

Federal Communications Commission
445 12th St. SW
Washington D.C., 20554

Dear Chairman Wheeler:

We are entrepreneurs, technologists, investors, and innovators. Our businesses depend on being able to access affordable high-speed mobile broadband to reach our customers, grow our startups, and develop the next great technologies. Our ability to create the next wave of innovative products and services is, in many ways, dictated by the Internet connections on which we all rely. As such, we are concerned that the United States is falling behind its industrialized peers in broadband speed and affordability, particularly with respect to the high-speed mobile broadband networks on which we depend. A recent study ranked the U.S. 26th out of 29 countries in terms of mobile broadband speeds.¹ This is largely due to an alarming lack of competition between Internet service providers.

We can help reverse these trends with critical improvements to the upcoming spectrum incentive auction. Through the incentive auction, we have a rare opportunity to increase innovation and investment in U.S. mobile broadband by allowing multiple new competitive carriers to access the spectrum they need to compete with the dominant incumbents. Spectrum is one of our country's most valuable natural resources. It is the invisible and powerful backbone of our communications infrastructure and serves as the frontier for the new and exciting technologies fueling our economy.

Today, AT&T and Verizon control nearly 75 percent of the low-band spectrum ideal for mobile broadband use, and they have the financial muscle to use this upcoming incentive auction to further consolidate their control of the market. This concentration of market power in the hands of two players would put a dangerous stranglehold on innovation and investment in developing faster, cheaper, and more reliable mobile broadband connections for all Americans. If the FCC fails to establish auction rules that enable competitive carriers to win spectrum licenses for this last significant block of low-band spectrum, American consumers could be locked into a permanent duopoly for mobile broadband access.

To help encourage competition, the FCC should increase the spectrum reserve to at least 40 MHz. The current 30 MHz reserve is insufficient to promote adequate competition, as such a reserve would at best empower one new nationwide provider to purchase a 10x10 MHz block of spectrum. A 40 MHz reserve would allow two additional carriers to acquire enough valuable spectrum to compete with AT&T and Verizon, essentially doubling the number of competitive mobile broadband providers.

The recent boom in both mobile data consumption and mobile applications demonstrates that the future of Internet connectivity and economic growth in the technology sector lies in wireless. How the FCC handles the incentive auction will have an enormous impact on the future of mobile broadband competition and, in turn, the future of the mobile edge provider market. Failing to ensure a robust, competitive market for mobile broadband could make it much more difficult for innovators like us to build the next generation of mobile products and services that will drive the American economy in the coming decades.

¹ http://opensignal.com/assets/pdf/reports/2015_03_opensignal-state-of-lte-report_mar_2015.pdf

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cc: Commissioner Mignon Clyburn
Commissioner Jessica Rosenworcel
Commissioner Ajit Pai
Commissioner Michael O'Rielly