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Telecom Field Notes: Formal Beginning of Public Safety Network Project

Highlights

- We watched the inaugural meeting of the board of FirstNet, the government-appointed group tasked with building a nationwide interoperable broadband network for first responders/public safety.
- As expected, the meeting served largely administrative and organizational purposes with little new information that would affect our view of network spending likely starting in 2014.
- Next steps include a solicitation for comments on a proposed concept for the overall design and vision for the network, which we expect could be released within the next month.

Discussion

The board of directors of the First Responder Network Authority (FirstNet) held its inaugural meeting this morning at Commerce Department headquarters in Washington. The government-appointed group is in charge of building a nationwide interoperable LTE broadband network for first responders and the public safety community. The project was signed into law this past February and allocated \$7 billion from future spectrum auction revenue (it may borrow up to \$2 billion before the spectrum revenue comes online).

We watched the meeting for any color on how a request for proposals (RFP) process might be designed and when it could begin. Investors are focused on when carriers, network infrastructure, and telecom equipment manufacturers might start to receive revenues from project spend.

As we expected (and previewed in [this week's edition of Telecom Tuesday](#)),¹ the business addressed during the meeting was mostly administrative and organizational in nature. The FirstNet board introduced itself and approved a set of bylaws and several resolutions that will form an operating foundation of the group. We did not pick up any information that would change our forecast of a slow-moving process that could begin to pay vendors in 2014 at the earliest.

We were interested to hear commentary around resolutions to consult with state and local governments and to more formally analyze and consider the future of the seven public safety pilot projects funded in 2010 under the "broadband

Ticker(s):
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QCOM, ERIC, AMT, CCI,
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¹ <http://www.capalphadc.com/wp-content/uploads/2012/09/2012-09-25-telecom-tuesday.pdf>

stimulus” program.

State and local consultation is a requirement of the statute, but we found commentary emphasizing the importance of these levels of government as FirstNet customers and partners as a constructive gesture. State are concerned about federalism issues, but more importantly telecom equipment companies with long-standing state vendor relationships are nervous as to how they may fare negotiating bids with the federal government.

We also think it is positive that FirstNet acknowledged the seven legacy public safety broadband stimulus projects that were partially suspended by NTIA after passage of the new network program in February. A continuation of these network builds as “demonstration projects” as mentioned as a possibility during the meeting would be constructive.

The meeting concluded with a presentation on a basic concept for the network architecture. The presentation rejected the idea of only having a standalone network or only working with a single nationwide wireless carrier to provide coverage. Instead, a basic proposal was presented for a “diverse nationwide network with multiple wireless operators.”

FirstNet is expected to formally release the details of its proposal of its “FirstNet Nationwide Network” (FNN) concept to solicit public comments and feedback. We expect it could be released within a month.

Investment Thesis

Legislation enacted this February to give the 700 MHz D Block and dedicate up to \$7 billion in spectrum auction revenue for a nationwide interoperable public safety broadband network is good news in absolute terms for the telecom infrastructure companies that build these systems, but we think \$7 will not be enough to build out a nationwide footprint.

Based on lead times to set up the new governance authority and related advisory boards, establish the state/local grant program, and develop/execute RFPs, we don’t see money flowing to telecom infrastructure companies until late 2013/2014 at the earliest.

We do not see any more money on the horizon. We think public safety advocates may have worn out their welcome on Capitol Hill and the near-term fiscal situation is tight enough as to prevent Democrats or Republicans from writing any more large checks.

Recent research on this topic

[Capital Alpha Telecom Tuesday: Inaugural FirstNet Board Meeting Today,](#)²
September 25

² <http://www.capalphadc.com/wp-content/uploads/2012/09/2012-09-25-telecom-tuesday.pdf>

[Capital Alpha Telecom Tuesday: Next Steps in Public Safety Network](#),³ August 7

[Telecom Equip/Handsets: The Bright Side of FCC Public Safety Waiver Terminations](#),⁴ August 3

[FLASH: FCC Terminated 700 MHz Public Safety “Waiver” Projects](#),⁵ August 1

[Telecom Field Notes: Public Safety Communication](#),⁶ May 16

Analyst Certification

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³ <http://www.capalphadc.com/wp-content/uploads/2012/08/2012-08-07-telecom-tuesday.pdf>

⁴ <http://www.capalphadc.com/wp-content/uploads/2012/08/2012-08-03-ps-waiver.pdf>

⁵ <http://www.capalphadc.com/wp-content/uploads/2012/08/2012-08-01-ps-waiver.pdf>

⁶ <http://www.capalphadc.com/wp-content/uploads/2012/05/2012-05-16-field-notes.pdf>