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Telstra hotline to offer Next G replacement phones

Amid speculation that Telstra still has hundreds of thousands of customers using its CDMA network, the carrier is wasting no time implementing measures to smooth progress to its rescheduled shutdown in April, announcing yesterday plans to replace handsets unable to meet customer performance expectations.

Telstra has refused to confirm the number of customers still linked to CDMA however speculation suggests hundreds of thousands are still on the network. Sources yesterday questioned the company's happy acceptance of a ministerial block to its planned network shutdown, suggesting a closure next week would have amounted to a "public relations nightmare" because of the large number of impacted customers.

Under the new plan announced on Friday, Telstra has until April 28 to satisfy a range of conditions allowing the CDMA switch-off. They include initiatives to better inform new Next G customers about the devices they are buying and helping existing customers with issues about handset performance. The official Australian Communications and Media Authority report noted six handsets with insufficient sensitivity levels, although they have not been detailed.

Yesterday Telstra confirmed the implementation of customer hotline (1800 888 888) for customers "having genuine issues" with Next G handsets and equipment. While not a directive of government, the hotline aims to sooth customer concerns about the performance of Next G, offering a series of diagnostic steps to identify problems. Telstra Country Wide group managing director Geoff Booth says most performance issues would be dealt with immediately but that in cases of "genuine handset problem," Telstra will replace the customer's device.

"Our experience shows that we can easily fix the vast majority of customer issues on the spot. In many cases it is simply a case of making sure the phone has the right SIM card, the right settings or the right accessories – such as using an external aerial. I want to stress that all handsets that Telstra sells, for use on any of our networks, have passed rigorous testing, meet established international performance standards, and provide coverage within mapped coverage areas," Booth said.

HANDSET CONCERNS: Rural advocacy Kondinin previously raised concerns about the handsets being selected by remote customers. It said manufacturers had been caught out by Telstra's Next G launch in October 2006 and that early models failed to meet expectations of reliable and equivalent reception performance. Last week the group released a new analysis showing improved performance by more recently released models, including the ZTE F165 rural phone but said discrepancies remained.

Consumer advocates have rounded in support of the CDMA switch-off delay and called on communications minister to continue to publicise progress. Charles Burke, vice president of the Queensland-based rural lobby AgForce, said there were significant issues to overcome, including limited power back-up supply, dropped lines, unreliable equipment and a lack of service compatibility with Telstra's CDMA Wireless Local Loop replacement service, Next G Wireless Link. Burke added, "there are substantive issues regarding handsets and service under the new Next G network and these must be addressed before the CDMA network is removed."



Nationals Senator Fiona Nash questioned whether Telstra can make its new April 28 deadline. She said, "it is now clear the network will not be shutdown until Telstra delivers equivalence not just in network coverage but also in the ability of consumer handsets to receive and transmit Next G without the aid of an external aerial. How long that will take is yet to be determined."

According to Consumers' Telecommunications Network policy advisor Sarah Wilson, "having a suitable handset is imperative to getting the best possible service, particularly in rural areas, and Telstra needs to make sure it supplies a range of phones that meet different needs of all users."

Tim Marshall

Industry big-guns eye IIA board seats

A battle is shaping up between representatives of some of the country's biggest media and carriage companies to take a seat at the board of the Internet Industry Association.

With two positions becoming available in the 'large organisations' segment of the board, companies including Google Australia, Pipe Networks, Optus and Telstra are jostling for spots. IIA chief executive says the February 21 ballot will be its most hotly contested to date and heralds a big year ahead.

Nominated for positions are Google Australia senior policy counsel Carolyn Dalton, Ninemsn general counsel Nina Ta, Optus content and portals general manager Mark Mulder, Pipe executive director Lloyd Ernst, Telstra BigPond general counsel Simon Brookes (renominating) and Syman-tec managing director Craig Scroggie.

The IIA has foreshadowed taking an increasing role in industry affairs and policy development after raising concerns about the sustainability of broadband pricing last year. It is also actively involved developing the government's content filtering proposals.

According to Coroneos, "we are escalating activities in a number of key policy areas as the net continues to grow and diversify in Australia and the new federal government establishes itself. This field of candidates will ensure that whatever the outcome of the election we will have an outstanding board with which to prosecute our 2008 agenda."

The winning nominees will join existing members to the 12 member board including Unwired Australia CEO David Spence, Destra CEO Domenic Carosa, Verizon Business general counsel Mary Jane Salier, QUT law school head Prof. Brian Fitzgerald and Sophos Asia managing director Rob Forsyth.

Tim Marshall

Bank gives thumbs up to Pipe cable project

ABN AMRO Morgans has increased by 10% its valuation target for Pipe Networks following confirmation of the carrier's \$200 million Pacific Ocean telecom cable rollout last week.

In a post-announcement research note, ABN predicts more good news from Pipe, which is already performing well domestically and has locked in up to 10 foundation customers for its under-sea cable. The network, dubbed PPC-1, will connect Sydney with Guam via the Queensland Gold Coast and Papua New Guinea. Speculation suggests a further investment could link the network to

Luke Coleman promoted to deputy editor of CommsDay

Communications Day journalist Luke Coleman has been promoted to deputy editor of the title in a move that will see him taking more directional and oversight responsibilities for the publication. "Luke has been with CommsDay for just seven months but he has shown an amazing aptitude for a good story and a fantastic level of enthusiasm for the wide range of technical, financial and regulatory topics that we cover," said publisher Grahame Lynch.

Luke's promotion caps a strong recent run for CommsDay.

This includes its appointment as the official daily newsletter for the 30 year old Pacific Telecommunications Council conference held in Honolulu last week and record sponsor interest in its annual CommsDay Summit, now in its sixth year. The Summit is in final negotiations for Telstra CEO Sol Trujillo and Broadband, Communications and Digital Economy minister Stephen Conroy to appear as keynote speakers.



New Zealand.

With news that Pipe will go-ahead building PPC-1, ABN increased its DCF-based valuation of the company to \$5.71, up from \$5.18 previously. It values Pipe's core business at \$4.50, with PPC-1 adding \$1.21. Advisors have assigned a 'buy' recommendation to the stock but admit risks still remain around Pipe's ability to deliver the project and maintain a high level of customer acquisition.

Pipe is now in talks with financiers over project financing for PPC-1 however claims to have options available. Pipe chairman Roger Clarke told CommsDay the rollout will go-ahead regardless of the outcome of project financing negotiations. The cable is expected to be commissioned by the second half financial year 2009, and be debt-free six months after commissioning.

"The project is with a number of people now and they have given good indications but there is an argument to say we can go ahead with other things," Clarke said. "There are a number of options available and we're confident we can go ahead using any number of them."

Clarke described the announcement as a major milestone in the company's history. He praised efforts to lock-in customers, believed to count at least ten including the five announced last week, and finalise the corporate structure. "This is a major thing, it expands it dramatically but essentially the principles are the same. Yesterday we were dealing with domestic customers and tomorrow we can deal with international customers and who knows what that will bring," he said.

ABN AMRO Morgans has raised its net profit after tax forecasts for Pipe to include contributions, raising its FY01F NPAT by 55.2% to \$20 million, up from \$12.9 million.

Tim Marshall

M2M gets Chinese market entry

Australian VoIP group M2M has locked in arrangements to sell broadband telephony services in China.

M2M confirmed last week that its Hong Kong-based subsidiary Starband Communications had struck terms for a joint venture with Beijing-based service provider, Baipin Technology. The Chinese company will market a range of service provided to it by Starband.

While the products won't carry the branding of the company's Whizzfone VoIP operation, M2M CEO Michael So estimates the arrangement to help it capture a sizeable chunk of the Chinese market. Starband will reap 90% of net profits from the venture.

"We are very pleased with the launch of this joint venture. Our strong portfolio of internet products suites will leverage off our joint venture for expansion into China and will help us attain an economically significant share of this expanding market," So said.

Last year M2M made significant developmental inroads into the Asia VoIP market, including the establishment of a carrier-grade wholesale call termination network for Tier-1 carriers. The

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company markets broadband telephony products either wholly or through joint venture partners across the region.

Tim Marshall

Vodafone prepares for Fijian onslaught

Vodafone Fiji is preparing for an influx of local competition, recruiting Australian marketing company Emagine and LGR Telecommunications to ramp up its marketing prowess. As CommsDay reported yesterday, three parties are believed to be in the running for two new mobile licenses in Fiji as the local monopoly conditions are removed in coming weeks.

Vodafone will rush to deliver the new marketing system in just nine weeks as it seeks to hold on to customers. Fiji has a potential mobile user base of some 600,000 people. Emagine and LGR will partner to deliver the marketing campaign management solution in a multi-million dollar deal, with LGR providing a data warehouse and Emagine working on marketing software.

“We selected Emagine International and LGR because of their industry experience and commitment to a nine week implementation program, as well as the results they’ve delivered from previous projects with other large telecommunication carriers,” said Vodafone Fiji’s chief marketing officer Avanthi Senaratne. The two companies have previously worked together on a project for Telstra.

Vodafone Fiji is a subsidiary of incumbent Amalgamated Telecom Holdings. While two new competitive licenses will be granted within the next two weeks, competitors are expected to enter the market in the next 10 to 18 months.

Emagine has also worked with Vodafone’s South African branch, Vodacom, and will adapt the same software for the Fijian contract. “We can use the same software for Vodafone Fiji as we are currently using for Vodacom even though the size of the projects differ,” said Emagine CEO David Peters. “Alongside the campaigns, we are also going to establish Fiji... as a test market for beta product releases and value added services.”

“There is an excellent opportunity to jointly roll out some innovative real-time marketing campaigns here,” Peters said.

Luke Coleman

Optus brings video calls, MMS to TV

Optus yesterday launched what it claims to be the first ‘participation TV’ program in Australia, which allows viewers to send MMS video content and make video calls onto the show. ‘Vidcast’ will screen on MTV’s interactive channel The Music Factory from 3pm to 4pm weekdays.

“Participation TV is a dynamic new technology that will bring this online element to television transforming viewers from passive to active audiences and allowing fans with similar interests to connect,” said Optus consumer group marketing director Michael Smith.

The company claims it is another move into the youth market, having last year secured an initial exclusive on MySpace mobile. “Optus has a strong presence in the youth market so powering this kind of fresh technology is a good fit for our business,” Smith said.

“This technology enables viewers to contribute to the channel in a very personal way,” said MTV digital media director Matt Fyale. “With the application being as simple as making a video call from a mobile phone, viewers can then upload their recorded footage direct to the TV screen.”

Technology company Gravity created the platform which links 3G video to the TV broadcast. The show’s producers will be able to review, administer, and select video clips for broadcasting or publishing on a mobile site. “The market for digital content is rapidly evolving and we are confident that our emerging cross-channel technologies will have a significant impact on the way consumers interact with TV and digital media going forward,” said Gravity executive director Anthony Farah.

Luke Coleman

ITA in Telstra deal to boost speech recognition

Speech recognition company Information Technologies Australia has entered a ‘teaming agreement’ with Telstra to develop Interactive Voice Response solutions for Telstra business customers. ITA claims that speech recognition uptake has seen significant growth in the past six months, and says customers are beginning to prefer self-service voice applications to live agents.

Telstra says it will use the partnership to customise its existing speech recognition solutions and develop new offerings. "ITA has already been involved in the delivery of complex speech enabled self-service solutions to a number of Telstra contact centre customers," said Telstra's director of contact centre and collaboration solutions group Agnes Sheehan.

"This arrangement with ITA further enhances Telstra's ability to develop, customise and deploy our portfolio of hosted, co-hosted and customer premise equipment self-service and automated speech solutions to our Telstra enterprise and government and Telstra business customers," she said.

CommsDay recently spoke with ITA CEO Nick Buckle, who said speech recognition has become an established technology even though it was poorly regarded initially. "Like all technologies the early attempts aren't as good as they should have been," Buckle said. "It has hurt the market... but most of those are a way back... we're seeing in the end user surveys that with people using the systems these days, there is good customer satisfaction."

Buckle says that speech recognition costs are dropping, giving the technology a bigger market. Telstra users will now have access to ITA's solutions that work with equipment from a range of vendors including Intervoice, Holly and Genesys. ITA recently played a role in developing the 'internet replay' service, which allow speech and hearing-impaired users to make phone calls using the live chat on internet.

Luke Coleman

Zylotech wins national security project with NEC

Australian IP surveillance company Zylotech has secured a contract with the Australia Federal Police with technology partner NEC. The company's Secure Virtual Surveillance system will be used exclusively by NEC in a number of national security projects, with two more contracts in the final stages of negotiation.

Zylotech says the partnership with NEC is expected to bring "substantial" revenue gains to the company and will boost its customer base. For security reasons the nature of the current contract is largely unknown, except that it will be with the Australian Federal Police.

"We have integrated our intelligent video surveillance technology, SmartCatch, into Zylotech's video management platform of products," said NEC's head of business sales and marketing Rocco Arico. "This provides customers an extremely powerful and reliable CCTV/IVS solution that encompasses both technologies and provides cost effective delivery of intelligent video."

Luke Coleman

Internet age not making youth smarter

Growing up with unlimited access to information has not made modern youth better thinkers, according to a study by University College London. Surfers born after 1993 are struggling without the analytical and critical skills necessary to properly interpret and contextualize search results and other online data.

But there is also evidence to suggest the Internet is negatively affecting older users as well. "Everyone exhibits a bouncing, flicking behavior, which sees them searching horizontally rather than vertically. Power browsing and viewing is the norm for all," the study concluded, noting that information literacy is not keeping pace with Internet penetration advances.

Specifically, the study revealed younger surfers are unable to search using intuitive keywords and prefer to use natural language construction. The demographic is also largely unable to prioritize search results and struggles to differentiate portal brands from the underlying network itself. But younger surfers are not seeing the Internet whittle away their attention spans as is often feared, and kids see the Web as less authoritative than teachers and books.

"The popular view that Google Generation teenagers are twiddling away on a new device while their parents are still reading the manual is a complete reversal of reality," the study said, calling out adult surfers for holding double standards. "Power browsing and viewing appear to be the norm for all. The popularity of abstracts among older researchers rather gives the game away. Society is dumbing down."

Patrick Neighly

NORTEL TRAINING AT NSW TAFES

Nortel training will soon be included in NSW TAFE ICT and telecommunications courses. The company claims the courses will put students on a direct path to receiving Nortel Professional certification in Australia, allowing them to sit an exam for the certificate following course completion. The Nortel training will initially be seen in nine NSW TAFEs, and the company also works with Macquarie Graduate School of Management, University of Western Sydney and James Cook University on various projects.

UPTIME TO DISTRIBUTE HP PROCURVE

Uptime will act as Australian and Fijian distributor for LAN networking vendor ProCurve Networking by HP. The company will distribute ProCurve's 3500, 5400 and 8200 gigabit ethernet switching products, as well as a range of enterprise networking technologies which are designed to work with unified communications products.

INTERACTIVE ENTERTAINMENT BOSS

Australia's peak industry body representing computer and video game companies has appointed a new CEO. Ron Curry, previously a Microsoft manager at Ingram Micro, took up his new post at the Interactive Association of Australia last week. He replaces Chris Hanlon. As IEAA CEO Curry is charged with supporting IEAA members to drive commercial, legislative and public relations activities.

Comment by Grahame Lynch



Crouching Google, Hidden Cables

It would be all too easy to say that after six short years, the submarine cable bubble is back.

After all, with much existing capacity still unlit in both the North and South Pacific, what is one to make of actual and proposed builds from the likes of Verizon, Tata Communications, Reliance, Pacnet, the Telekom Malaysia-helmed Asia America Gateway, Pipe Networks and Telstra? Plus plans for massive upgrades on existing cables such as Australia-Japan Cable and Pacific Crossing?

Milling around the conference halls at last week's Pacific Telecommunications Council meeting in Honolulu it's fair to say that no one was in denial about the fact the 2001 bubble was based on similar causative factors to those that exist now, nor the fact that there was trepidation about the industry marching into another one. One common sentiment was that it is unlikely that every single announced upgrade or build will go ahead. Another was that things were different now, and financing was considerably harder to get, acting as a brake on inferior plans.

That certainly seems to apply in the case of perhaps the most left-field of all the new builds: Pipe's Australia-Guam build. Pipe's cable has undergone a very public and prolonged gestation period as the company sought to write enough business to cover the cable cost.

With five announced customers and several more significant unnamed ones, Pipe didn't confirm the cable until it could point to enough business. Somewhat amazingly, brokers have now upgraded their targets for Pipe's ASX listed stock, apparently endowing the planned cable with zero risk and almost unlimited upside. Pipe passed its test as it were.

Another factor promoting the economics of new builds has gone less remarked ... the fact that vendors such as NEC, Huawei, Alcatel-Lucent and Xtera have dramatically improved the cost efficiencies and productivities of their technologies. I helped moderate a session at PTC that featured representatives from several of these vendors and it's clear from their testimonies that the price-productivity trends that have so infused and fuelled other parts of the telecom business such as HSPA and DSLAM ports are also now manifesting themselves in wet long haul.

This in turn has promoted the viability of builds on second and third-tier routes: for example, Hawaii to French Polynesia, Singapore-Batam-Jakarta and Sydney-Noumea. It's quite interesting that these days you can build a multi-thousand km cable with change from \$200m or even \$100m, when not so long ago you were talking change from \$1 billion.

HOSTILE REACTION: Of course that's not to say that everything is rosy and you can just lay it, as it were, and the business will come. I was a little surprised at the hostile reaction I received in a panel session when I suggested that some of the builds on thinner routes were vanity builds and were

based more on national prestige and political largesse than actual business cases.

A fair percentage of the industry still seems to attach evangelical goodness to the very notion of undersea builds—forgetting the fact that you can't fill those pipes if you don't have favourable regulatory and investment reforms in the access network at the other end as well as basic pre-conditions such as mass PC literacy and affordable services.

From a political point of view, broadband is a fashion—a problem if you don't embrace it, and a opportunity if you do, and nothing can take away from the fact that this year's pet project can become next year's white elephant.

But, of course, in other cases, new builds on thin routes will actually liberate and unleash repressed market forces. I was lucky or unlucky enough to share a corridor in my Honolulu hotel with Matrix Networks—the Indonesian equivalent of Level 3 or Pipe Networks—who are building a new cable connecting various points of Indonesia to the regional hub of Singapore. Judging by the constant flow of industry types to their suite at all hours last week there is incredible demand for alternative ways to land traffic in that country. Ditto for the fellows from Pipe.

However if there was one topic that was taboo at PTC it was the real “elephant in the room”: Google. As CommsDay revealed last September, Google is developing its Unity project which aims to partner with new links in the Pacific so it can access connectivity at build prices and peer with rapidly rising Asian and Australian markets behind their own international gateways.

Google is incredibly secretive and coy about this—and demands no less of its discussion partners. One executive from a potential partner told me he was threatened with the sack for mentioning the Google plan in public! Hey, do no evil, Google!

But despite the lack of discussion, the move of Google and others of its ilk—the Yahoos, the MSNs and the Skypes of this world—into the connectivity ownership game is at least as significant a trend as what might be a mere momentary capacity glut. By some estimates, Google—mainly as a result of YouTube—now generates about quarter of the world's Internet traffic. Yahoo and MSN must also account for meaningful shares, as must other significant servers of video content such as the big US entertainment corporations like Fox. Theoretically they don't need to buy capacity at all—they can let the world's ISPs come to them, but in practice they need to reach out and improve the technical and cost equations for their sources of eyeballs as much as possible in order to achieve growth rates that back their heady valuations. This means peering with as many ISPs at the best point of connection for those ISPs and minimising barriers to consumption of their offerings..

If one content player such as Google gets into this game and secures a cost break, the rest will be compelled to catch up. This could have a significant effect on industry margins, if, in effect, the wholesale and retail margins from the biggest generators of traffic disappear as they become owners and operators of capacity in their own right. It could mean leaner times for telcos and perhaps a perpetual boom-bust cycle for the undersea cable sector—very much in the interests of the content servers who want to reach as many eyeballs for as cheap as possible and, who, after all, monetise their businesses in completely different ways.

It'd be great to have an industry discussion on this but it won't happen soon given that nearly everybody is in courting mode and wants Google to buy a wavelength or a fibre pair on their particular project. One thing I can confirm: Google executives were at PTC! It's just that every time I got close to them in the bar they managed to get away!



Grahame Lynch