

Presentation to FCC

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Outline

- 1. What to do about broadband?**
- 2. What to do about local competition
(or lack thereof)**
- 3. Recommendations**

What to do about Broadband?

1. No killer apps
 - Napster / Online games
2. No obvious future apps
 - \$500 billion in productivity?
 - Biotech
 - Health
 - Robotic surgery
 - Homeland security
 - New possibilities and new hopes

What to do about Broadband?

1. Not a chicken-and-egg problem
 - 24 million users
2. No urgency
 - 75% are happy / Only 29% signup even when free
3. Give away content if you want a killer app
 - Movies and CDs might cost \$5 billion
4. Field of Dreams strategy failed
5. I respectfully disagree with conclusions of Office of Technology Policy: “Actions to accelerate demand are justified and valuable” (Understanding Broadband Demand 9/23/02)

What to do about Local Competition (or lack thereof)

1. Incumbents dislike competition

- Dislike competing with selves (DSL, Pagoo)
- Benefits of competition don't go to new competitor
- Go to customers
- Status quo: Local prices up (9%), long-distance down (9%) (Hall & Lehr)
- No gain from entering competitive markets
- More competition may lead to more investment,
 - But whether it does or doesn't, gains will flow to consumers.

2. Not impressed by innovation

- Compare phones with computers
- Voice recognition, bill payment, Callwave, Voicemail

Wireless

Wireless as the competition?

- Some hopes
- Pricing is a disaster area
- Make money by fooling people
- Most people are on wrong plan.
- Does anyone in this room know how much they actually pay per minute for wireless? (You do know answer for long distance.)
- Talk more and rate goes up from 10 cents to 35 cents!

Conclusions

- 1. Energy Star for pricing of wireless**
- 2. Put more not less pressure on opening up local markets**
- 3. Email postage to eliminate spam**