mobile wireless marketplace evolves, driven in particular by mobile wireless broadband and data usage, the Commission's analyses and policies with respect to key inputs – such as spectrum – also must evolve in order to ensure a robust level of competition going forward.

4. The *Report* – which reflects market conditions prevailing in 2008 and 2009[2] – finds evidence of several key trends in the mobile wireless industry:

- *Maturation of the Mobile Voice Segment.* As of the end of 2008, 90 percent of Americans had a mobile wireless device, and Americans used these devices to talk for an average of 709 minutes each month. While usage statistics have generally increased over time, this year marks the first instance of reduced (though still substantial) voice usage, perhaps due to increased reliance on text and multimedia messaging. Voice revenues stayed relatively steady compared to past periods, with average revenue per user (ARPU) slightly decreasing but revenue per minute (RPM) slightly increasing.

- *Transition to a Data-Centric Market.* Data traffic has grown significantly, due to the increased adoption of smartphones and data consumption per device. Indeed, with overall revenue per

[1] For a more detailed discussion of our analysis of effective competition, as required by Section 332(c) of the Communications Act, see paragraphs 11-16 *infra*.

[2] Where possible, the *Report* uses the most current data available, including network coverage data from American Roamer from the fourth quarter of 2009. In other instances, particularly where year-end metrics are discussed or annual comparisons are made, the *Report* uses year-end 2008 data. *See* Section II, Introduction, *infra*, for an additional discussion of data timeframes.

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.

WHAT WILL YOU BUILD? | **sales@docketalarm.com** | **1-866-77-FASTCASE**

fastcase®
Smarter legal research.