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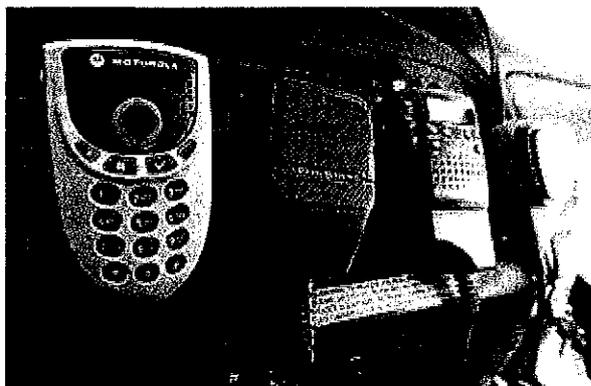
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With government's help, Motorola stays king of emergency communications

The company has long led the way in two-way radio technology even as the U.S. went on a post-9/11 spending binge on emergency communication. It has snagged an estimated 80 percent of all the emergency-telecommunications business in America.

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WASHINGTON —

In the San Francisco Bay Area, Sheriff Warren Rupf of Contra Costa County and Sheriff Charlie Plummer of Alameda County were political powerhouses locked in a duel of one-upmanship.

When Rupf set up a marine patrol, Plummer started buying boats. They echoed each other with helicopters, SWAT teams, and on it went.

But in 2005, amid a federal push to avoid another communications nightmare like the one blamed for the Sept. 11, 2001, deaths of 125 New York firefighters at the collapsed World Trade Center, Rupf and Plummer joined forces. They set their sights on a new digital two-way radio system so that all their first responders could talk to each other.

There was a catch.

A notice circulated by Alameda County to gauge vendors' interest in the project said the first \$5.7 million phase must include a master controller made by Motorola, and the equipment must connect with the county's aging, proprietary Motorola SmartNet II system.

In other words, "it was already a done deal. ... Nobody else could make their equipment

compatible with soon-to-be-obsolete Motorola equipment" — nobody except Motorola, said Steve Overacker, Contra Costa County's telecommunications manager at the time.

Chalk up another contract win for the Schaumburg, Ill., company that for decades has ruled a market financed entirely by taxpayers and now totaling billions of dollars a year. For Motorola Solutions, as it has been known since 2011, the value of this California contract would snowball toward \$100 million.

Such outcomes have come to be expected for the company that has long led the way in two-way radio technology, even as the nation went on a post-9/11 spending binge on emergency communication. Motorola has secured an estimated 80 percent of all the emergency telecommunications business in America.

Government officials across the U.S. have handed it noncompetitive contracts, used modifications of years-old contracts to buy new systems or crafted bid specifications to Motorola's advantage. These officials have helped stunt price competition and saddled taxpayers with hundreds of millions in added costs.

The company's contract wins have been clouded by irregularities or allegations of government favoritism in Chicago, Dallas and the Bay Area, and on statewide systems in Illinois, Iowa, Kansas and Washington.

- Kansas officials bypassed state competitive bidding requirements in 2005 with an unusual modification of a 1991 contract with Motorola, one providing for a \$50 million digital system. State officials defended their action by saying competitive bids were taken on the original system 14 years earlier.
- In Chicago, Motorola's backyard, city officials justified a noncompetitive, \$23 million contract on grounds it would protect a \$2 million investment in proprietary Motorola equipment, when the equipment's actual value was \$350,000, the city's inspector general found.
- Between 2009 and 2011, Iowa issued five solicitations for radio bid prices that each favored Motorola, one requiring that two knobs on the radios be exactly 19 millimeters apart — a parameter fitting only a Motorola radio, The Des Moines Register first reported.
- In Dallas, where Motorola has won a contract for a new digital network, the company has been snarled in controversy twice in recent years over the way it's met city requirements for use of minority subcontractors, because most of the money flowed back to Motorola. City officials declined to release contract documents, forwarding a Justice Department letter stating that to do so would interfere with an FBI inquiry into possible "public corruption, tax evasion and money laundering."
- Washington state piggybacked on a Department of Justice contract that was not competitively bid in fall 2011 to save money. The state issued a \$26 million contract and bought nearly 2,000 radios for the State Patrol.
- Motorola has cultivated cozy relationships with police and fire chiefs, its biggest customers, donating more than \$25 million to public safety-related foundations over the last six years, and bankrolling a key public safety coalition to which police and fire chiefs belong. Motorola sales representatives also coach public safety agencies in how to secure federal funds.

Governments have paid as much as \$7,500 apiece for two-way Motorola models, when some competitors offered products for a fraction of its prices.

"While our public-safety people do an extraordinary job in protecting the public, I am not

impressed with the choices they've made relative to technology," said Democratic Rep. Anna Eshoo of California, who represents part of Silicon Valley and has for years monitored Motorola's dominance with chagrin.

Motorola Solutions declined to make CEO Gregory Brown available to interview. Instead, Motorola issued a statement saying it has developed "state-of-the-art technology to support the challenging and demanding missions of public safety" for more than 80 years.

"Customers choose Motorola because we have remained committed to serving these dedicated professionals by closely listening to them and responding with innovative solutions that meet their needs," it said.

Work together

Motorola's long-standing marketing of proprietary features has clashed with the national goal of interoperability. It got so bad that fire commanders in some cities carried multiple radios to multi-alarm blazes to ensure they could talk with every unit dispatched to the scene.

John Powell, a former chairman of a National Public Safety Telecommunications Council panel on the subject, said that even today "we've got these systems going in with federal grant dollars that are really being a detriment to interoperability," because they don't comply with Homeland Security guidelines dating to 2006 that require recipients to buy radios that meet uniform design standards.

Powell criticized federal agencies for failing to put enough "teeth in those grant guidance documents" to ensure against proprietary features, such as Motorola's encryption. He said federal watchdogs have performed few compliance audits of state and local agencies.

It is rare that one company wields such power over a multibillion-dollar industry.

"Motorola is, in practical terms, a monopoly, and they control the market for the purpose of keeping the pricing very high," said Jose Martin, president of Power Trunk, a subsidiary of Spain's Teltronic, which is trying to break into the U.S. public-safety radio market.

Motorola stressed in its statement that it was "an early participant" in the 25-year-old industry-government effort to develop design standards, known as Project 25, or P25, that are supposed to open competition.

Martin has a different view. He contended Motorola pushed for P25 standards so that the U.S. wouldn't fall under Europe's similar uniform manufacturing standard for emergency radios.

As a result, he Martin said, "U.S. taxpayers are being exfoliated."

Overpaying for radios

In a 2011 report, the Government Accountability Office, warned that agencies may be overpaying for radios because they "lack buying power in relationship to device manufacturers."

Eshoo said Motorola's grip on the radio market was a big reason behind her decision to co-author legislation enacted two years ago that allotted \$7 billion for a nationwide, next-generation emergency data-delivery network she believes will invigorate competition.

If that broadband network someday reliably transmits voice communications, it would represent a huge threat to Motorola Solutions' radio franchise, pitting the company against Verizon and

AT&T.

Motorola has pushed back against the Commerce Department's new unit, known as FirstNet, which is overseeing the new network, drawing a public scolding from Senate Commerce Committee Chairman Jay Rockefeller, D-W.Va.

He lamented published reports that the company has secretly lobbied against the new network.

Motorola insists it supports the broadband network.

Montgomery County, Pa., a Philadelphia suburb, offers an example of the skyrocketing cost of emergency radios.

In 1996, the county bought a conventional radio system for less than \$5 million. The cost of last year's contract for a new digital system was \$40 million over its 10-year life.

One former senior Motorola executive, who declined to be identified to avoid harming relationships, said everybody knows a cellphone costing a few hundred dollars is far more powerful than today's two-way emergency radios. He said public-safety agencies shouldn't be paying more than \$800 for a "ruggedized cellphone."

Rivals of Motorola also have learned agencies will choose it over cheaper radios that appear to pass all tests.

Karthik Rangarajan, marketing vice president for longtime rival EF Johnson, said a city or county's request for radio bids lands on his desk with the exact specifications for a Motorola product.

In cash-strapped Randolph County, N.C., EF Johnson bid \$150,000 lower on a contract in 2011 with a package that included 200 more radios, but Motorola got the job. Rangarajan said there was a tipoff: Fire department officials forgot to remove the name "Motorola" from the specifications.



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