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September 13, 2002

VIA ELECTRONIC FILING

Thomas Sugrue
Chief, Wireless Telecommunications Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Expedited Consideration Requested

Re: Request for Postponement, Auction 46, 1670-1675 MHz Band License

Dear Mr. Sugrue:

ArrayComm, Inc. ("ArrayComm") hereby requests postponement of Auction 46 due to circumstances in the financial markets that have severely hindered the ability of telecommunications companies to raise the necessary capital to participate in the auction. As a potential participant in Auction 46, which will auction a single nationwide license in the 1670-1675 MHz band,[1] ArrayComm's auction preparation efforts have been unexpectedly difficult due to the debilitating effects of recent developments in this sector. This circumstance has all but halted investment in telecommunications companies and likely has affected other entities seeking to participate in Auction 46. For this reason, ArrayComm submits that a six-month postponement of Auction 46, until April 30, 2003, is necessary in order to ensure maximum participation, and thus the most beneficial and efficient outcome, for the auction. Due to the speed with which the auction date approaches, ArrayComm respectfully seeks expedited treatment of this request.

Changed Circumstances in the Financial Markets Severely Curtail Investment

Telecommunications companies are now suffering the disastrous effects of the unexpected failures of industry giants, notably WorldCom and Global Crossing. The bankruptcies and criminal investigations of these carriers have transformed the general malaise

[1] Public Notice, *1670-1675 MHz Auction Scheduled for October 30, 2002*, DA 02-1871 (Aug. 5, 2002).

surrounding the telecommunications sector into a state of paralysis. One analyst recently observed that "investors in Wall Street are fleeing anything that is remotely similar to WorldCom or other troubled sectors."[2]

The industry's decline into the present stasis was neither gradual nor expected. For although this industry has experienced general decline since early 2000, marked principally by the exiting of dozens of wireline telecommunications competitors from the market,[3] it was not until major players such as Adelphia, Global Crossing, and WorldCom announced bankruptcy – amid allegations of fraud and improper accounting[4] – that the capital markets abandoned telecommunications altogether.[5] The suspect dealings at WorldCom thus appear merely symptomatic of a broader failure in corporate governance, imbuing investments in every market with unprecedented skepticism.[6]

Indeed, the effects of WorldCom's crash have sent "shockwaves"[7] throughout the economy, as some have stated that "WorldCom's accounting shenanigans further weaken confidence in the nation's capital markets, already diminished by Enron, Anderson, Global Crossing, Adelphia, Tyco and ImClone."[8] The wireless industry has been especially hard hit, suffering the "negative spillover" from the WorldCom bankruptcy.[9] Further exacerbating the cash shortage is the apparent stranglehold that the three largest equipment manufacturers, Motorola, Ericsson and Nokia, maintain over financing in the wireless market.[10] Thus, while the financial climate in effect during the Commission's formulation of Auction 46 was reasonably optimistic, the events of late July and August have proven a formidable blow to investor

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2 Scott B. MacDonald, "Life Among the Ruins: The Impact of WorldCom," KWR Advisor (June 26, 2002), available at <http://www.kwrintl.com/library/2002/worldcom.html>.

3 "Small Phone Companies Losing Ground to Telecom Giants," CNet News (Oct. 5, 2000), available at <http://www.news.com>.

4 "Adelphia May Not Issue Severance," AP (Sept. 11, 2002) (stating that Adelphia filed bankruptcy on June 25, 2002 and that its former CEO will be denied severance due to allegations of fraudulent conduct); "SEC Sees More Indictments Soon," N.Y. Times (Sept. 12, 2002) (predicting still more indictments of "people who abused their public trust," including executives at Enron and WorldCom).

5 One analyst has noted that the current financial crush is "Wall Street's fault," because it "changed the rules, and it really happened in mid-flight." TR Daily (Mar. 26, 2002).

6 Floyd Norris, "A Muted End of Volatile Year in Stock Markets," N.Y. Times (Sept. 12, 2002).

7 Kevin Maney and Andrew Backover, "WorldCom Drops Bomb on Telecom," USA Today, B01 (July 22, 2002) ("[S]hockwaves from WorldCom's bankruptcy filing could start a domino effect that forces others in the telecom industry — Qwest Communications, Level 3 Communications, Sprint and AT&T — into Chapter 11.").

8 Thor Valdmanis and Andrew Backover, "WorldCom in 'Death Spiral': Most experts see telecom headed into bankruptcy protection," USA Today, B01 (June 27, 2002).

9 Dave Molta, "Obstacles Abound for Mobile Wireless Data," Network Computing, 33 (Aug. 19, 2002).

10 Dan Briody, "MEN Behaving Badly," Red Herring (July 23, 2002) ("MEN" being an acronym of the three manufacturers' names). See attached.

confidence.[11] In fact, the situation is so severe that it has caused Chairman Powell to remark that "there is a severe capital crisis putting a tremendous strain on the telecommunications industry. It is imperative to do everything possible to restore investor confidence in this critical sector of the American economy."[12]

Perhaps one of the greatest indicators of the turmoil in the wireless industry is the stalemate related to PCS licenses originally awarded to NextWave. Due to ongoing litigation and the unsettled aspects of this matter, dozens of PCS licenses have yet to be awarded to the high bidders in the re-auction of those licenses. Acknowledging that action should be taken, the Commission has determined to permit the bidders in the re-auction – whose bids total $15.8 billion dollars – to erase their bid debt and withdraw from the auction.[13] The Commission reasoned that this action is necessary, because "[s]ince the Commission issued its *Partial Refund Order* several months ago, the state of the capital markets for entities, including the applicants, engaged in the provision of wireless telecommunications services ... has continued to decline rapidly."[14] The Commission's reasoning for this decision is a perfect explication of the situation that ArrayComm has described.

This action is being hailed by analysts as "show[ing] that the government has finally grasped the severity of the broader crisis in the telecom industry."[15] Scott Cleland of the Precursor Group has further stated that "'the government is now actively trying to find ways to help the industry get back on its feet.'"[16] The fact that the Commission is taking action of this magnitude in connection with the NextWave auction only underscores the dire financial environment that the wireless industry now faces. This environment, which could not have been predicted at the time that Auction 46 was scheduled, makes obtaining sufficient capital in a timely manner exceedingly difficult. At this time, it is likely that the only entities able to participate in an October auction are large, self-funded communications corporations. As such, the auction would exclude less established, but highly innovative, companies like ArrayComm and others – a result that the Commission has sought to avoid in its design of this auction. In fact, the Commission expressly recognizes the need to provide bidding credits in Auction 46 to

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11 Even the country's largest media and content providers, including AOL Time Warner and Disney, are experiencing severe cash shortages that are forcing them to sell off assets. David D. Kirkpatrick and Laura M. Holson, "Short of Cash, Media Giants Are Selling Assets," N.Y. Times (Sept. 9, 2002).

12 "Powell to Sit on Bush's Corporate Fraud Task Force," July 11, 2002, available at < http://www.x-changemag.com/hotnews/27h1110574.html>.

13 Public Notice, *Commission Seeks Comment on Disposition of Down Payments and Pending Applications for Licenses Won During Auction 35*, FCC 02-248 (rel. Sept. 12, 2002) ("*NextWave Public Notice*").

14 *NextWave Public Notice* at 3.

15 Yochi J. Dreazen and Jesse Drucker, "FCC To Ease Spectrum-Auction Snarl," Wall. St. Journal, A3 (Sept. 12, 2002) ("Spectrum Snarl"). *See also* "FCC May Scrap Auction," Wash. Post, E02 (Sept. 12, 2002).

16 "Spectrum Snarl," A3.

smaller businesses to "provide[] such bidders with an opportunity to compete successfully against large, well-financed entities."[17]

Fundraising Difficulties May Prevent an Efficient Outcome for Auction 46

As the Commission has recognized, Congress authorized competitive spectrum bidding principally to ensure that the nation's spectrum is held and used by the entities that value it most.[18] For this reason, the Commission structures spectrum auctions to encourage "only serious, qualified bidders"[19] to participate, through adoption of mechanisms such as upfront payment and minimum activity requirements. These mechanisms help to ensure an efficient outcome – that is, an expeditious, vigorous auction that garners the best realization of the value of the license.

The 1670-1675 MHz band has been shown to have highly valuable applications. ArrayComm, for example, has described its *i-BURST*™ wireless Internet access service that it intends to provide in markets throughout the nation.[20] AeroAstro and InsideTrax, the other principal commenters on service rules for this spectrum, also have described their proposed service offerings as having attractive commercial applications.[21] Thus, this license has demonstrably high worth and should be auctioned accordingly. The Commission should therefore ensure that potential bidders have the best opportunity to raise the capital necessary to bid seriously – an ability that the present market does not afford.

ArrayComm sincerely appreciates the effort that the Commission has put into bringing this auction to market. ArrayComm wishes to assure the Commission that we have been working with our domestic and international partners to further the development of the *i-BURST* Personal Broadband technology, which is suited to be deployed in this spectrum. These developments include commitments by major manufacturers to mass-produce the *i-BURST* products, and also

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17 *Reallocation of the 216-220 MHz, 1390-1395 MHz, 1427-1432 MHz, 1432-1435 MHz, 1670-1675 MHz, and 2385-2390 MHz Government Transfer Bands*, WT Docket No. 02-8, Report and Order, FCC 02-152 ¶ 108 (rel. May 24, 2002). *See also id.* ¶ 63 ("In the *Service Rules Notice*, we stated that by opening this spectrum to as wide a range of applicants as possible, we would encourage entrepreneurial efforts and services[.]").

18 *Implementation of Section 309(j) of the Communications Act – Competitive Bidding*, Second Report and Order, 9 FCC Rcd. 2348, 2349, 2361 (1994). *See also* H.R. Rep. No. 103-111, 103rd Cong., 1st Sess. at 246 ("*House Report*") (instructing the Commission to create auction rules that will prevent spectrum stockpiling and ensure efficient use of the public spectrum).

19 Public Notice, *1392-1395 and 1432-1435 MHz, 1390-1395 MHz, and 2385-2390 MHz Bands Auction Scheduled for September 18, 2002: Comment Sought on Reserve Prices or Minimum Opening Bids and Other Auction Procedural Issues*, Report No. AUC-02-46-A at 6 (rel. May 24, 2002).

20 *E.g.*, WT Docket No. 02-8, ArrayComm Comments at 2-3 (Mar. 4, 2002).

21 *E.g.*, WT Docket No. 02-8, Comments of AeroAstro at 3-4 (describing its proposed Satellite Enabled Notification Service (SENS)); Comments of InsideTrax at 18 (describing its Personal Location and Monitoring Service (PLMS).

carrier implementations and trials which have commenced in Australia, Korea and soon in other international markets. ArrayComm is confident that the strength and market value of its technology will enable it to participate in the auction once the capital markets return to their previous amenable conditions.

The Commission Has the Authority to Postpone Auctions to Ensure an Efficient Outcome

Section 309 of the Communications Act grants the Commission plenary authority to conduct spectrum auctions in the public interest. 47 U.S.C. § 309(j) (West 2001). In fact, Congress requires that the Commission "protect the public interest in the use of the spectrum" in several respects, including "by disseminating licenses among a wide variety of applicants." *Id.* § 309(j)(3). Thus, the Commission must design the framework of an auction, and specifically the auction schedule, to "ensure that interested parties have sufficient time to develop business plans, assess market conditions, and evaluate the availability of equipment for the relevant services." *Id.* § 309(j)(3)(E)(ii).

In addition, Congress has mandated that spectrum auctions "promote economic opportunity and competition" through "avoiding excessive concentration of licenses."[22] Thus, where circumstances indicate that potential license applicants are severely hindered in their ability to participate in an auction, the Commission has the authority and the duty to amend the auction structure accordingly. More specifically, for purposes of the instant case, it should postpone the auction.

The Commission has postponed auctions where potential applicants indicated an inability to participate meaningfully. Most notably, it postponed the auction of 20 MHz of spectrum in the 700 MHz band to enable entities to reassess market conditions and their proposed service plans.[23] Although that auction had already been postponed, the Commission nonetheless determined that continued uncertainty regarding the service rules for this band warranted further delay. The Commission therefore granted an additional six-month postponement for the auction. ArrayComm suggests that a similar postponement of six months is warranted in this instance, due to the unforeseen and damaging effects of recent failures in this market.

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22 *House Report* at 254.

23 Public Notice, *Auction of Licenses in the 747-762 and 777-792 MHz Bands (Auction No. 31) Postponed Until January 14, 2003*, FCC 02-158 (rel. May 24, 2002). *See also Cellular Telecommunications Industry Association et al.'s Request for Delay of the Auction of Licenses in the 747-762 and 777-702 MHz Bands Scheduled for September 6, 2000 (Auction No. 31)*, Memorandum Opinion, 15 FCC Rcd. 17406 (2000).

The Commission Should Postpone Auction 46 To Permit Parties Maximum Opportunity to Participate

Current market conditions may prevent ArrayComm and other companies from participating in Auction 46. Recent projections indicate, however, that the prevailing turmoil in the telecommunications sector will subside as the market regains its confidence in corporate governance.[24] In addition, leading economic indicators show that the economy is improving generally, as consumer confidence and employment have remained steady.[25]

The Commission's action in connection with the NextWave auction provides great encouragement to the sector in this regard. Its proposal is necessary to provide stimulus to the wireless industry and alleviate the severity of the capital crisis that, as ArrayComm has explained, was overwhelmingly caused by exogenous factors outside of its control.

ArrayComm believes that rescheduling Auction 46 for April 30, 2003, is a similarly necessary action that will enable companies to benefit from the improvements predicted for the economy, and for the wireless industry as a direct result of the Commission's recent NextWave plan. A six-month delay, which would be commensurate with that granted in the 700 MHz band, strikes a necessary balance between the Commission's goals of bringing new spectrum to auction expeditiously and its mandate to ensure the most efficient, beneficial outcome for spectrum auctions. ArrayComm believes that the net effect of a six-month postponement will be negligible, as compared to the possibility that no interested parties will be able to compete for the license. Absent the broad participation that postponement may facilitate, the Commission risks delivering the 1670-1675 MHz license for a price far below its value.

ArrayComm is confident that the requested postponement of Auction 46 until April 30, 2003, will substantially alleviate the capital shortage for many companies that seek to compete for the 1670-1675 MHz license. We offer any assistance necessary to the Bureau in its expedited review of this request.

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[24] Gretchen Morgenson, "Rebound from Ruin, If Not from Mistrust," N.Y. Times (Sept. 8, 2002).

[25] Jeannine Aversa, "Growth Slowed in 2nd Quarter But May Be Picking Up," Wash. Post E03 (Aug. 30, 2002); "Stocks Get a Lift from Economic Reports," Los Angeles Times, B05 (Mar. 15, 2002); "Panel's View of Economy Looks Up," Chicago Tribune, B03 (May 14, 2002).

Sincerely,

Paul Madison) saj

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ATTACHMENT

COMMUNICATION

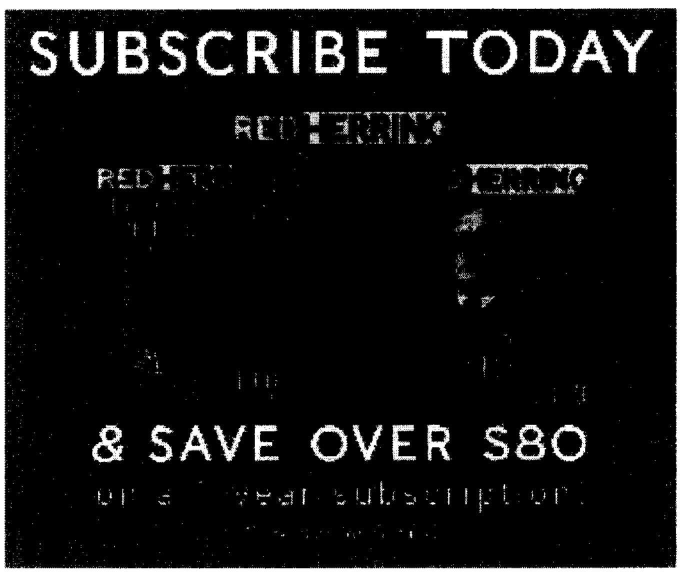
MEN behaving badly

Motorola, Ericsson, and Nokia are doing everything they can to remain the power trio of wireless--even if it means stifling innovation.

By Dan Briody

July 23, 2002

Forget about the sway Ma Bell once held over the communications world. Today there's a bunch of international companies dominating the industry, known simply as MEN. It is the derisive acronym for Motorola, Ericsson, and Nokia, the three powerhouses in the mobile-networking business.



Many startups complain of MEN's unassailable market position, control over the pace of change in wireless, and potentially anticompetitive practices. Take Don Listwin. The CEO of Openwave Systems, a wireless software firm, complains that the threesome kept his company from taking part in the development of a wireless instant-messaging standard last year. "MEN shut us out," he says of MEN's endeavor, Wireless Village. "They don't care if the pie is smaller, as long as it's still their pie."

Naturally, Motorola has a different take on the creation of Wireless Village. "The motive behind it was to get together and quickly drive some standards," says Craig Peddie, general manager at Motorola. "I guess Openwave did ask if they could join, and we politely told them they could wait a bit. I guess that didn't sit well with them." It wasn't until after MEN had developed and adopted their instant-messaging standard that they opened the standards body to other companies, including Openwave.

Stories about MEN's alleged abuse of their dominance abound in the wireless industry. There are even accusations of possible collusion: the claim is that MEN are purposely holding back the technological progress of wireless networks so they can cash in on their existing product lines.

One startup claims Ericsson admitted that wireless carriers would benefit from its technology, but instead of offering it to the carriers, insisted that the carriers could "muddle through the next two or three years" without it. "I couldn't believe they were admitting that to us. We were amazed," says the CEO of the company, who requested anonymity. Ericsson declined to comment on this story. Nokia says such claims are overblown and unfounded. "Of course we have the upper hand because of our customer relationships," says Jaakko Myllymäki, general manager of marketing and sales for IP mobility networks at Nokia. "But I doubt that there is anything that we can really control. We can't tell the carriers what they should and shouldn't do."

Whether this is just startups sniping at larger rivals or business as usual, MEN, along with Lucent Technologies, Nortel Networks, and Siemens (a far less catchy acronym), are effectively the gatekeepers for new technology in the wireless industry. MEN's position is strengthened by its global reach: Motorola, Ericsson, and Nokia are based in the United States, Sweden, and Finland, respectively; all three sell into worldwide markets. And at a time when so many economies are struggling around the world, the need has never been greater for wireless carriers to have access to next-generation technologies that increase efficiency and that might get businesses and consumers spending on telecommunications again.

With so much need, the dominant positions of MEN are anything but guaranteed. Hordes of startups want to unseat them and gain the chance to sell their products to wireless carriers. And now that one of the main tools MEN used to achieve inordinate power, vendor financing, has dried up, the empire is ripe for a coup.

In the late '90s, wireless operators couldn't buy network equipment fast enough. As carriers built their networks for the anticipated avalanche of wireless subscribers, the value of wireless equipment contracts more than doubled, from $22 billion in 1999 to $47 billion in 2000, according to the investment bank U.S. Bancorp Piper Jaffray. This tremendous growth was a boon for MEN. The big three combined owned nearly 55 percent of the market in 1999, and raked in $96 billion in revenue.

LOAN SHARKS

The equipment makers then used their cash stores to further lock in their customers; MEN offered vendor-financing deals, lending billions of dollars to carriers to buy more equipment. "They were like banks," says Ed Curran, executive director of network purchasing at Verizon Wireless. He adds that Verizon did not participate in the money handout.

Vendor financing became popular in Europe, as struggling wireless carriers there borrowed their way into corporate bondage. In June 2001, for instance, Nokia had more than $3.5 billion in credit commitments to carriers. In a one-week lending binge, it lent nearly $2 billion to Hutchison 3G and Orange. All told, the nine largest manufacturers of telecom equipment had more than $25 billion at risk in vendor finance by summer 2001, according to McKinsey & Company, an IT consultancy.

This quickly inverted the usual vendor-customer relationship. Many carriers found themselves shackled to their vendors and their products, unable to buy equipment from competitors. In addition to borrowing money from Nokia in summer 2001, Orange also borrowed from Ericsson, bringing its total debt to $1.3 billion. Carriers became beholden to their vendors, unable to green-light a new technology without vendor approval.

"The vendors were saying, 'Look, I'm financing your network, so why would I lend you money so that you can buy equipment from someone else?' " explains a vice president at Cisco Systems, another company eager to break the hold of the incumbent equipment makers. "It became a source of tension."

Then, as now, many startups had products that target wireless base stations, the million-dollar hardware at the bottom of every cell tower. It was the main source of income for MEN, and they had no intention of letting anyone else in. "You could not get into the base station; that's where MEN thrive," says Peter Lojko, CEO of WaterCove Networks, a Chelmsford, Massachusetts, mobile data startup. "They would not give that up."

NETWORK OUTAGE

But in summer 2001, everything changed. Just as MEN had tightened their lock on carriers, Wall Street lost patience with wireless carriers. Investors called for them to stop building networks--and start showing profits. Network equipment sales tanked as carriers canceled order after order, sending equipment providers into a tailspin--one made worse by vendor financing. Nokia lost $3 billion of its $100 billion market capitalization when Turkey's Telsim Mobile Telecommunications Services, the country's second-largest carrier, defaulted on a $719 million loan. And Lucent was stung badly when Winstar Communications, a wireless broadband provider, defaulted on a $2 billion line of credit.

MEN had little choice but to make dramatic cuts. Ericsson and Motorola laid off some 78,000 workers combined--enough people to populate a small city. Research and development also suffered. This spelled opportunity for startups.

"In almost every case, the startups continue to innovate much faster than the incumbent equipment providers," says Bruce Sachs, a partner at Charles River Ventures and an investor in WaterCove Networks and Flarion Technologies, two of the firms battling it out with MEN. "The incumbents are no longer onto the next big thing. Startups have as good a chance as ever to walk into a wireless operator and make a deal happen."

Carriers are in need of any technology that can save or earn them money, even if it is from an unproven startup. MEN are vulnerable when it comes to making networks more efficient and upgrading them with IP-based technology, the same technique of data communications that underlies the Internet and some advanced voice communications. The adoption of IP networks is widely viewed as the critical step for carriers to offer mobile data services and unlock new revenue streams. Yet MEN have resisted building new IP-based efficiencies into networks because efficient networks require less of their network equipment. They have focused instead on existing voice networks.

"There is a huge gap between the expertise of the hardware incumbents in the voice market and their level of expertise on the data side," says Ray Dolan, CEO of Flarion. By offering a mobile data product that rides on top of existing networks, essentially relegating MEN to the role of voice equipment providers, Flarion aims to be the next Qualcomm: an underestimated startup that hit the big time. "We are at a crossroads," says Mr. Dolan. "The solutions the hardware incumbents are proposing for wireless voice and data, 3G [third-generation wireless services], is just like ISDN was on the wireline side." ISDN, a colossal failure, was proposed in the mid-'90s by equipment providers to telecom firms looking to provide data-communication services. "You really think the carriers want to do that again?" asks Mr. Dolan.

MEN, of course, are hoping to avoid that mistake. For instance, to gain IP-network expertise, Ericsson has partnered with the router giant Juniper Networks, and Nokia has struck a similar agreement with Cisco. Though these alliances could be viewed as an acknowledgement of weakness, they are also proof that MEN are dynamic and worthy competitors. "If I have an embedded position, I'm going to play to my strengths and hide my weaknesses," says Jeff Corley, director of strategic alliances and partnerships for Lucent, referring to wireless equipment vendors. "If my weaknesses are IP, I'm going to try to slow that up."

FUD POISONING

One stalling tactic cited by many startups is that MEN are spreading FUD--fear, uncertainty, and doubt--about the startups' organizations and technologies. The tactics vary from questioning a startup's financial solvency with carriers to spreading misinformation about a new product's capabilities. And as these seeds of discord take root, MEN are buying time to develop rival products, the startups claim. In some cases, if carriers add a new technology to their existing base stations, or "boxes," without consulting MEN, the warranties on those boxes will be nullified automatically, a paralyzing tactic. "Everyone making base stations is saying you will void the warranty if you crack open the box," says Mike Dolbec, general partner at Orange Ventures, the VC arm of the European wireless operator Orange. "It's their last beachhead. It's a way for them to protect their market position," says Mr. Dolbec.

And while some startups claim that MEN work together to stifle competition, the only real claim they have is that incumbents are opposed collectively to carriers' making the switch to IP networks, a stance that could backfire eventually. "A lot of this has to do with the pacing of the market," says the Cisco vice president. "On one level, it works for a while, but it is a very dangerous game. Sooner or later your customers realize what you're doing."

Others are more bold. "Are MEN holding back wireless? Absolutely," says WaterCove's Mr. Lojko. "The capabilities are there, and going without them is hurting the carriers' revenue." As for the charge of collusion, the Cisco vice president chooses his words carefully: "I don't think the proof is necessary, if their interests align enough." Marty Cooper, the cell phone's inventor and the outspoken CEO and cofounder of ArrayComm, a smart-antenna company, calls it "accidental collusion."

Thus far, government has held back. The European Commission is watching the situation, but it feels that competition is healthy in Europe. "If we were to find that the market is being dominated by two or three big players that have the power to slow down the rate of change, we would look close," says Michael Tscherny, a spokesperson for the European Commission. The U.S. Federal Trade Commission would not discuss whether it was monitoring the situation.

As for the wireless carriers, they are retaking control of their networks' destinies. The pressure to make their networks profitable, coming mostly from Wall Street, is at last steering them toward cost-efficient solutions, regardless of vendor. In the past, startups often were thwarted by carriers when attempting to pitch their products. In most cases, carriers redirected startups to their equipment providers for vetting. The ostensible purpose: carriers had to be sure that a new technology worked with their existing network. In practice, this process became a killing field for new products.

Now, however, some carriers are wising up and listening to startups. "If you have something that the operators need today, you get them to go beat the crap out of MEN and tell them to make it work," says Doug Smith, CEO of Cyneta Networks, a maker of mobile data-networking hardware. Carriers have also beefed up their testing labs to conduct more in-house reviews of new technologies, slowly weaning themselves off MEN.

All this suggests that MEN's dominance could soon be over. For instance, MEN eventually opened its Wireless Village standards body to include 157 companies. Ultimately, the charge that an exclusive MEN's club exists may depend on whether a company is a member. "It's all a matter of perspective," says Kevin Wagner, director of technology at Openwave, tempered by its newfound membership in Wireless Village. "Any time there's a group that you're not a part of, you view it as closed. But if you're in the inner circle, things seem just fine."

It will always be hard for startups to unseat established companies. And it should be. With carriers staking their reputations on the quality of their networks, it is easier for them to do business with long-standing suppliers. But more often than not, the best technology wins--once enough carriers demand it. Let's hope that happens soon.

Write to Dan Briody.