



PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION

445 12TH STREET, S.W.

WASHINGTON, DC 20554

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Comment Sought on CALEA Revenue Estimates of Five Manufacturers (CC Docket No. 97-213)

Comment Date: May 17, 1999

Reply Comment Date: May 27, 1999

By the Chief, Office of Engineering and Technology:

1. As detailed in the Office of Engineering and Technology's (OET's) recent *Order*,¹ OET granted requests for confidential treatment of data filed in this proceeding by five telecommunications equipment manufacturers: Alcatel Network Systems; Lucent Technologies Inc.; Motorola, Inc.; Northern Telecom Inc.; and Siemens Information and Communication Networks. We stated in the *Order* that we planned to aggregate the data in a manner that does not reveal the confidential information so that we may release the aggregated data for public inspection and comment.²

2. The data filed concern revenue³ estimates for software, and in some cases certain hardware, upgrades to switching equipment that the five manufacturers plan to sell to wireline, cellular, and broadband Personal Communications Services (PCS) carriers to enable those carriers to meet the technical requirements of the Communications Assistance for Law Enforcement Act (CALEA).⁴ Specifically, the five manufacturers supplied revenue estimates for software (and in some cases certain hardware) to upgrade existing equipment with capabilities that will enable wireline, cellular, and broadband PCS carriers to meet the requirements of an interim standard developed by the

¹ *Order*, CC Docket No. 97-213, DA 99-412, released March 2, 1999.

² *Id.* at ¶ 5. For information regarding the use of aggregated data in rulemaking proceedings, see *Treatment of Confidential Information Submitted to the Commission*, GC Docket No. 96-55, *Report and Order*, FCC 98-184, released August 4, 1998, at ¶¶ 45 and 64.

³ Revenues are the prices the manufacturers plan to charge times the quantities they anticipate selling, and may include profits. Some of the manufacturers supplied price and quantity data, thus enabling revenues to be calculated, while others supplied revenue data directly. None of the manufacturers supplied profit data.

⁴ Communications Assistance for Law Enforcement Act, Pub. L. No. 103-414, 108 Stat. 4279 (1994) (codified as amended in 18 U.S.C. § 2522, and 47 U.S.C. §§ 229, 1001-1010).

telecommunications industry (J-STD-025), as well as estimates for nine additional "punch list" capabilities sought by the Department of Justice (DoJ) and Federal Bureau of Investigation (FBI).⁵

3. OET has aggregated the revenue estimates supplied by the five manufacturers for J-STD-025 and each punch list capability, and solicits comment on these aggregated estimates. In addition, OET has separated these estimates into a wireless (cellular and broadband PCS) and wireline component, and solicits comment on these two components.

4. OET notes that the revenue estimates supplied by the five manufacturers do not represent all CALEA-related software and equipment revenues anticipated by these manufacturers for U.S. cellular, broadband PCS, and wireline carriers; and that other manufacturers will also sell CALEA-compliant equipment, or software to upgrade existing equipment, to U.S. wireless and wireline carriers. We further note that the revenue estimates supplied by the five manufacturers are not completely comparable. For example, in the *Further Notice of Proposed Rule Making* in this proceeding, the Commission proposed that location information be considered part of the "core" J-STD-025,⁶ and therefore that capability should be included by manufacturers of CALEA-compliant wireless switching equipment. However, not all wireless equipment manufacturers included that capability in their J-STD-025 revenue estimates. Conversely, some of the five manufacturers included a capability for packet-mode communications in their J-STD-025 revenue estimates.⁷ Additionally, not all manufacturers supplied revenue estimates for each punch list capability. In other instances, some manufacturers included a capability under a different punch list item than other manufacturers, or included a capability under J-STD-025. Further, some, but not all, of the manufacturers stated that their revenue estimates were predicated on a possible Government "buyout" plan, under which DoJ/FBI would pay the manufacturers a licensing fee for CALEA-related upgrades for switches and the manufacturers would make those upgrades freely available to wireless and wireline carriers.⁸ Moreover, some of the manufacturers estimated revenues based upon the current number of switches in service, while others estimated revenues based upon the number of switches they anticipate will be in service at the time their upgrades are sold to carriers. Finally, as referenced in paragraph 2, some of the manufacturers included revenue estimates for certain hardware in the data they supplied, while others included revenue estimates only for software. OET did not adjust the revenue estimates to make them more homogeneous; thus, parties should be aware of that fact when submitting comments.

⁵ See *Further Notice of Proposed Rule Making*, CC Docket No. 97-213, FCC 98-282, released November 5, 1999, at ¶¶ 11-15.

⁶ *Id.* at ¶ 46.

⁷ A packet mode capability exists in J-STD-025. However, the Commission determined that this capability is not required as part of the core standard. See *Memorandum Opinion and Order*, CC Docket No. 97-213, FCC 98-223, released September 11, 1998, at n.139. In the *Further Notice of Proposed Rule Making*, the Commission stated that the record "is not sufficiently developed to support a proposal of any particular CALEA technical requirements for packet-mode telecommunications." See ¶ 64.

⁸ Negotiations between DoJ/FBI and telecommunications manufacturers are ongoing, and have been discussed in the press. See, for example, *Communications Daily*, April 2, 1999, "CTIA Cites Progress With DoJ in Discussions on CALEA."

5. Accordingly, with the knowledge that the data that we have received have the above limitations, we request comment on the aggregated revenue estimates listed in the Attachment. Interested parties may file comments on or before **May 17, 1999**, and reply comments on or before **May 27, 1999**. To file formally in this proceeding, participants must file an original and four copies of all comments and reply comments, each referencing the above docket number. If participants want each Commissioner to receive a personal copy of their comments, an original plus nine comments must be filed. All filings must be sent to the Commission's Secretary, Magalie Roman Salas, Office of the Secretary, Federal Communications Commission, The Portals, 445 12th Street, S.W., Room TW-A325, Washington, D.C. 20554. Comments and reply comments will be available for public inspection during regular business hours in the Office of the Secretary.

6. For further information concerning this *Public Notice*, contact Rodney Small, Office of Engineering and Technology, at (202) 418-2452, internet: rsmall@fcc.gov.

ATTACHMENT⁹

Capability ¹⁰	Estimated Total Revenues (\$millions)	Estimated Wireless Revenues (\$millions)	Estimated Wireline Revenues (\$millions)
J-STD-025	\$916	\$348	\$569
Subject-initiated conference calls	\$ 37	\$ 15	\$ 22
Party hold, join, drop messages	\$ 64	\$ 42	\$ 22
Subject-initiated dialing and signaling	\$ 35	\$ 27	\$ 8
In-band and out-of- band signaling	\$ 57	\$ 30	\$ 27
Timing information	\$ 20	\$ 13	\$ 8
Surveillance status messages	\$ 37	\$ 24	\$ 13
Continuity check tones	\$ 3	\$ 3	\$ 0 ¹¹
Feature status messages	\$ 40	\$ 19	\$ 21
Dialed digit extraction	\$121	\$ 60	\$ 60
Total punch list	\$414	\$234	\$180

⁹ Sums in below table may not add to totals due to rounding. Also, the total punch list figures include \$500,000 in estimated wireless revenues that cannot be attributed to any individual punch list capability.

¹⁰ As referenced in n.5, *supra*, these capabilities are discussed in the *Further Notice of Proposed Rule Making*, at ¶¶ 11-15.

¹¹ Actual figure is about \$200,000.