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Bringing A Fresh Perspective To Telecom, Finance And Energy

The Editor interviews former U.S. Senator John Edward Sununu, senior policy advisor at Akin Gump Strauss Hauer & Feld LLP.

Editor: You have had a rich and varied career. Would you share with our readers some of the highlights about your educational background as well as your previous career in government?

Sununu: I am an engineer by training, which immediately sets me apart from most people in elected office and certainly most members of Congress. Having been trained as a mechanical engineer at MIT, I worked for several years as a design engineer for an aerospace company before heading back to business school. With a combined engineering and business background, I began working as a consultant for high-tech companies – examining their product development strategies, their resource allocations for R&D, and ways to improve their operations and performance. I then worked for several years as CFO for a manufacturer of electronic controls in Manchester, New Hampshire. In many ways, the experience helping to run a small business made a huge difference during my years in Congress, acting on legislative policy that has such a profound effect on job creation and economic growth.

Editor: Certainly small business is so important today as the engine of growth for our economy.

Sununu: Small business is an engine of growth, but it's also a bellwether for the way in which taxes, legislation and regulation affect the economy. If a piece of regulation places pressure on capital formation for small business investment, chances are it will have

Former U.S. Sen. John E. Sununu advises clients on a wide range of public policy, strategic and regulatory issues.

a very broad and negative impact on the economy as a whole. There is no substitute for having experience hiring, and at times firing, employees – understanding how difficult that can be – and making decisions about investing in new capital equipment, and working to sell manufactured products at home and abroad. In 1996, the fact that I was one of the few candidates running for Congress in New Hampshire with small-business experience set me apart, providing me with unique and valuable qualities to offer the citizens of New Hampshire.



**John Edward
Sununu**

Editor: Why did you decide to join Akin Gump as a senior policy advisor on public policy, strategic and regulatory issues rather than, say, a management consulting firm?

Sununu: My work at Akin Gump, in many ways, compliments the work that I do with PRTM, an operations consulting firm for high-tech companies. Akin Gump has a breadth of practice areas and geographical coverage that allows me to leverage my technical background and business experience across a range of interesting clients and challenging problems in areas where I have both private-sector and public-sector experience, such as telecom, financial services and energy. Not only are these very competitive industries, but also ones that face an economic landscape that is often shaped by regulatory and public policy decisions.

Editor: What is your agenda in the regulatory area as policy advisor to the firm? How does your engineering background provide unique skills for the areas in

which you can serve the firm's clients?

Sununu: In areas such as telecom, financial services or energy, my technical and business background enables me to understand the business models of the firms that I am advising, the value of the technology that they're bringing to market, their operational challenges, and the way in which the public policy or the regulatory landscape may affect their performance. The latter can affect their risk management decisions, resource allocations or their choices about acquisitions, new investments or capital expenditures. The three industry groups I mentioned – telecom, financial services and energy – comprise very dynamic components of our economy. Understanding how to compete in a changing regulatory environment can provide a real strategic advantage for businesses.

At the same time, effective regulatory compliance can also become a source of competitive advantage. It is important for businesses to develop systems that ensure compliance, strengthen corporate governance, and create effective risk management and audit functions. Having both private-sector and public-sector experience in these areas enables me to bring a unique perspective to senior management as they wrestle with these choices.

Editor: One area where your knowledge is expected to be helpful to Akin Gump's clients is in the area of broadband communications.

Sununu: Broadband provides an incredibly important source of opportunity for companies that are developing technologies to improve network performance and access to the Internet, those that use it to drive operational improvement, and those that are trying to use broadband to expand their markets. There is no single challenge these companies face; several areas of policy come into play.

For example, firms need to understand consumer expectations for privacy protection beyond simply complying with regulations for disclosure or data security. When considering investments in infrastructure, they must consider the economics of investment today, but also understand how some of the proposed regulations in the broadband space might affect return on capital for future investment. Constraints on wireless spectrum will force the government to make new commercial spectrum available as well as consider the reallocation of existing licenses to improve the availability of wireless broadband and fourth generation networks across the country. And finally, rules for broadcast regulation such as retransmission consent and “must carry” continue to shape the media industry years after they were first written.

There are multiple levels of value created by a strong broadband architecture. Not only is it good for businesses that provide the equipment and the technology to build the architecture and infrastructure, but it is important to any number of businesses that are using broadband to improve the speed and security of transactions and to improve their operating efficiency by better managing material procurement and inventory. The economic ramifications flow into just about every corner of the traditional economy, whether you would consider a business to be high tech or not. In short, companies need to think about the range of choices that policy makers might be looking at on the public policy side – what’s the timing of policy implementation and how does it affect the opportunities and the risks in their businesses.

Editor: Do you foresee the expansion of broadband overseas, especially to third-world countries?

Sununu: Yes, both voice and data services in many developing countries have effectively skipped over the wire-line phase and have gone directly to wireless transmission and a wireless build-out. Fortunately, in many respects the developing world can look to some of the public policy choices in Europe and the U.S. to understand their implications and make good choices, thus avoiding some of the unintended consequences of public policy and regulation made by others. I expect and hope that U.S. firms will be aggressive and successful in supporting investments in the build-out of broadband and wireless technology overseas. U.S.-based companies have tremendous capability and ownership of technology as well as management capability that is of great value in deploying wireless technologies around the world.

Editor: During your time in Congress you stressed the importance of banning the

taxing of Internet connections and online sales. Do you see any risk of a renewed push for Internet taxes and regulation?

Sununu: We must always be mindful that when you tax something you get less of it. The Internet and broadband connectivity have expanded very rapidly in the U.S. and around the world, providing tremendous economic benefits across all areas. New products and services continue to be developed on a monthly basis and I think that policy makers should be very careful about imposing any kind of regulations – not just taxes – that would discourage investment and innovation. Even in the area of privacy where there have been a number of cases of companies that have made bad choices about the way in which they collect information, we’ve seen a very quick and effective response by consumers, shining a light on bad actors and effectively shutting off certain websites until practices were modified. I think we’ll continue to see both changes in the business model and deployment of technology to ensure an appropriate protection of consumer privacy, and in that regard disclosure is key. We need to exercise great caution before imposing a new regulatory framework on broadband connectivity because there is still so much investment and innovation to take place in the field that will continue to yield economic benefits.

Editor: How do you regard the Chinese government’s reinstatement of Google’s right to do business in China?

Sununu: Governments have the power to restrict the ability of their citizens and residents to communicate and to share information. China is a prime example of that stark reality. On the one hand I think consumers in China benefit by having access to cutting-edge products and services, of which Google is one; but every company that operates overseas has to make choices about whether the government’s policies and regulations are consistent with their corporate mission and consistent with the type of environment in which they want to operate. Google has effectively carried on a very public and thoughtful discussion about what the appropriate limits of such activity might be. In the process, Google has probably educated a lot of people around the world, both consumers and policy makers, about the types of restrictions placed on communications in China. I hope in turn that has generated more thoughtful debate and pressure on the Chinese government to adopt policies that are more consistent with the norm that is shared by most of the Western and developed countries, not just America’s perspective of an individual’s right to access information.

Editor: Do you expect to be involved in

assisting clients as to their policy positions regarding the upcoming debates on climate change and clean energy?

Sununu: During the past two years, the debate around carbon regulation and clean energy has slowly begun to focus on a more fundamental assessment of costs and benefits. Most of the proposals on the table today would significantly raise the cost of energy while their effect on atmospheric levels of CO2 would be quite small. Not surprisingly, this has raised concerns among legislators who represent areas of the country where jobs are driven by energy production. Similarly, tough questions are being asked about the value and sustainability of clean energy programs ranging from wind to ethanol subsidies. My goal is to help clients by bringing together a strong understanding of the costs and business models with an understanding of the technical risks in these emerging businesses.

Editor: You have spent some time in the Middle East and Central Asia, leading delegations to monitor the Palestinian presidential elections in 2005 and the Lebanese parliamentary elections in June 2009. Please describe the work you are doing at the U.S. Institute for Peace as a member of the Mid-East Working Group.

Sununu: The working group is comprised of 15 or so academics and current and former senior policy advisors who share a very deep perspective on and experience in the peace process. We’ve developed a series of analyses of the different components of the peace process – everything from current economic conditions and actions on the ground that might foster sustained economic development to questions of security and the key questions of the final settlements relating to borders and Palestinians’ right of return. This group of advisors can provide a perspective and analysis that will benefit the current decision makers in both Congress and the administration. We’ve tried to share some of our analysis through the public release of publications at the U.S. Institute of Peace. More importantly, we have shared some perspectives in private and confidential settings with policy makers who are seeking to make progress on what everyone understands is perhaps the most complex of foreign policy challenges.

The leaders of our group are Stephen Hadley and Sandy Berger, both of whom have served as national security advisors to presidents. As a former senator and a friend, I have visited in an informal setting with Sen. George Mitchell, U.S. Special Envoy to the Middle East. I welcomed the opportunity to stay current on the work that he has done and the extraordinary effort that he has made in trying to move both sides of the peace discussions forward.