

TELSTRA-ACCC SPAT
Two accuse each other of
demanding FTTN confidentiality

Quantify broadband productivity

TNZ broadband ARPU the biggest loser

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Satcom, broadcast & 3G lobbies slam ACMA wireless broadband proposals

A push by the Australian Communications and Media Authority to open up new spectrum bands for wireless broadband networks faces strong opposition from broadcasters, the satellite industry and the Department of Defence.

ACMA on Friday published some 160 submissions it received on its spectrum reform proposals, which include opening up the 2.5-2.7GHz and the 3.5-3.7GHz bands.

The vast bulk of the submissions are critical of the proposals with charges that use of these bands for wireless broadband would pose unacceptable interference risks and mitigation costs for C-band satellite communications, specialised uses such as outside broadcasting and electronic news gathering, and even the operation of wireless microphones.

Interests supporting the proposals include regional ISPs and carriers along with Motorola and Intel, both of which are pushing WiMax technologies which would make use of the spectrum.

The most vociferous criticisms come from the satellite sector. Satellite specialist Avcomm charges that around 60,000 Australian satellite users are already experiencing interference from Unwired's 3.4GHz transmissions and believes that increased use of these bands for wireless broadband will exacerbate the problem. Complicating matters is the fact that almost all of Australia's estimated 200,000 domestic satellite receivers are unlicensed which could make it difficult to manage interference concerns.

Australia's only commercial satellite operator Optus opposes spectrum from the 3600-3710MHz band being made available "as it has significant fixed satellite usage in that band and would want ongoing protection for its satellite links."

However it does not oppose spectrum allocations above this band or lower down the spectrum. The country's major international gateway operator, Reach, charges that any interference of Australian satellite links might prove an international issue, with a number of Australian and neighbouring island territories wholly or partially reliant on Australian satellite links. Foxtel is also concerned by how interference might impact its satellite downlinks which provide programming to 2m customers. **WIRELESS TO IMPACT SPORTING COVERAGE:** Broadcasters are also upset that new spectrum usage might interfere with their electronic news gathering and outside broadcasts. Free TV Australia, the lobby group for TV broadcasters, says "Restrictions on the amount of spectrum available to broadcasters would severely impact their ability to cover live news and emergency events and sporting and other outdoor events." The ABC and SBS also submit arguments on these lines.

But those arguments are also substantially refuted by the pro-wireless lobbyists.

Motorola says "We have listened carefully to the many arguments put forward by the broadcasters for allowing them continued use of this band on their present terms, but we consider that the time for them to change to a technology, less extravagant in its use of spectrum, has arrived."

"We understand that the technology they use has been in use for a long time and we believe that more modern technologies are available which would be more spectrum efficient and we would expect would also offer better features for electronic news gathering purposes," Motorola concludes.

The Communications Alliance makes a similar point: "Operators of electronic news gathering services have been on notice since the ITU's World Radiocommunications Conference in 2000 (WRC-2000) about alternate uses for the 2500-2690 MHz band," it says.

Internode provides the most withering putdown of broadcaster concerns, pointing out there is just

one electronic news gathering operation in its home city of Adelaide as all the TV networks pool their coverage. "The total number of portable ENG apparatus in use in Australia today probably numbers in the tens so the disruption caused by altering this equipment to work in a new band would be minimal and could perhaps be accommodated as part of the shift to all digital operation."

The ABC takes a different tack to others in its criticisms, asking whether ACMA has even quantified the need for new spectrum allocations, suggesting that recent ITU recommendations that there was a need for 1.2GHz of new spectrum have been challenged by "many participants" in the agency's study groups. "While the spectrum quantum of 1.2GHz may perhaps correctly reflect the need for spectrum in some densely-populated cities, such as Tokyo, New York, Seoul and Paris, this quantum is totally unjustified for the population density of any area within Australia before the year 2020," the ABC said.

Intelsat makes a related point as to whether upsetting satellite usage in favour of wireless broadband is worth the cost. "There is no valid reason advanced for terminating (C-band) services to these users in commerce, the mining industry, educational institutions, tourism and the home in favour of undefined new services for undefined new users."

DEFENCE, 3G OBJECTIONS: Unsurprisingly, Australia's largest spectrum user, the Department of Defence, is also concerned by the proposals, noting that it makes use of all the bands suggested by ACMA for wireless allocation. Defence is particularly concerned that allocations in the 3.5-3.7GHz bands might interfere with its maritime radars, which are used for search-and-rescue and active military operations applications. Adding their voices of dissent are the world's major 3G vendors Ericsson, Nokia and Qualcomm who believe that the 2.5GHz band should be retained for future 3G usage and not handed over to WiMax type services.

Telstra's submission takes a half way bet on this issue, proposing that 2.5GHz be retained for 3G in cities but made available for alternative wireless broadband services in remote areas. Telstra also believes the lower frequency 520-820 MHz bands could be allocated for wireless broadband services from 2010.

Overall, Telstra is supportive of ACMA's desire to open up new spectrum, stating "Australia will need up to 360 MHz of additional spectrum resources to satisfactorily accommodate wireless access technologies likely to be launched by 2010."

For its part, ACMA hasn't committed to any of its proposals and says its consultation process is designed to stimulate discussion.

But the push for new spectrum is gathering speed in comparable markets. Just last week, Hong Kong's OFTA proposed new spectrum allocations for wireless broadband in the 2.3GHz band.

And ACMA appears to be intolerant of industry players who resist proposals to find ways to share spectrum. In speaking notes for a December presentation, ACMA spectrum managers Andrew Kerans and Geoff McMillen said: "There is no such thing as a free lunch and we can't make more spectrum. Accommodating new technologies and services usually means making arrangements for band sharing with existing services or, worst case, relocation of existing services. There is little prospect for exclusive commercial use of spectrum."

"There is pain in this but the alternative is to not accommodate new technologies; progress would be frozen; public benefits would not be realised. This is not an option for ACMA."

ACMA believes there might be cause to create a peak industry body to manage interference issues between multiple spectrum users.

Grahame Lynch

Telstra, ACCC spar over who wanted FTTN confidentiality

The increasingly absurd spat between Telstra and the Australian Competition and Consumer Commission over which one sought confidentiality in ultimately failed talks on FTTN access prices reached new depths on the weekend.

The ACCC accused Telstra of demanding confidentiality for the access proposal talks in a letter to the Australian Financial Review last Friday after having earlier been accused of misrepresenting those talks by Telstra consultant Henry Ergas.

And after first making the charges on a Radio National talk show last weekend, the ACCC was again directly contradicted by Telstra regulatory head Phil Burgess in a "right-of-reply" interview on Saturday.

Burgess said that ACCC had made it a condition of the discussions that they be confidential. “(Samuel) uses the phrase ‘come to us in advance, confidentially, and we’ll give you a red light, amber light or green light.’ There is a lack of transparency because that’s the way the ACCC does business.”

Samuel told the same programme the week before that “Telstra suspended its discussions then when we asked that they put their proposals into the public arena.” Ergas disputed this version of events in a letter to the Australian Financial Review last week, stating that the talks broke down over disagreement on how Telstra should be compensated for rural losses.

However, Burgess wouldn’t be pinned down on what prices Telstra was now proposing in its current discussions with the communications ministry, saying little except that speculation on a \$85 access price were “furfies... they don’t exist in reality.” Burgess again criticised the G9 proposal for a FTTN network—pushed by Optus and other competitive carriers—saying it didn’t have financial backing, required a 20 year monopoly and confiscation of Telstra’s copper loop.

Grahame Lynch

Call for more facts on broadband productivity benefits

The debate on broadband and its effect on productivity has been confused by poorly understood data, unchecked methodologies and self-interest, according to industry analysts Intelligent Business Research Services. IBRS adviser Guy Cranswick has called for perspective and context to understand what productivity gains technology can deliver.

“In the arguments over broadband, facts are disputed and the interpretation of tables and the consequences of policies all muddle perspective.” He said that in order to make informed decisions the industry needs to return to the basic facts and examine how the data is compiled, so that the logic of a business case is based on unbiased material.

Cranswick told Communications Day that while Australia needs adequate infrastructure, it also needs to ensure that the debate is conducted with clarity and rationality as all citizens have a share or stake in the result. “That’s why independent research is valuable to even up the players’ competing interests. And it highlights the need to have independent material and research, not data from participants.”

He said that despite the hysteria, by most empirical data, Australia sits in the middle of the international broadband landscape with plans and speeds similar to many European countries.

Cranswick said that while Australia’s position globally as “a median broadband market” is not satisfactory to the leaders of large media organisations, the issue of the status of the infrastructure, ownership and investment should be treated as a separate issue.

“Many voices and organisations claim that without world class broadband Australia will be uncompetitive and GNP will falter. This argument segues from the OECD access statistics, but it is an error of interpretation and due to a simple logical mistake,” he claims.

Cranswick claims that data transfer, up or down, is not a criterion of productivity. He said that up until now the methodologies employed to derive a measure of economic output is contentious. “Convenience and economic output have to be distinguished to report real gains. Downloading files quickly is generally better but it may not yield higher productivity, for a person or an organisation,” he says.

He also points out that Productivity Commission does not measure broadband as a variable in productivity gains, and the Australian Bureau of Statistics has not reported a broadband productivity dividend since adoption grew apace in the last three years. “If broadband is critical it’s time for independent research to measure and verify this infrastructure that is important for the future,” he states.

He suggests that in light of the recent debate both the ABS and the Productivity Commission may change their policy on reporting in the future.

Natalie Apostolou

Telecom NZ heads broadband ARPU losses

Telecom New Zealand suffered the highest drop in broadband ARPU in 2006 compared to regional incumbents across the region, falling by 22%, Telstra followed second with 7%, according to

Ovum's Asia Pacific Regional Overview.

Broadband growth across the Asia Pacific region is slowing, yet while revenue from broadband is increasing it is doing so at a slower rate than before, putting urgency of carriers to move quickly beyond access only broadband strategies.

According to Ovum's report assessing the performance of incumbent carriers, broadband revenue growth slowed from 15% in 2005 to 12% in 2006. Only NTT and SingTel reported growth, 5% and 2% respectively.

Typically incumbents are experiencing a decline in broadband ARPU caused by intensifying competition and upgrades failing to yield revenue lift.

"Users are slowly upgrading to faster speeds from ADSL2+, VDSL and FTTH but are often doing so without paying more," Ovum analyst Nathan Burley said.

Burley said that few of the carriers surveyed expected to see double digit broadband access growth revenue in 2007 as they did the previous year.

Burley said that as with other saturating services such as fixed line and mobile reducing churn is primary focus via bundling and differentiation through value added services and content.

Ovum warns that in Australia, the slide in growth of new broadband connections means that, if left unchecked, the market would saturate in 2008. The outcome is largely dependent on whether Telstra and its competitors can cut costs sufficiently to afford further price cuts, or deploy new services and applications that attract new subscribers and drive more intensive usage.

Ovum suggest that a renewed focus on raising ARPU is required between now and the end of 2007 but notes that Telstra has already reported that broadband traffic is growing faster than connections, which it attributes to greater use of content-based applications.

Across the region operators are placing their bets on IPTV, with PCCW being the only one with notable success thus far but as yet operators have been unable to crack the formula to derive new revenue outside of access. Telstra is aiming for 10% of non-access broadband revenues by 2009.

The move to new growth drivers such as online, mobile, LBS, advertising and directories has yet to yield any strong results to stem the loss from inevitable fixed line decline and the lull in broadband and mobile growth. Surprisingly Telstra and Telecom New Zealand have emerged with the highest revenue shift towards garnering revenue from emerging services with 23% and 34% respectively of total revenue going towards the non traditional services area.

Natalie Apostolou

Telstra consolidates payphone management

Deployment and network management group Service Stream has won a new contract with Telstra, this time to keep its national network of payphones in clean and working order. The deal consolidates a number of payphone services arrangements but will also result in retrenchment or redeployment for as many as 90 Telstra workers.

Already providing a wide range of services to Telstra, Service Stream is now responsible for general cleaning, graffiti removal, technical and mechanical maintenance, faults and new payphone installations. The contract is for three years with two one-year options and is expected to deliver Service Stream with as much as \$35 million in new revenues annually.

Payphones are a sensitive and costly issue for Telstra. The company attracted howls of criticism last year when it proposed removing about 5,000 units from certain locations not included in its Universal Service Obligation. Last week Telstra Policy & Communications GMD Phil Burgess described a main-street payphone in a town west of Sydney where low use rates

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and high maintenance costs meant each call cost an average of about \$36.

According to Telstra Services GMD Michael Rocca yesterday, "Telstra has been reducing pay-phones over many years in line with the continued reduction in payphone usage primarily through the growth in mobile phones." He said activations and fault repairs were the only aspects of pay-phone management not yet outsourced and that reduced activity meant outsourcing was optimal. Service Stream managing director Patrick Flannigan said, "Service Stream is proud to support Telstra in their on-going commitment to managing the payphone network across urban and select major regional areas." Telstra confirmed that it will continue to run payphone faults and activation in rural and remote areas where it does not have dedicated payphone specialists.

Tim Marshall

Digital media rivals back online training co-op

Digital media giants including Google, Sensis MediaSmart and Yahoo!7 have shown unprecedented cooperative support for a new training initiative they hope will break a chronic online skills crisis gripping the industry.

Brought together by online media specialist Brendon Cropper, the companies are backing his Digital Cadet venture as a way to quickly increase their available talent pool. Digital Cadet is offering concentrated, industry-supported courses promising students exposure and jobs with as many as twelve major online players. Cropper says the collaboration will allow players to concentrate on business growth rather than skills training.

Skills shortages are common across much of Australia's IT sector but players in the booming digital media and marketing component may be among some of the worst hit. The normally fierce rivals backing Digital Cadet fear they are becoming victims of their own success and won't be able to meet client expectations because they are diverted by training issues.

In addition to Google, Sensis MediaSmart and Yahoo!7, Digital Cadet founding partners include News Digital Media, ZenithOptimedia, The White Agency, Emitch, 24-7 RealMedia, Starcom and Facilitate Digital. All will contribute to a curriculum spanning topics such as media research, search engine optimisation, media planning, online technology, sales, affiliate marketing, optimisation. According to Cropper, "graduates from the program will form the platform for future growth in the online media market."

Cropper says there is growing consensus that traditional educators aren't keeping pace with online development and the realities of user-generated content, messaging communities, social networking, measurement and digital consumer engagement. "Advertisers today expect the staff at their advertising agencies and the online publishers to understand these challengers and identify solutions to leverage them for their benefit. Digital Cadet stands alone addressing these challenges and those on the horizon," Cropper said.

According to ZenithOptimedia partner Matt Houltham, "the media world is changing at a faster pace than ever before. The digitisation of media channels is turning the world on its head." Facilitate Digital CEO Ian Lowe added, "talent shortfall is the single greatest issue faced by the digital media industry."

Corporate Australia has switched on to digital marketing, producing industry growth of at least 60% and a market worth an estimated \$1 billion over the last three years. Players worry however that their current focus staff development is stifling the innovation they need to satisfy clients. They want to quickly enhance the skills of graduates and workers from other industries to fill the void. "We want to alleviate the skills shortage pressure and also allow the online advertising market to expand and evolve at a more sustainable rate and ensure Australia is not left behind," Cropper said.

Digital Cadet is now accepting enrollments for courses in Sydney and Melbourne in July.

Tim Marshall

IPTV providers face uphill battle

Service providers planning headlong launches as on-demand video companies have been warned they face significant challenges to achieving their revenue raising goals.

Infonetics Research says that while IPTV revenues will grow substantially in the coming years, competition, start-up costs and technical issues will make the journey hard for many. While Infonetics is providing a global perspective on the IPTV business case, its warnings have a poignant rele-

vance in Australia where fledgling on-demand providers have struggled to gain traction

Interestingly, where expensive broadband services are cited as the main inhibitor to IPTV in Australia, bandwidth limits figure behind product interoperability, poor in-home wiring and ensuring quality of service in global technical challenge rankings. As evidenced in the recent financial problems and subsequent diversification of ReelTime Media in Australia, the global survey cited profitability as the key business challenge for IPTV, followed by competition from traditional video providers and the cost of content.

While the Infonetics survey notes an almost universal service provider belief in IPTV and video to increase subscriber revenues, another study gives a grave assessment of their enthusiasm. According to Pyramid Research analyst Ozgur Aytar, "we don't believe, however, that VoD services over IPTV networks offer an attractive business model in the medium term, for a number of reasons." Aytar says that new movie release will be essential for success but that Hollywood studios will demand the bulk of revenue. He added though, "VoD is a necessary evil for IPTV operators."

According to Infonetics analyst Jeff Heynen, service providers are well aware of where they stand. "IPTV operators definitely know what they're up against, in terms of the competitive business environment, regulatory challenges, and technical hurdles to making their IPTV businesses successful," he said. "However, our results show they are focusing on technologies that enhance subscriber QoE for today's IPTV services, and are demanding clear product and service roadmaps from their chosen vendors to help them differentiate their services."

Demonstrating the conviction service providers have for video saving their bacon, the global Infonetics sample plans to spend 28% of their 2007 capex budgets on IPTV and video equipment, software, and services. It lists the most commonly planned services for 2008 as home media (viewing and sharing of pictures and video), electronic program guides and live weather/traffic information.

Tim Marshall

Emagine wins South African deal

Australian telecommunications marketing specialist Emagine International has secured a multimillion dollar agreement with South African carrier Vodacom to implement its Closed-Loop Marketing system.

The carrier will deploy the Australian designed mobile marketing and campaign management solution which aims to reduce churn and stimulate ARPU for prepaid customers. Following a three month pilot programme Vodacom will use the Closed-Loop Marketing system to execute all Vodacom's Mobile Marketing programs to its 22 million customers.

The carrier's subscriber base is 90% prepaid. Emagine CEO David Peters said, "we knew that working with Vodacom would provide a sizable challenge but we have built up a lot of experience through our work with other large telecommunications companies. We are pleased with how seamless the transition into South Africa so far, the customer response from Africa has been very encouraging."

Emagine has also opened an office in South Africa to service its new and emerging customers. Emagine's carrier clients include Hong Kong's CSL, AAPT and Telstra.

TELSTRA, OPTUS COURT CASE

Telstra and Optus are set to face off in court on Tuesday following Telstra's claims that its rival's latest Black & White mobile advertising campaign was "false and misleading". The case is due to be heard by Justice Gray in Melbourne Federal Court on Tuesday at 10.15am. Optus must file its evidence by 3pm on Monday and Telstra has until 9am the following morning to respond.

LINKSYS APPOINTS NEW APAC VP

Linksys has appointed Craig Gledhill to the position of vice president of the APAC region, effective from the end of July. Based in Singapore, Gledhill will lead the strategy, execution and expansion of Linksys throughout the Asia Pacific. Gledhill joins Linksys following nine years with parent company Cisco, holding a number of leadership roles including senior sales positions for large accounts and education verticals within Australia. He most recently served as the managing director of Singapore and Brunei. Gledhill will report to Rod Keller, Linksys, vice president of global sales.



When the troglodytes are inside the cave

It was fairly depressing reading the press commentary after Treasurer Peter Costello's budget didn't hand out more bribes for the broadband industry—as if the privatisation of Telstra last year hadn't brought enough gifting.

Adam Turner at ITwire railed “Treasurer Peter Costello is living in a fantasy land if he thinks the private sector alone can be trusted to look after Australia's best interests in building the next generation of broadband infrastructure Australia's broadband future is too important to be left to people who more concerned about making a dollar than doing what's right.” Whatever that may be, including getting re-elected or building large symbolic feel-good white elephants, I guess!

Over at ZDnet, Scott McKenzie quoted an Australian Information Industry Association official stating that the “inaction” on funding was “from a government that is charged with the task of developing a world class ICT and communications sector. There is a hole there as far as DCITA [Department of Communications, Information Technology and the Arts] is concerned.”

Personally I'm sick of the criticisms directed against that small group of individuals called the Federal Cabinet when there's actually a lot going on at government level in support of broadband. Over at the Australian Communications and Media Authority, for example, they've been working on getting new platforms such as powerline and WiMax enabled. Guess who's been resisting them? Not those evil fascists Howard and Costello. No.. It's been the community itself!

With powerline, the resistance came from the amateur radio community who were concerned at what they saw as the inevitable deleterious effects of interference on their transmissions.

Never mind that these concerns can be largely eliminated through techniques such as frequency notching. No, instead thousands of form letters demanding an end to this powerline heresy were dispatched to the regulator.

Now ACMA is opening up a cautious discussion on new spectrum allocations for wireless broadband—and an extremely open-minded and flexible discussion at that.

No, it's all bad, say various community interests. The satellite people, for example, have jumped to the defence of Australia's estimated 200,000 domestic satellite receiver users, who might have to get their gear re-calibrated if spectrum arrangements change. Never mind that almost all of these users are unlicensed, in clear breach of ACMA requirements. The paranoia extends further. Australia's external territories might be cut off from the communication grid! Outside broadcasts of the AFL grand final might be disrupted! Wireless microphones might not work! People might drown at sea! You get the drift.

ALTRUISM MISSING: What's missing in most of these reactions—from the community, from private sector interests and from government entities that represent specific constituencies—is any recognition that technology has come a long way and that interference is now much easier to manage. As the former radiocomms official and now consultant Geoff Luther has pointed out, other countries have embraced these changes and are moving forward to get more bang for their megahertz.

Late last year, he said “Australia was once the world leader (in areas such as) trading, spectrum licences, auctions, pricing. Other countries have caught or passed us – the US Spectrum Policy Task Force on “interference temperature”; the UK Cave review and other reviews such as ‘Technology neutral spectrum policy rights.’”

But it's incredibly hard in a democracy for a regulator to be too far ahead of its constituency. And reading through the 160 submissions to ACMA's latest spectrum musings, it's fairly clear that there is a considerable groundswell of resistance to the idea that in order to open up the spectrum for wireless broadband, existing users might actually have to accommodate it!

Most interestingly, it's those two entities most often criticised for holding broadband back and displaying selfish tendencies—Telstra and Optus—who make the most constructive and thoughtful submissions on the topic. Both have their specific criticisms of details of the ACMA proposal, but they don't just present zero sum resistance—they acknowledge the legitimacy of the ACMA agenda and suggest meaningful alternative strategies where they reject specific band usages for broadband.

So for once, let's recognise that it's not always Telstra or Peter Costello or DCITA or free marketers who are the “obstacles” to the great broadband nirvana.

Maybe the troglodytes are INSIDE the cave.