



Mobile Radio Network Services Market Investigation

Motorola's Fifth Supplementary Submission to the CMA's Oral Hearing on 10 February 2022

18 March 2022

1. Airwave is not “old” technology

- (1) This Fifth Supplementary Submission following the 10 February 2022 oral hearing is intended to assist the Panel Members by addressing the Panel Members’ request to understand what they saw as Motorola’s “choice” between an apparently “old” (Airwave) land mobile radio (LMR) network and a “new” (ESN) network, against the background of a threatened divestiture order.
- (2) Motorola cannot imagine any stakeholder in the public safety communications industry would think that a LMR network is “old” by any description. Customers very much regard LMR networks as current technology and as such are willing to invest significant sums in their development to maintain that technology in the future. Motorola is presently involved in designing and developing LMR systems and ongoing support in networks around the world, including, by way of example only:
 - [REDACTED] Nationwide Police network. Go live date of approximately [REDACTED] ([REDACTED]). Expected to be in operation until 2040;
 - [REDACTED] Nationwide Tetra network. (800 sites/probable to go to 1200) Currently under build out/go live date of August 2023. Expected to be in operation until 2040;
 - [REDACTED]: Nationwide network (3000 plus sites/went live in 2017 still adding sites. Under operation and maintenance (M&A) contract with MSI through 2026 and will tender for renewal to 2032;
 - [REDACTED]: Nationwide network (1000 plus sites/adding last state in 2023 for an additional 400 sites). Under operation and maintenance contract until 2039;
 - [REDACTED]: Recently: upgraded the entire network to remain in operation until 2030.
- (3) In other words, the decision that Motorola has been forced to make is not a “choice” between “old” and “new” technology. As a matter of fact, Motorola continues to invest approximately USD [REDACTED] million per annum in LMR R&D. This sustained investment delivers new software and hardware features and functionality to meet evolving requirements of the many millions of LMR users around the world.
- (4) At the same time, much of Motorola’s recent significant acquisitions have been of businesses that develop and deliver broadband technology solutions. Motorola is also increasing R&D investment in broadband MCPTT software features and functionality and in “dual mode” devices that can operate on either LMR or LTE technology to bridge the technology gap. **Both** LMR and broadband technologies are therefore of profound current and future strategic significance to Motorola, and Motorola innovates in both product portfolios continually with the primary objective of meeting its customers’ technology choices globally.
- (5) It would therefore be a mistake to suppose that Airwave is “old” technology. For nearly 100 years Motorola has worked closely with its customers to understand their current and future emergency services needs and deliver solutions to meet those needs; it continues to do so today.
- (6) As Motorola continues to invest in both LMR and broadband technologies, as seen from the list above many Governments are still evaluating the move towards broadband technology. To be clear, however, those Motorola customers taking Kodiak have successfully adopted the same standard version of the Kodiak product that the Home Office contracted to take from Motorola in 2019 and which Motorola has delivered on time under the ESMCP. This includes,

as mentioned in the oral hearing, Firstnet in the United States with over one million users. In addition to the United States, Kodiak has been successfully deployed in mission critical/public safety settings in countries such as the [REDACTED], [REDACTED] and [REDACTED].

- (7) It is of course true that the Home Office intends Airwave to be shut down by the end of 2026, which would by definition render the network obsolete in the UK. As the Panel Members heard during the oral hearing, while the customer's choice ultimately drives our business, Motorola believes there is a good chance that the transition process may take longer than [REDACTED]. Here too, as stated above, Motorola has invested significantly, developing products that facilitate the 'hybrid' operation of both LMR and broadband networks (including the development of dual mode devices) while such transition takes place, or even on a longer basis. As the Panel Members are aware, Motorola has tried to explore discussions of a 'hybrid' solution with the Home Office, but these were rebuffed.
- (8) It should therefore be clear that the Airwave network should not be regarded as "old" in technology terms, or in terms of Airwave's significance to Motorola more generally as part of Motorola's global LMR activities. Any divestiture order relating to Airwave would have a dramatic impact on Motorola.
- (9) The Panel Members' question regarding Motorola's decision not to [REDACTED] for the period after 2024 is therefore perhaps better rephrased as: "why did Motorola confirm its commitment to Airwave".
- (10) Motorola strongly believes this is a decision that Motorola should not have had to make. It remains Motorola's view that it is egregious to threaten a divestiture order on a business that has operated entirely in accordance with the Government's express blessing (first through the Home Office who welcomed Motorola's acquisition in the knowledge that Airwave was in the right hands to deliver a smooth technical transition to ESN; and second through the CMA who after a careful review unconditionally approved the acquisition of Airwave). This is especially the case when Motorola is, quite rightly, not in fact accused of any wrongdoing. Nonetheless, this was the business context in which Motorola was placed, and provided the background against which Motorola took its business decision: a divestiture order of any kind would be extraordinarily damaging.
- (11) The contributing reasons for Motorola's decision have been answered in writing, by Mr. [REDACTED] in his opening comments in the oral hearing, as well as by Mr [REDACTED] in the oral hearing. To assist the Panel Members, Motorola took the decision [REDACTED] for the following reasons:
 - The need for Motorola to consider its position in relation to Airwave and ESN was triggered by the apparent possibility of a divestiture order based on Motorola's ownership of Airwave and participation in ESN; such an order, however fundamentally flawed, to divest a mission critical network would have a severe impact on Motorola;
 - Motorola has a contract to supply Lot 2 of ESN only until 2024, whereas Motorola is required to provide the Airwave service until the Home Office no longer requires it (now set at December 2026);
 - The Home Office has, in stark contrast to dozens of other central government customers around the world, [REDACTED].^{1c}

¹ Whether or not this was simply a threat, the Home Office in 2021 made clear [REDACTED].

- (12) Motorola therefore communicated at the earliest opportunity its decision [38], consistent with the re-tendering model of the programme.
- (13) Finally, Motorola's decision [38]. Motorola fully expects to compete to supply products and services to ESN users. The effect of Motorola's decision, therefore, is not to "exit ESN".
- (14) Motorola remains optimistic that once the Group has been able to harvest and digest the relevant facts, the Group will conclude that Motorola's participation in ESMCP and Airwave has been, and continues to be, hugely positive for the UK emergency services. Motorola has not caused either Airwave or ESMCP not to work well; and
- (15) Motorola is confident that the Group's independent and careful assessment of Home Office conduct and decision-making will establish those as the key 'features' that have negatively affected the development of the ESMCP, and ultimately the replacement of the Airwave network. Motorola looks forward to further supporting the Group's investigation and remains at the Group's disposal.