COLUMBIA CAPITAL

May 12, 2010

Hon. Julius Genachowski
Chairman
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

RE: Performance Requirements for 2.3 GHz Wireless Communications Service
WT Docket No. 07-293
Written Ex Parte Communication

Dear Chairman Genachowski:

Columbia Capital has been one of the most active participants in spectrum investments during the last 15 years. From MetroPCS, XM Satellite Radio, Mobile Satellite Ventures and many other often fragmented spectrum bands that were purchased at auction or in the private market, companies we have been involved with have successfully created innovative and popular applications (satellite radio), modified traditional business to better serve consumers (MetroPCS) and repurposed spectrum for the latest technologies (Mobile Satellite Ventures). As investors, we have taken substantial capital risk on both access to spectrum as well as on the cost of innovation in research and development for new applications and businesses.

Were the Commission to adopt the performance requirements for WCS proposed in its March 29, 2010 Public Notice, the Commission would significantly reduce the possibility of entry by innovative, non-incumbent system operators and investors such as Columbia Capital. The investment community typically requires that its capital investments in innovative venture deals advance in stages based on incremental success. Creative applications are often tested over a limited geographic area, refined and redeveloped before they are deployed over a substantial footprint or license area.

Recent venture capital statistics are consistent with this staged approach. The average investment round in 2009 was $6.2 million across all stages of development and only $7.4

million for later stage deals.[1] In fact, of the $17.8 billion invested in venture backed companies in 2009, only four investment rounds were greater than $100 million and all of them involved later stage companies that had already closed multiple earlier rounds. Based on best practices within the investment community, it would be extremely challenging for a venture backed company to meet the onerous build out requirements being proposed on the WCS spectrum, as it would require substantial front-end capital loading for network deployment prior to the invention, development and testing of innovative applications and services necessary to justify such deployment.

It is likely that only incumbent service providers with ready access to the significant amount of upfront capital required as well as the necessary infrastructure such as cell sites, backhaul, back office capabilities and other critical assets would have a realistic possibility of meeting the Commission's WCS performance requirements given the estimated costs and timing associated with the requirements.

We would therefore recommend that the Commission reconsider proposing such onerous build out requirements on WCS. Due to the reasons discussed above, we believe that such action will be extremely detrimental to the Commission's objective of spurring innovation and competitive new entry in the wireless broadband marketplace.

Sincerely,

James B. Fleming, Jr.
Partner
Columbia Capital

---

[1] These statistics were drawn from The MoneyTree Report by Pricewaterhousecoopers and the National Venture Capital Association based on data from Thomson Reuters.