

Battle lines drawn for Intelligent Infra

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The lines are being drawn for an East/West technology battle as Intelligent Infrastructure takes a step closer to becoming reality... with the US placing itself in the vanguard as the tech protector for Western nations.

This week witnessed the introduction of a Bill to the US Senate that has taken many people by surprise... mostly for it having bipartisan support. This legislation seeks to subsidise home-grown tech companies to come up with an alternative 5G solution to Huawei and ZTE, citing security concerns over widespread adoption of Chinese solutions.

The legislation – Utilizing Strategic Allied (USA) Telecommunications Act – will use proceeds from spectrum auctions and \$1.25 billion in grants (spread across 10 years) to support advancements in 5G technology.

It is sponsored by senators Mark R Warner (D), Richard Burr (R), Marco Rubio (R), Bob Menendez (D), Michael Bennet (D) and John Cornyn (R) and is designed to accelerate delivery of a Western 5G solution as the West lags woefully behind China – which already has an operational chip.

The Bill will allow for the creation of two funds:

- Public Wireless Supply Chain Innovation Fund (PWSCIF) – valued at a minimum of \$750 million
- Multilateral Telecommunications Security Fund (MTSF) – at least \$500 million

The PWSCIF will fall under the administration of the National Telecommunications and Information Administration (NTIA), supported by the Federal Communications Commission (and a number of other related agencies) to set criteria for awarding grants.

These grants will pay for research into the whole 5G shooting match – from software through to hardware, and microprocessor technology – to allow it to compete (catch up) with the Chinese frontrunners.

Meanwhile, the MTSF will be administered by the US Secretary of State and will focus on projects involving the US and other Western countries to give them a 5G network that that will not be supported by Chinese tech.

In essence, the US is seeking through the USA Telecommunications Act (like what you did there) to lead the charge for second place in the 5G race while studiously ignoring Chinese technology that is advanced to the point of completion and that it insists will compromise Western national security.

The end result – if successful – will be that the West's 5G backbone will be operated on a system owned and managed by the US.

The next step

This development follows on nicely from last week's editorial – [Bring on the infra revolution](#) – which focused on the rise of Intelligent Infrastructure, primarily the deployment of Smart Transportation Corridors (STC) and the evolution of the global infra market.

This week we were again chatting with Matthew Garver who – through his company Management & Excellence Global Inc. – has a long-standing relationship with IJGlobal. Matt is also president and managing partner of Liberty Street Capital and is hugely-well informed on Intelligent Infrastructure.

"They are talking about putting a new chip in 10 billion devices – and that's hard," says Matt. "That's like building the pyramids one chip at a time."

And the price tag is every bit as worrisome as this would come in the trillion dollar range.

"Nobody knows how to scope it, so we would be the first ones shaping the boundaries of this market – which is a good place to be," says Matt.

“If we do nothing then Huawei is the dominant player – not the only player, but the dominant player. In the absence of an alternative, that is the path we are on.”

And yes, this is going to impact the global infra market and those who fund, lend to and advise on its implementation.

“If you are an equity player and you’ve been doing infrastructure for 20 years the same way you have always been doing it, how do you adapt to all these new market players and all these new market forces?” asks Matt.

“You have been working with contractors and builders, bidding on RFPs and the like... now you have to add telcos in to your portfolio, you have to bring on cyber security people – what is the best way to do that and who is doing that successfully?”

Given past experience, is it likely that those who see this sector rise as their own ones decline or stagnate will seek to re-invent themselves and re-brand as suitable candidates for a more tech-focused role.

Nothing looks crazy these days...

In a world where innovators like Elon Musk and Richard Branson have been proselytising for a brave new world of hyperloops, autonomous vehicles and intergalactic travel... there’s not much on the drawing board that can raise an eyebrow these days.

There have been so many projects over the years that live on the very edge of crazy that – in the current environment nothing that is being discussed causes concern.

As Matt says: “They are pushing the boundaries on crazy ideas that make the likes of a transportation corridor in, say, London look pretty banal – which is a good place to be.”

For now, it remains to be seen whether this Johnny-Come-Lately attempt by the US to crowbar itself into the 5G arena works.

Quite clearly the US has no intention of adopting Chinese technology and it wants other Western nations to buy into this world view... and support the end result of what will be a slow and expensive process.

As we stand, tech developers in the US and Europe are one year away from any announcements on the 5G front, while China sits smugly with the finished product.

It remains to be seen whether all Western nations buy into the American view of cyber security.

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