

## Media Cap Rule Changes Could Transform Mobile Market



By Veronica Williams

Save for a decision by Congress, communications in the U.S. is set to undergo the biggest change since the 1983 breakup of AT&T.

Last June, FCC commissioners ruled to raise the 35 percent media ownership cap to 45 percent. That meant a single company would be allowed to own very nearly half of the media companies in a given market. Proponents contend that the cap stifles advancements in the industry. Opponents fear that it would end a fair and unbiased media. On July 18, the Senate Commerce Committee overturned parts of the FCC decision, voting to keep the cap at 35 percent. The bill, however, it is still set to go to Congress with impending changes that can dramatically impact both consumers and businesses.

While the ramifications span social, regulatory, legal, security, and other areas, let's just consider the technological and financial implications. Media companies control a substantial amount of spectrum—a precious commodity. New and evolving technologies such as *intelligent content object technology* and *bandwidth compression* from Pathfire (headquartered in Roswell, GA) and 16 QAM modulation being used by Intelsat (in Washington, D.C.) are dramatically increasing the

efficiency of using spectrum. Open platforms from companies such as Sun Microsystems that embrace these and other technologies will help spur development. Enhanced digital content, new distribution methods and improved satellite services are just a few of the areas where spectrum efficiency is being realized.

What does all of this have to do with mobility? Mobile users are fueling a seemingly unrelenting demand for real-

impulse transactions, and manage a recurring revenue stream are just a few of the things that telecom offers.

Right now, AOL Time Warner, GE-NBC, AOL Time Warner, Walt Disney, Viacom, and News Corporation dominate media while Verizon, AT&T, SBC Communications, Sprint, and Cingular rule the telecom roost. It will be interesting to see what media and telecom moguls look like in the next five years—and what role Microsoft, HP, Cisco,

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time news, entertainment, and data. Media companies, telecom carriers, device manufacturers, and infrastructure developers all want a piece of this action.

And hundreds of billions of dollars are at stake in the U.S. alone. The scope of the media cap removal easily exceeds a trillion dollars from an international perspective. According to BIA Financial Network, U.S. commercial television and radio stations collectively generated nearly \$38B in 2002. BIA estimates that US telecom revenue for 2002 exceeded \$681B. In addition to broadcasting, media companies control music, publishing, the Internet, and more. Several companies have already taken steps to prepare for an increased scope of ownership.

Brand recognition, consumer reach and the power to establish trends are a few of the things that the media brings to the party. The ability to demographically identify millions of customers, execute

IBM, Motorola and Lucent will play. Of course, in addition to the FCC, the Department of Justice and Federal Trade Commission may have a say in future mergers and partnerships.

What's at stake? A lot. Three things stand out in my mind: hundreds of billions of dollars in revenue and profit; the speed and creativity with which technological innovations are delivered; and, most importantly, the power to influence public opinion. To be sure, the demands of mobile users will play a pivotal role in pointing the way to the future.

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