

**Testimony of Grant Seiffert**  
**President of the Telecommunications Industry Association (TIA)**

**Before the U.S. House Small Business Committee**

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I would first like to thank you for having me here today and allowing me to share some thoughts on behalf of the 600 members of TIA, who manufacture and supply information and communications technology equipment. It is important to note that 80% of TIA's 600 members are small or medium size companies. I will keep my comments brief, as I believe a dialogue will be much more useful to working together in a positive direction, which is the reason we are all here today.

To give some context to where I am speaking from, we are the companies who sell directly to consumers – whether a handset a television or a laptop – and we also sell our products and infrastructure to cable operators, the telcos, wireless providers, satellite, and the list goes on.

So, what does this mean... It means we are the closest to the public interest as you're going to get. WE simply want to sell our products and CONSUMERS simply want to buy them. We walk hand-in-hand with consumers because we need to know what they want.... so we can sell it to them and give them the functionalities they desire.

The more you, Congress, can do to get our products and services into the hands of consumers, the better we will all be. When our sales go up, prices go down. When more products are sold, more jobs are created. When a new product does well, we innovate to make the next product even better. Our products and services are used in classrooms, for public safety, for transportation, in health care, and

provide countless other societal benefits. There is NO downside to our companies doing well.

And, fortunately, I can say that TIA's Market Review and Forecast of the health of the telecom industry shows that the U.S. market grew 9.3 percent in 2006 to total \$923 billion in revenue, and the worldwide telecommunications market grew 11.2 percent to total \$3 trillion.

We have seen that demand for broadband and high-speed services is fueling this growth, as carriers invest in new fiber, new IP technology and new wireless infrastructure to provide state-of-the-art voice, video and data services. People are thirsty for broadband, and that is TIA's number one priority... broadband. Our companies either manufacture the next-generation, fat pipes that we know of as the Internet or the products and services that ride over it.

We have seen technologies like broadband video, voice over Internet protocol or VoIP, as well as new mobile data services, spark new growth in the telecommunications industry. As a result, cable, telcos, wireless, and others are offering more competitive all-in-one bundled packages, and consumers are seeing lower prices and more services.

This year's Market Review reports that in 2006 cable modems and DSL continued to dominate the U.S. market, capturing 96 percent of the broadband market, which in 2005 overtook dial-up access service. By 2010, 87 percent of Internet connections will be over broadband technology, as opposed to dial-up.

It forecasts growth for competing new broadband technologies such as fiber, satellite, wireless and broadband over powerline, which combined will account for more than 11 percent of broadband subscribers in 2010.

Broadband video is one driving force behind deployment of the state-of-the-art fiber needed to carry the high-capacity signal; it allows telephone carriers to provide a TV service comparable to cable TV. Whether it's FiOS from Verizon, Project Lightspeed from AT&T, or cable upgrades in order to keep up, video is driving broadband investment and entry should be fostered, not derailed. Recognizing this, the FCC and ten states have enacted measures to ensure that video entry is facilitated.

On the voice side, growth is expected in VoIP. The broadband-based phone technology is forecast to make up 34 percent of all U.S. residential landlines by 2010, or 25.5 million subscribers, up from just 10 percent and 9.5 million subscribers in 2006. A majority of cable telephone subscriptions use VoIP.

In general, more U.S. businesses are using communication systems based on Internet protocol technology. Whether used in a home office, the neighborhood bank, or in the local "mom and pop" store, IP systems are expected to overtake traditional enterprise systems by 2009. This will also result in huge cost savings and lessen overhead expenses.

Now, the question remains, how can we work together to better facilitate CONTINUED broadband growth. Consumer demand for VoIP and video are not going to do the job alone.

The President ambitiously set a goal of deploying broadband to all Americans by 2007. We need to do much more to accomplish that goal. Whether it's replicating on a national level what is occurring in Connect-Kentucky, or if universal service is the answer, broadband tax incentives, you name it. Let's try it all. But let's have a strategy. That's what is missing... a strategy.

TIA and our companies offer you our help, support, time, and whatever you might need to see the President's goal through to completion. We will all benefit from increased broadband deployment, at home in the U.S. and on a global level, where others' are currently leading instead of following. We can turn things around if we work together.

We enjoyed working with you last year and appreciate your support for small business relief from burdensome laws like the Sarbanes-Oxley Act, which are incredibly detrimental to small businesses, and we look forward to working with you on other important issues before us in this Congress.

Thank you again for having me here today, and I look forward to your questions, and a thoughtful discussion and dialogue.