

industry	2
IBM ramps up collaboration/unified comms offerings	
IBM has ramped up the battle with Microsoft, Cisco and others for dominance of the desktop collaboration/unified communications market announcing “a roadmap of innovations, products, services and business partner initiatives designed to make IBM Lotus Notes and Lotus Domino software the desktop of the future.”	
Australia first to see NEC & IBM’s joint UC offering	
Arbor with Ellacoya will help ISPs offer differentiated services	
Arbor Networks is to acquire Ellacoya Networks, and it claims that the synergies between their technologies, combined with Arbor’s pervasiveness in carrier networks, will make it much easier for carriers and ISPs to control and differentiate broadband delivered services.	
BT to use Ellacoya	
Emagine, LGR win Vodafone Fiji customer analysis deal	
Australian-owned Emagine International has partnered with LGR Telecommunications (LGR) to provide an integrated data warehouse and campaign management system for Vodafone Fiji. The multimillion dollar project is expected to be implemented within nine weeks.	
Global Speech to tap booming hosted call centre market	
With the market for hosted call centre services tipped to grow 53 percent this year, one of the first providers of these services in Australia, Global Speech Networks, says it is well-placed to exploit this expanding market.	
services	5
Insightful brings Fonality trixbox Pro IP PBX to Australia	
Insightful Solutions Pty Ltd, which was acquired by US IP-PBX maker Fonality last November, has introduced the Fonality trixbox Pro IP PBX into Australia.	
Dell to sell Fonality IP PBX	
policy & regulation	5
Carr launches national innovation & CRC reviews	
networks	6
Internode says PPC-1 will but bandwidth costs	
Internode has confirmed that it is one of the foundation customers’ of Pipe Networks’ planned submarine cable to Guam, PPC-1, and says it expects the cable to carry 40 percent of its international traffic.	
Kim Carr, has announced a wide ranging review of Australia’s national innovation system to be conducted by an expert panel chaired by Dr Terry Cutler and a separate review of the CRC scheme.	
briefs	7
ACCC finds no discrimination against Telstra wholesale customers • AAPT OSS/BSS upgrade hits problems • Vodafone offers free advert-funded mobile content • Optus & MTV to offer ‘participationTV’ • gotalk VoIP to be offered via Hi Speed Internet kiosks • Telstra teams with iTa for customer speech applications • Sirius now classed as an IT company by ASX • InternetNZ calls for more scrutiny on ‘cabinetisation’ • TelstraClear lays new fibre in South Island • 3G LTE air interface finalised • Touchbase passes Cisco Managed Service Partner audit • BT joins Liberty Alliance board • Yahoo! announces support for OpenID • Oriental Bangkok Hotel first with 802.11n	
ex cathedra.....	10
Time to review the ACCC’s role as access regulator	
Giving oversight of the telecommunications access regime to the general economy-wide regulator, the Australian Competition and Consumer Commission is a unique feature of the Australian regulatory changes made in 1997. It may be time to reconsider whether the ACCC is up to the task.	
for the record	11
The week in retrospect	
Telstra’s ongoing battle to close its CDMA network dominated the news once again, but the company was also in the spotlight over the impact on it of the proposed James Packer - Lachlan Murdoch tie up.	

IBM ramps up collaboration/unified comms offerings

IBM has ramped up the battle with Microsoft, Cisco and others for dominance of the desktop collaboration/unified communications market announcing "a roadmap of innovations, products, services and business partner initiatives designed to make IBM Lotus Notes and Lotus Domino software the desktop of the future."

IBM claims 140 million licensed users of these products and its main weapon in this assault is the Lotus Notes and Domino 8 enterprise collaboration software, launched in August 2007 and claimed to "transforms the [email] inbox into an integrated workspace, bringing together email, calendar, instant messaging, office productivity tools and collaborative applications." IBM says the product was developed with input from 25,000 customers.

The company outlined its plans last week at its annual Lotusphere conference, which attracted 7,000 delegates, and at which it announced that Lotus Notes and Domino 8.0.1 would ship in February "with several significant updates that help users harness the power of the Web." IBM also previewed Lotus Notes and Domino 8.5, the next major release that will include enhancements to the Lotus Domino Web application environment. Lotus Domino Designer 8.5 will allow applications to use Web 2.0 techniques such as AJAX, style sheets, and RSS or ATOM feeds.

Commenting on the event, Ovum said: "The size of the Lotusphere conference...is more evidence of the ongoing revitalisation of the IBM Lotus Software Group's fortunes. Clearly, as part of IBM, and with a following web 2.0 wind, Lotus' time has now come. [Lotus Software general manager Mike] Rhodin has assembled the first complete set of what we would now call 'enterprise 2.0' software - tools to tap into the combined heat and energy surrounding social networking, unified communications, collaboration and SOA. All the buzzwords a CEO or CIO could wish for."

Overwhelming functionality

According to Ovum, "The number of announcements and the breadth of functionality covered in day one of Lotusphere were quite overwhelming." And Ovum analysts Dwight B Davis and Steve Hodgkinson were full of praise for IBM's and Rhodin's approach, saying that the tools on offer would help large organisations meet the challenge of channelling and commercialising the forces of innovation within their businesses.

"The commercialisation of innovation...requires the ability

to deploy global infrastructure, to get people working in teams and to integrate systems and information. How to differentiate and integrate simultaneously? This is the rub. And it's the nettle that Lotus has grasped. Part of Rhodin's strategy is to create an adaptive suite of open standards based, composite applications that meet the evolving needs of today's knowledge workers. The strategy is to offer users the potential of an integrating user experience while at the same time embracing heterogeneous ICT environments and creating robust integration to back end systems via open standards and web services...Lotus is presenting an ever more flexible and adaptive path forward for enterprise buyers, rather than a 'bet the company' vendor and software standardisation decision. This sounds good in theory, and the test for Lotus will be its ability to actually deploy this vision in practice. If the past year is anything to go by, Rhodin and his team are well on track."

However the company is up against formidable opposition, lead by Microsoft which is already present on almost every enterprise desktop and which late last year launched its unified communications strategy. Then there is Cisco, which recently purchased desktop collaboration software developer and service provider WebEx, which has made it very clear that it has a strategic focus on the collaboration market and which has a significant share of the enterprise IP telephony market.

Gartner's leaders & challengers

Gartner's most recent Magic Quadrant on unified communications, September 2007, had Microsoft, Nortel and Alcatel-Lucent in the leaders' quadrant with Microsoft leading on ability to execute but a tad behind Nortel on completeness of vision. However the two companies are working very closely together to integrate and jointly market their offerings, so presumably the synergies should give them an edge on the competition. Just missing out on the leaders' quadrant were challengers Cisco, Avaya, and IBM with Cisco leading on ability to execute.

At that time, Gartner viewed the market as immature but forecast that "in 2008 UC will enter an early mainstream adoption phase globally." Of IBM it said: "With its unified communications and collaboration, or 'UC2' portfolio, IBM has taken a clear strategy to coexist on the back end with multiple communication servers and business applications, while consolidating on the front end with a consistent user interface. In this way, IBM enables multiple vendor services to operate with its middleware, making a broad range of servers available while allowing different types of clients to become consolidated with the Sametime client, or alternatively integrated via a common Eclipse client framework."

• Australia first to see NEC & IBM's joint UC offering

NEC is to integrate its Univerge IP communication servers with the IBM Lotus Sametime 8.0 collaboration platform and the two will offer unified communication

Exchange is published weekly by 3rd Wave Communication Pty Ltd, ACN 003 503 713, PO Box 40, Enmore, NSW, 2042, Australia. Email: exchange@3rdwave.com.au. Publisher/Editor: Stuart Corner © 2008 3rd Wave Communication. ISSN 1033-2014. Reproduction other than for personal use is prohibited by law. For permission to copy or use material in Exchange please contact the publisher.

and collaboration capabilities to businesses around the world. The first beta customer will be in Australia.

NEC has developed a Univerge gateway module for IBM Lotus Sametime that will enable companies using NEC's Univerge communication servers to view online presence information, and make use of click-to-call services from within a Lotus Sametime instant messaging chat, web conference or IBM Lotus Notes email inbox. NEC Australia is scheduled to deliver the first beta version of the product to a customer of IBM Australia ahead of the official launch in April.

The integration uses the open Eclipse-based Lotus Sametime platform and the Lotus Sametime telephony conferencing service provider interface (TCSPI) to support the convergence of voice and data. According to the two companies, "businesses can gain click-to-call access by implementing NEC's newly developed TCSPI interface plug-in software in the Univerge gateway module for Lotus software. Implementation of NEC's plug-in is made simple by the extensible framework of Lotus Sametime and its efficient operation through a centralised server... With IBM's Lotus Sametime 8.0 unified communications and collaboration platform and NEC's Univerge IP communication server, users will be able to find specialists quickly based on location and topic, and collaborate immediately through instant messaging or a VoIP phone conversation."

They claim that the integration of Univerge with Lotus Sametime software will benefit healthcare facilities, the hospitality industry and educational organisations that have a need to communicate rapidly and immediately to resolve issues, collaborate or find the right specialist at the right time.

The Univerge gateway module for IBM Lotus Sametime is likely to be the first of a number of integration products. NEC says it will "continue to leverage future IBM unified communications solutions that will benefit their customers worldwide." NEC's Univerge gateway module for IBM Lotus Sametime will be available in the US, Europe, Japan, and Australia in early April 2008.

Arbor with Ellacoya will help ISPs offer differentiated services

Arbor Networks is to acquire Ellacoya Networks, and it claims that the synergies between their technologies, combined with Arbor's pervasiveness in carrier networks, will make it much easier for carriers and ISPs to control and differentiate broadband delivered services.

Arbor Networks claims to protect more than 70 percent of the world's Internet service providers' networks from security threats such as DDoS attacks, botnets and worms as well as network issues such as traffic and routing instability. It "gives customers a single, unified view into their networks'

performance, helping them quickly detect anomalous behaviour, mitigate threats and enforce policy."

Arbor's technology is implemented in a series of appliances that can be installed throughout a carrier's network to monitor IP traffic: in the core, the enterprise edge or the consumer edge (monitoring DSLAMs in exchanges). It enables a large telco to offer a managed service to a smaller carrier, or to a large enterprise customer: the customers get visibility of their traffic on the carrier's network through web portal access into the Arbor appliances.

Ellacoya is a specialist in deep packet inspection (DPI) technology. Its equipment is also employed at the broadband edge, and in peering links, to provide visibility into traffic along with the ability to prioritise traffic on a per-subscriber and per-application basis. The technology can be used to deliver new products and services, such as IPTV, digital video and on-demand quality-assured broadband services. Ellacoya claims that its technology is deployed in over 160 service provider networks world-wide, including some of the world's largest carrier IP networks (it has just announced BT as a customer, see below).

According to Nick Race, Arbor's country manager for Australia and New Zealand, the Ellacoya product "allows ISPs to have better control of their costs and to better offer differentiated services to their customers." He told *Exchange* that a key feature of the acquisition is that it enables Ellacoya's functionality to be provided to every customer on a network without deploying an Ellacoya 'box' in every DSL-enabled exchange, as would be required if the Ellacoya technology were used on its own.

Arbor's boxes are passive listening devices: they monitor the switch or the router and can divert traffic through an Ellacoya device located anywhere in a network according to the type of traffic. According to Race, "While Ellacoya is an inline device this means you do not have to put it everywhere."

So for example, Race said, an ISP with Arbor equipment already deployed throughout its network could, in theory, install a single Ellacoya box and "could guarantee to offer a better grade of service for real-time traffic, and charge accordingly while allowing peer-to-peer traffic and throttling it back when the network becomes congested."

In practice, however a number of Ellacoya boxes would be installed at various points in the network to provide redundancy, sufficient capacity and to achieve a balance between the cost of purchasing and operating a large number of units and the high backhaul costs of routing data through just a few units.

Ellacoya gear is presently distributed in Australia by Nokia Siemens Networks. After completion of the acquisition, it will be sold through Arbor's existing channels. Race would not name local customers but said "there is some installed base... [however] we are only at the beginning of the growth phase... The technology is just starting to take off and to scale... Ellacoya have just introduced a 10Gbps product, which is the channel bandwidth that most ISPs use."

Arbor estimates that the combination of the traditional infrastructure security and service control and deep packet inspection markets which the acquisition will allow it to address a \$US750 million market opportunity in 2008, which should grow to \$1.5 billion by the end of the decade.

• BT to use Ellacoya

Ellacoya Networks announced at the CES show in Las Vegas earlier this month that BT had deployed its technology in its retail broadband network - which has more than three million subscribers - for capacity planning and traffic analysis, providing visibility into aggregate traffic and specific application usage on both a real-time and historic basis. According to Ellacoya, its technology enables BT to effectively engineer network capacity to meet all subscriber bandwidth needs as well as to anticipate and plan for future service requirements. Its service optimisation functions are used to identify and provide QoS for BT's IPTV service, BT Vision, and to analyse VoIP service quality to ensure expected performance. It also allows BT's business customers to self-activate services remotely.

Emagine, LGR win Vodafone Fiji customer analysis deal

Australian-owned Emagine International has partnered with LGR Telecommunications (LGR) to provide an integrated data warehouse and campaign management system for Vodafone Fiji. The multimillion dollar project is expected to be implemented within nine weeks.

David Peters, CEO of Emagine International, said: "The Vodafone Fiji tender process was actually extended and we were invited to put a bid together for it so we partnered with LGR. The out-of-the-box Emagine campaign management solution coupled with the CDRlive data warehouse solution from LGR responded to Vodafone Fiji's specific business requirements of stimulating revenue and customer loyalty programs."

Avanthi Senaratne, chief marketing officer, Vodafone Fiji said: "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. Emagine is a company we have been aware of for a while through its work with Vodacom, a Vodafone partner in South Africa."

Vodafone Fiji is the sole mobile phone carrier in Fiji with majority of its subscriber base on pre-paid service. With Government deregulation of the mobile industry in the process of creating

a competitive marketplace, the company intends to use the Emagine and LGR solution to defend its market share

Fiji to be test market for new features

Peters added: "we are also going to establish Fiji as a centre of excellence using it as a test market for beta product releases and value added services. There are approximately six hundred thousand potential mobile phone users in Fiji... There is an excellent opportunity to jointly roll out some innovative real-time marketing campaigns here."

The Emagine system processes large volumes of customer data "to intelligently trigger customers into the most relevant marketing and loyalty campaigns." LGR claims that its CDRlive is "the world's premier data warehousing, analysis and reporting solution for the call data record (CDR) environment." It is claimed to hold the record as the world's largest commercial data warehouse (2 x 310TB) and fastest loading commercial data warehouse (100,000+ records per second).

LGR's largest customer, by subscriber numbers, is AT&T with over 62 million. AT&T's CDRlive installation comprises two separate 224TB Oracle database, and loads an average of 1.6 billion CDRs per day (40,000+ per second). "The system is used for numerous functions, including engineering analysis, local number portability analysis, competitive analysis by market, broadband data usage analysis and reports, marketing and sales analysis, fraud control, campaign management, revenue assurance of bulk roaming records, and monitoring mobile service SLAs with corporates. Most recently, the CDRlive system has been central to the global launch of the Apple iPhone through its product launch analysis functionality."

Global Speech to tap booming hosted call centre market

With the market for hosted call centre services tipped to grow 53 percent this year, one of the first providers of these services in Australia, Global Speech Networks, says it is well-placed to exploit this expanding market.

Global Speech Networks was founded in 2001 and claims to have been the first non-telco provider of hosted interactive voice response services - it would take incoming calls for organisations, provide the voice menu, and then hand the customer on the appropriate person in an organisation based on their response. From there the company expanded into voice recognition services, and online transaction processing for clients before getting into the hosted call centre business.

Managing director and founder, Nick Rodda, told *Exchange* that there were an estimated 120-130,000 call centre seats in Australia and about 12-15 percent of these

This publication is copyright - Reproduction is prohibited

Please do not copy, forward, upload to a database, or otherwise distribute this edition of Exchange or any part of it unless you have made prior arrangements to do so. For permission to reproduce specific articles, or to arrange a multi-user licence please contact subs@exchange.com.au

were served by hosted systems. Market research firm, Frost & Sullivan has forecast that the market for hosted services will grow 53 percent in 2008.

According to Rodda, major drivers of this growth are the increasing risks organisation face in implementing in-house solutions, the difficulties of finding and keeping the skilled staff and the difficulties of building in sufficient redundancy and diversity to ensure continuity. Global Speech operates dual PoPs in Sydney and Melbourne with full redundancy.

He added that the fixed cost per seat per month fee Global Speech charges also offered a better RoI on in-house systems, especially over the longer term when, as is inevitable, the in-house system needs to be upgraded.

The core of the Global Speech's hosted services is the Genesys platform, with underlying switching functionality provided by the Asterisk open source software based PBX. Global was one of the first Genesys users to do this (Genesys announced in August 2007 that it would officially support Asterisk in response to growing demand from its customer base.

Global Speech presently sells direct to its customers - Rodda says there is a great deal of consultancy involved both in the initial phase of a contract and ongoing. He said the company had been profitable for the past four years and did not envisage any need for additional funding in the near term as the market ramps up.

services

Insightful brings Fonality trixbox Pro IP PBX to Australia

Insightful Solutions Pty Ltd, which was acquired by US IP-PBX maker Fonality last November, has introduced the Fonality trixbox Pro IP PBX into Australia.

It is an Asterisk-based software product designed for SMBs and scalable from five to 500 extensions. In the US, it was winner of the Internet Telephony Product of the Year Award for 2007. Features offered include auto-attendant, unified messaging between voicemail and email, in-house conference rooms, branch locations, home workers and presence management.

Insightful CEO, Marc Englaro, said: "In addition to traditional PSTN dialing and PBX features, trixbox Pro includes an embedded corporate chat server, advanced call centre features and the ability to integrate with Microsoft Outlook, Salesforce.com and SugarCRM."

Insightful is a specialist provider of hosted SugarCRM services and Fonality acquired the company in order to break into the regional market for hosted SugarCRM and to offer this integrated with its IP PBX products.

Insightful will build and supply a fully configured PBX system with the handsets and features that best meet

individual customer needs. It claims that the trixbox Pro is built on "a unique patent-pending architecture, with the reliability of premise, but the flexibility of hosted, therefore 'hybrid-hosted'. Like a hosted solution, users get free inter-office calling, easy telecommuters, anywhere management, and monitoring. But, like a premise solution, they also get rock-solid PSTN connectivity, advanced premise-style features, and complete call privacy."

Englaro told *Exchange* in November that the trixbox used Asterisk for switching, on premises and Fonality software for management running on a hosted server. The product has been on the market since 2004 and "thousands of installations" are claimed. Prices in Australia start from \$1,685 + \$7.05 p/month ex GST.

• Dell to sell Fonality IP PBX

Dell has entered the small business IP PBX market by offering Fonality software bundled with Dell hardware. *Exchange* has been unable to confirm at press time when or if this deal will extend to Australia. However US reports suggest it will be global.

CNet News reports: "This is big news for the VoIP world - and for the open-source Asterisk project underlying Fonality. Dell will be selling the Fonality VoIP phone system through its global SMB sales organisation, as well as its channel. Needless to say, the opportunity is huge." According to a Dell'Oro analyst quoted in *The Wall Street Journal* 35 million small businesses worldwide are expected to adopt VoIP calling over the next three years.

CNet added: "Fonality brings to the table a product designed to be easy to use and directly installable. Dell brings its market reach and brand. It's a good deal for Dell. It could be the making of Fonality. An IDC analysis pegs Dell at more than 28 percent market share in the United States SMB market, or roughly seven million of the 25 million SMBs in the US. This deal immediately helps to put Fonality in front of Dell's SMB customer base and the new accounts into which it's selling."

Dell does not appear to have issued any press release announcing the deal, but the Fonality product is already on offer on its US website, for five to 125 users, complemented by a Nortel product for five to 500 users. Neither product is at present offered on Dell's Australian web site.

policy & regulation

Carr launches national innovation & CRC reviews

The minister for innovation, industry, science and research, senator Kim Carr, has announced a wide ranging review of Australia's national innovation system to be conducted by an expert panel chaired by Dr Terry Cutler and a separate review of the CRC scheme.

"This review represents a watershed opportunity for

the development of ideas that will ensure Australia reaches its full potential as a dynamic, internationally competitive and prosperous nation" Carr said. "In particular, we need to find ways to increase innovation performance across the economy, to ensure that business has better access to new ideas and new technologies and to bridge the divide between industry and research."

Carr said that central to the review would be an examination of the bewildering array of government innovation and industry assistance programs. "At last count there were 169 programs in Australia, across all levels of government, aimed at supporting innovation. The review will allow the Rudd Government to work with the States and Territories to streamline these programs, reducing fragmentation and improving effectiveness."

Cutler, a former head of strategy at Telstra (or Telecom as it then was) is a director of CSIRO and chair of the advisory board for the Centre for Excellence for Creative Industries. The panel will include Professor Mary O'Kane, who will be charged with the specific task of reviewing the Cooperative Research Centres Program. Other members of the review panel are: Dr Megan Clark (vice president technology, BHP Billiton); professor Glyn Davis (vice chancellor, University of Melbourne); professor Steve Dowrick (School of Economics, ANU); Dr Nicholas Gruen (CEO, Lateral Economics); Narelle Kennedy (CEO, Australian Business Foundation); Catherine Livingstone (former Chair of CSIRO and director, Macquarie Bank and Telstra); and Dr Jim Peacock (ex-officio, the Commonwealth Chief Scientist).

The panel is due to produce a Green Paper by the end of July 2008. It will be followed by a White Paper response from Government.

Comprehensive CRC review

Carr said the CRC review would be comprehensive and would "examine the overall strategic direction of CRCs, looking at the full range of issues, including governance and program design issues, the level and length of funding needed to support the program's objectives, as well as its overall scope and effectiveness,"

The review will be chaired by professor Mary O'Kane. "Stakeholder participation in the review will be central to its success and professor O'Kane will be announcing in the next few weeks how interested parties can contribute to the review process," Carr said.

The CRC Program was initiated by the Hawke Government in 1990. CRCs are provided with funding to develop collaboration between industry, Australian universities and public sector research agencies to develop innovative research concepts into useable products and processes. Across the program's lifetime, 168 CRCs have been funded (58 are current) with a Commonwealth government commitment of almost \$3 billion.

"The next CRC selection round will be held once the Government has considered the outcomes of the review of the National Innovation System. Our aim is to have the next selection process completed by the middle of 2009. I have asked my department to liaise with CRCs about the review and to put in place a process to manage the impacts of a delayed selection round," Carr said.

networks

Internode says PPC-1 will reduce bandwidth costs significantly

Internode has confirmed that it is one of the foundation customers' of Pipe Networks' planned submarine cable to Guam, PPC-1, and says it expects the cable to carry 40 percent of its international traffic.

Internode managing director, Simon Hackett, said: "The Pipe PPC-1 cable will increase the competitive tension in the Asia-Pacific bandwidth market and generate better value-for-money for customers of the cable system such as Internode...When it's deployed, we believe it will allow us to significantly raise download quotas for a given monthly spend.

Hackett added: "Today the major single cost in the path from the US to your living room is international circuit capacity. PPC-1 will result in the international bang-for-buck improving sufficiently that it will no longer be the most expensive cost component inherent in a customer downloading a gigabyte: Instead, that 'honour' will pass to Telstra, whose monopoly access fees have remained essentially unchanged for some years, and show no signs of reducing."

Internode presently uses the Southern Cross Cable Network (SCCN) and the Australian Japan Cable (AJC), to provide it with fully redundant paths to the US. These between them provide a total of about 6Gbps of capacity. Hackett said: "PPC-1 will increase the number of independent data routes that Internode uses out of Australia to four: PPC-1, AJC and the two geographically independent halves of SCCN. As a result, the failure of any one of those geographic routes will lower our peak traffic handling capacity by just 25 percent - minimising the impact of a cable cut for most customers, if they notice it at all."

He added: "for Internode, the more cable systems, the better: Internode manages its own supply chain all the way to the USA, so we optimise traffic over our geographically disparate international circuits for the benefit of our customers."

ACCC finds no discrimination against Telstra wholesale customers

The ACCC has issued its seventeenth imputation testing and non-price terms and conditions report for the quarter ended 30 September 2007, under the enhanced accounting separation regime for Telstra. The report tests whether there is systematic discrimination in the price or non-price terms offered to Telstra retail and wholesale customers.

The ACCC said: "the results for fixed-line voice services show that, although imputed margins for some services or customer segments have deteriorated and others improved, imputed margins across the bundle of services remained relatively constant in the September quarter 2007. The results for services supplied over the unconditioned local loop core service indicate that imputed margins have improved in the quarter, although they remain negative except when the ULLS is used to supply a bundle of ADSL and voice services to business customers."

The report also presents key indicators that compare Telstra's performance in meeting certain non-price terms and conditions for its wholesale and retail fixed-line telephony and ADSL customers. The report did not identify any material discrimination against wholesale customers occurred in the September 2007 quarter.

AAPT OSS/BSS upgrade hits problems

AAPT has apologised to customers for service issues and long wait times at its call centre. In Q4 of 2007 the company began migrating its customers to a new system that it says will make it easier for them to manage their accounts. However, it says the introduction of the new system has resulted in several service issues and an unusually high number of calls to its call centre, with some customers waiting on hold for unacceptably long periods.

The upgrade has involved AAPT giving customers a new account number, new login to view account details online and requires anyone paying bills via B-Pay to use a new biller code.

Customers have received two bills in the same month, one on their old account and one on their new account. If they have mistakenly paid the new bill to the old account, they are being asked to pay the bill again to their new account and wait for the credit to roll over from their old account the following month.

Vodafone offers free advert-funded mobile content

Vodafone has become the first Australian mobile operator to offer free mobile content funded by advertising revenue. It claims that its new content channel, free4me, already "has advertisers competing for top rating spots" and predicts that, in three to five years, mobile content and possibly even mobile calls will be heavily subsidised by advertisers.

Content available on free4me includes mobile TV shows, competitions and car, entertainment and club guides. Soon to come will be content to supplement free-to-air television programs. This will include interviews, behind the scenes footage, music videos and live performances not seen on the free to air channel.

David Green, general manager of mobile advertising at Vodafone Australia, said: "One of the unique capabilities that mobile operators bring to the advertising industry is the ability to provide greater targeting of advertisements than traditional media." Vodafone has not named the initial advertisers on free4me but says existing advertisers on its other channels include Pepsi, Coke, Mother and 20th Century Fox.

Optus & MTV to offer 'participation TV'

Optus with broadcast partner MTV and technology partner Gravity, has launched Vidcast, the first participation TV programme on Australian television. It will air 3pm to 4pm weekdays on MTV's new interactive pay TV music channel, The Music Factory, and will allow audiences to participate by contributing original video content via a video call or MMS video. Michael Smith, Optus Consumer Group marketing director, said: "Vidcast will deliver a compelling interactive multimedia experience to consumers by bringing together two of the biggest technology trends of 3G: video calling and user generated content."

Successful entries to Vidcast will appear on the TMF Vidcast program from 22 January 2008 and will also be published on the Optus Zoo Vidcast mobile WAP site or, as an exclusive offer for Optus mobile customers, on a Vidcast one hour mobile loop available at Optus Zoo later this month.

gotalk VoIP to be offered via Hi Speed Internet kiosks

gotalk has formed a partnership with Hi Speed Internet Kiosks that will enable users of Hi Speed kiosks in major shopping centres and tourist areas to make VoIP calls via gotalk. Hi Speed started with a single

kiosk at Surfers Paradise and now has over 30 kiosks, 500 screens and a claimed 25,000 users per week. It is aiming to have 100 sites, 2000 screens and 90,000 users per week by the end of the year and more than 200 sites, 3500 screens and 180,000 users per week by the end of 2009.

Kiosks presently accept only coins but from early in 2008 they will accept notes and credit / debit payments and a Hi Speed stored value card that can be topped up at an onsite facility, via third party retailers or online. This card could be used for partner-prepaid services such as VoIP or calling cards and conversely Hi Speed services could be used on the same prepaid debit account, it says.

"gotalk's current customers could use their prepaid dollars for Hi-Speed kiosk services and Hi-Speed members could use gotalk's prepaid dollars for telco services. All 'topping up' could be effected at the Hi Speed self-service payment station, avoiding the requirement for a credit card and the need for a phone call," Stephen Burns, High Speed's general manager of marketing and commercial said.

Telstra teams with iTa for customer speech applications

Telstra has signed a teaming agreement with voice system integration company Information Technologies Australia (iTa) to co-develop and deliver speech interactive voice response (IVR) and CTI solutions to Telstra customers. The relationship will give Telstra customers access to iTa's application development framework for speech applications and technology from Intervoice, Holly and Genesys. iTa says it has developed many standardised applications using VXML 2.0 and offers a range of services from system integration to softphones on agents' desk, including self-service applications and CTI. Telstra's director contact centre and collaboration solutions group, Agnes Sheehan, said Telstra and iTa had a long-standing relationship, and iTa had already been involved in the delivery of complex speech-enabled self-service solutions to a number of Telstra contact centre customers. iTa was founded in 1995 and is based in Brisbane it employs 40 staff in four offices around Australia.

Sirius now classed as an IT company by ASX

The former Sirius Telecom, now Sirius Corporation (ASX: SIU), has had its application for a change of classification from "Telecommunications" to "Information Technology" approved by the ASX and by Standard & Poors. The company is now classified as a software and services business as a sub-sector of Information Technology and said its transformation is "now well advanced and all compliance matters have been dealt with to reflect the change."

The company operates under a federated hub and spoke model whereby Sirius acts as a holding company for the three current subsidiary companies and business divisions: Phoneware, InfoMaster, and Sirius Managed Services. These divisions all operate independently. Sirius as the hub provides shared corporate services to support accounting, finance, human resources, governance, compliance and IT support from its Melbourne headquarters.

InternetNZ calls for more scrutiny on 'cabinetisation'

The Internet Society of New Zealand (InternetNZ) has released a report commissioned from Amos Aked Swift (AAS) on Telecom NZ's cabinetisation plans and local loop unbundling. The report recommends that: regulation must be more proactive especially with regard to changing technologies; the long term benefit of end-users (LTBE) must be defined and used to drive regulatory decisions; copper loops that Telecom intends to remove should instead be offered to new entrants; anticompetitive outcomes must be treated as anticompetitive intent; there must be equivalent access to Telecom facilities in the exchange, the cabinet and any other aggregation points that develop within the network; the implications of government investment in infrastructure need to be quantified quickly in respect to penetration of fibre to the home and LTBE. InternetNZ says it is still considering its own policy position on the issues examined in the report.

TelstraClear lays new fibre in South Island

TelstraClear says it has completed the laying of a 950km fibre loop in New Zealand's South Island ahead of schedule. The loop connects the lower South Island's main cities and centres, provides a link for KAREN, New Zealand's advanced research network and provides redundancy for TelstraClear's entire South Island network, allowing all services to be re-routed around the fibre ring, maintaining a full service. According to TelstraClear, it "presents TelstraClear with the possibility of delivering significant services to more than 20,000 business customers in the lower South Island."

TelstraClear's COO, Kevin Millar, said the new backbone network could allow the company to provide another fibre access option for businesses in Dunedin, Invercargill, Queenstown, Timaru, Ashburton and Gore. "Businesses could access services such as private IP, which offers cost-effective and fast data speeds for Internet access and wide area networks of up to one gigabit per second." Extending consumer services was also a possibility, the company said.

He added: "there are a number of options for delivering potential services. They include partnering with other builders of infrastructure, local loop unbundling and laying further cable in and around cities or centres. These would then connect into TelstraClear's new backbone fibre network."

3G LTE air interface finalised

Specification for the terrestrial radio access network technology to be used in 3G LTE - (long term evolution) specifications have been approved by 3GPP and will be included in the forthcoming 3GPP Release 8, due in 2009. 3GPP LTE, an evolution of the GSM/UMTS family, specifies the next generation mobile broadband access system which will use orthogonal frequency division multiple access (OFDMA) technology to significantly boost bandwidth of mobile broadband services, up to 300Mbps on the downlink and with very low latency using advanced antenna techniques such as multiple input multiple output (MIMO). 3GPP LTE will be capable of operating globally in a wide range of channel bandwidths from 1.4 - 20MHz, using both frequency division duplex (FDD) and time division duplex (TDD) modes of operation thus, it is claimed, "offering the flexibility to suit any operator's existing or future frequency allocation globally."

Touchbase passes Cisco Managed Service Partner audit

Business communications solutions provider, Touchbase, says it has completed with "flying colours" a global audit for the new Cisco Managed Service Certified Partner program. Touchbase Australia business leader, Andrew Fisher, said the rigorous examination, conducted by the International Organisation for Standardisation (ISO), had looked at the company's ability to provide managed services on LAN, wireless LAN, unified communications and contact centres.

"Essentially this process involved an in-depth look at all our capabilities across the global Touchbase group with a specific focus on managed services. The auditors found that not only did Touchbase meet each and every one of the program's requirements, but there was not a single action point that we needed to address. Touchbase is one of the first companies to successfully complete the audit."

BT joins Liberty Alliance board

BT has become a member of the Liberty Alliance management board joining AOL, France Telecom, HP, Intel, Novell, NTT, Oracle and Sun Microsystems. "Liberty Alliance is the only global identity organisation where members representing deployers and vendors of identity management solutions work collaboratively to address the technology, business and privacy aspects of digital identity management," said Robert Temple, BT's vice president, security technologies. "BT is expanding its role in Liberty Alliance to help drive a secure and privacy-respecting internet identity layer across applications, industries and regions."

BT joined Liberty Alliance as a sponsor member in 2006 and participates in the Liberty Alliance Technology Expert Group and Business and Marketing Expert Group. It will also participate in the Identity Assurance Expert Group and corresponding public Identity Assurance Special Interest Group. The alliance aims to "build a more trusted Internet by addressing the technology, business and privacy aspects of digital identity management."

Yahoo! announces support for OpenID

Yahoo! has announced its support for the OpenID 2.0 digital identity framework enabling all 248 million Yahoo! users worldwide to consolidate their Internet identity, eliminating the need to create separate IDs and logins at all of the various websites, blogs, and profile pages they visit in a single session and enabling them to use the same ID for easy access to any sites that support OpenID 2.0.

Yahoo!'s initial OpenID service will be available in public beta on January 30. Web sites that accept OpenID 2.0 will be able to add a simple "Sign-in with Your Yahoo! ID" button to their login pages that will make it easy for users to log on. Yahoo! is working with several partners, including Plaxo and JanRain, to make it possible for users to access these sites with their Yahoo! ID from the first day of the public beta. Currently about nine thousand sites supporting OpenID logins.

Oriental Bangkok Hotel first with 802.11n

According to Cisco, the Oriental Bangkok Hotel has become the first in the world to deploy 802.11n technology. Cisco Aironet 1250 series access points - claimed to be the first enterprise-class access point to be certified to the IEEE 802.11n draft 2.0 standard - have been installed throughout the hotel.

According to Cisco, the 1250 is a modular, dual-band access point with a choice of 2.4GHz and 5GHz radio modules. The hotel is 130 years old and is claimed to be "a legend and an institution that is linked with the history and tradition of Thailand itself." It has recently undergone a six-year \$US85 million renovation and has been run by the same general manager, Kurt Wachtveitl, for the past 40 years.

Time to review the ACCC's role as access regulator

Giving oversight of the telecommunications access regime to the general economy-wide regulator, the Australian Competition and Consumer Commission is a unique feature of the Australian regulatory changes made in 1997. It may be time to reconsider whether the ACCC is up to the task.

The recent final decision on ULLS arbitrations triggers this thought, as does the whole history of resolving access disputes. The concern is not to do with the final prices; it is with the setting of prices that are backdated for nearly two years.

The consideration has to be as much about the legislative settings as it does about the Commission's own processes. The ACCC certainly needs to consider how to truncate gaming; their procedural rules powers may be the way.

The decision

The ACCC announced on 21 January its final determination in a ULLS access dispute between Primus and Telstra made on 20 December last year. The decision is backdated to 3 February 2006, and specifies the charges to apply in three financial years.

While some, including this journal's *Economuse*, find the story in the final Band 2 price being just under half Telstra's ongoing claim for a \$30 access charge, there are some other interesting features.

The first is that the decision provides different prices for each of the three years, and these prices are increasing. This is something one presumes Telstra's Tony Warren knew when he told *CommsDay* on 11 January "the ACCC seems to just pluck these numbers out of thin air. How can anyone really believe that ULL costs on the ACCC's own numbers have fallen by a third over the last year, when copper, labour and fuel costs have gone through the roof?"

The decline he is trying to draw attention to is prices being so much lower than the ACCC's model price of \$22 per month for Band 2. The fact that the final prices are below this level is a consequence of the ACCC's lack of any real power to make that price "stick", and Telstra's own gaming behaviour.

Last week Exchange's *Economuse* column included the historic timeline, but missed one crucial point. After the ACCC had published its model price terms and conditions for the ULL, Telstra not only submitted an undertaking at \$22 but included all the same arguments that it had previously used for the higher price.

Under s152AQB the ACCC had to make the model price determination, and to have regard to it in arbitrations. The only benefit to Telstra of lodging a new undertaking was either to lock-in the price or to create an acceptance

of the reasoning in its undertaking. What's more, the ACCC was left with no option but to undertake the whole process of detailed analysis again.

It was in this re-analysis that the ACCC listened to reason on the correct allocation of "ULL specific costs" and averaged them over a wider class of copper pairs. These lower prices made access seekers fancy their chances in arbitration, and the more combative approach from Telstra resulted in a long drawn out arbitration.

The problem

The process has now ended with decided access prices, and some might think that's a good outcome. But that ignores the supposed purpose of the access regime.

The regime imposes *ex ante* regulation because of the perceived weaknesses of relying on litigation after the fact. But in the end, except for the ability to acquire the service, that is what access seekers have received – no more nor less than the equivalent of a damages action initiated under s46 or PartXIB for the access price of \$30 being anti-competitive.

The access regime is better than litigation in the sense that both the Courts and the ACCC have so reduced the operation of the anti-competitive conduct provisions that the action mightn't have been successful, but the remedy is no different.

The economy wide impact of the delayed decision is to distort the investment decisions of both access seekers and Telstra. In this case Primus has estimated the amount of backdated benefit to be \$7.5m.

All this could have been different. If the legislation on model terms had linked them to the consideration of undertakings, then the revised undertaking could have been accepted merely on that basis. If Telstra had put in a one line justification for the \$22 charge – "this is what you said it is" – the ACCC would have accepted it immediately. If Telstra had submitted no further undertaking but simply charged the model price, the \$22 would have been the accepted charge.

The future

But aside from these hypothetical paths, the question is whether the ACCC understands its task. As Richard Dammary former GM Infrastructure at AAPT put it, the ACCC applies generic competition regulation principles to the task of creating, rather than preserving, competition through an industry specific regime. The solution may well be to change that institutional structure.

*David Havyatt - principal, Havyatt Associates
www.havyatt.com.au*

for the record

The week in retrospect

Telstra's ongoing battle to close its CDMA network dominated the news once again, but the company was also in the spotlight over the impact on it of the proposed James Packer - Lachlan Murdoch tie up.

After receiving and digesting the ACMA's report on Next G v CDMA coverage communications minister, Stephen Conroy, pronounced judgement on 21 January saying "I am not in a position to declare equivalence...Telstra will provide me with advice within two weeks on how they will address the issues...and report to me on the rectification to enable me to reconsider this matter. Telstra have advised me that this can be done by 28 April. This seems reasonable, subject to me receiving a report that comprehensively addresses my concerns, and consumers should work on the basis that the CDMA network will be switched off [on 28 April]."

It's the handsets not the network

Release of the report by the ACMA switched focus from network coverage - the ACMA found Next G to be equivalent to CDMA - to handset performance. The ACMA found many Next G handsets had much poorer RF performance than CDMA models. Also, a separate report from Conroy's department indicated that many consumers had been poorly advised on handset choices.

Also, Conroy said: "The final issue that has been identified is that a number of customers have depended on the CDMA network to provide their home phones through CDMA wireless local loop, while many essential service providers, farmers and agricultural companies use CDMA telemetry systems for remote data communications. I am concerned that some of these customers may not have had access to the necessary Next G equipment in time to migrate to the Next G network."

The ACMA's report went into considerable detail about handsets and handset performance, much of it censored by Telstra in the public version. However one gets the impression that while Telstra has been working hard to get Next G coverage matching CDMA, it rather neglected the equally important issue of handset performance in its rush to get products to market (the 'blue tick' signifying higher performing handsets was not introduced until the network had been up and running for about eight months).

Coverage Advocates and free handsets

Telstra has gone into overdrive to fix the problem. It announced on 23 January that "57 specially trained Coverage Advocates would be hitting Australia's roads to help customers move from the old CDMA network and ensure they have the right handsets and equipment to do it seamlessly."

There was no mention of free handset replacement for customers who have bought a dog of Next G device, but

according to the *Financial Review*, these are on offer. It quoted Telstra spokesman, Jeremy Mitchell, confirming this but adding that complaints were being "assessed on a case by case basis."

However at the same time Telstra has sought to defend its handsets saying: "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." (Of course they do: within, but not throughout.) Other Telstra initiatives include a 1800 number for customers to call "if they are having genuine issues with handsets and equipment when making the move from CDMA to Next G."

Meanwhile, Telstra has clearly lost patience with those laggards still clinging to their CDMA phones, perhaps doubting equivalence claims. Its offer of \$100 credit for post-paid customers migrating to Next G and the \$50 cash back offer on the prepaid Samsung A411 handset will end on 28 January. And it warned: "We're unlikely to introduce any new customer migration offers prior to the scheduled CDMA network closure on 28 April, 2008."

Telstra sidelined by Murdoch-Packer deal

The Lachlan Murdoch/James Packer bid to privatise the listed Publishing and Broadcasting spin-off Consolidated Media would give the pair the Nine Network and 25 percent of Foxtel. This prompted the *FR* to comment: that "if Sol Trujillo is serious about turning Telstra into an integrated media and communications player, he'd better think fast... a tasty morsel is about to be taken off the table."

The following day, the paper focused on the impact on Foxtel saying that Foxtel had "long been a key plank in the media strategies of all three owners," but that Telstra, despite being the largest with 50 percent, "has always wielded the least power." And it quoted Citigroup analyst, Phil Campbell, saying that Telstra might consider getting out if such a move would assuage competition concerns and result in it getting the nod to roll out its FTTN network.

The *Sydney Morning Herald* portrayed Trujillo as "sitting on the sidelines...of the biggest media marriage in more than a year." However it seems his focus at the moment is on a different game. The *SMH's* CBD column reported a couple of days later that, after visiting the CES show in Las Vegas, Trujillo had "popped over to Phoenix...for a Citigroup conference...[and] home to...John McCain... firming as the frontrunner for the Republican nomination for the White House...Sol is a member of McCain's Hispanic Advisory Council. We can only wonder if he stopped by for some apple pie. Or a chat about Government appointments."

Ten Years Ago...

From Exchange 23 January 1998

• **When Telstra cold-shouldered Southern Cross**

Telstra is installing a new optical fibre cable across the Tasman, after rejecting approaches to participate in the Optus/Telecom New Zealand Southern Cross project. Tasman 3 will link Sydney with Auckland by mid 1999 with a capacity of 40Gbps, 25 times greater than Tasman 2. "This large increase is needed to meet the enormous growth in data traffic, especially Internet, on this route," Telstra said.

• **Preparing for the mobile Internet**

Ericsson, Motorola, Nokia and Unwired Planet have joined forces to promote standards for Internet and other data services delivered via cellular and other wireless networks. They have set up a new, non-profit company, Wireless Application Protocol Forum Ltd (WAP Forum), to administer the worldwide WAP specification process and facilitate new companies contributing to WAP specification work.

Mergers & Acquisitions...

• **Ciena to acquire World Wide Packets**

Ciena Corporation is to acquire privately held World Wide Packets, a supplier of carrier ethernet technology based in Spokane Valley, Washington. "The addition of World Wide Packets' technology expands our ability to address the access and aggregation tiers of the network with simplified IP/ethernet service architectures...as part of our strategy to leverage ethernet as the vehicle for network convergence to optimise the cost and efficiency of network resources," said Gary Smith, president and CEO of Ciena.

World Wide Packets claims to have shipped more than 70,000 units to 100+ customers in 25 countries, and has just been awarded a multi-year contract with AT&T to supply these platforms. World Wide Packets will continue to operate from its Spokane Valley and San Jose locations.

• **TransACT buys Neighbourhood Cable**

TransACT Communications has acquired Neighbourhood Cable which provides cable TV, Internet access and telephony services over its cable networks in Mildura, Ballarat and Geelong. TransACT CEO, John Mackay said, "The acquisition will enable us to provide our services to over 200,000 homes and Neighbourhood Cable customers will now have access to TransACT's popular product bundling options, including our mobile phone service, TransMOBILE...The acquisition positions us well to actively contribute to the Federal Government's national broadband agenda as both companies have extensive telecommunications infrastructure in their regions."

Appointments...

• **Aspect Software names new regional director**

Contact centre specialist, Aspect Software, has named

Steven Tan as regional marketing director for Asia Pacific and the Middle East. He has previously held positions at IBM Software Group, Lucent Technologies, HP and, most recently, Compuware.

• **D-Link gets new commercial manager**

D-Link Australia & New Zealand has appointed **Mike Sadler** as commercial manager in its recently formed Business Solutions Group. He reports to Michael Bailey, D-Link's national corporate sales manager. He joins D-Link from Verizon Business where he was product manager, Asia Pacific. Previously he spent eleven years with OzEmail, where his last position was director, product management and research.

• **Huawei - Global Marine JV names key execs**

Huawei Submarine Networks Co - the recently formed JV between Huawei Technologies and Global Marine Systems - has appointed **Ian Douglas** as CEO, **Xiong Feng** as CFO, **Bruce Neilson-Watts** as chief planning officer and **Yiquan Lu** as chief system engineer. Douglas was Global Marine's Asia Pacific director from 1995-2002 when he became director and general manager of SB Submarine Systems, a joint venture between China Telecom and Global Marine. Neilson-Watts joined BT Marine (now Global Marine Systems) in 1989 and is a master mariner. Yiquan Lu joins the JV from Huawei where he was a system engineer in charge of DWDM product design and development.

• **Alcatel-Lucent Services business gets a new boss**

Alcatel-Lucent has named **Andy Williams** president of its Services business. He replaces **John Meyer** who has left to become the CEO and president of Acxiom Corporation. Williams currently heads the Network Operations business globally for Alcatel-Lucent's Services group and previously headed Lucent Technologies' European business.

• **Chariot names new company secretary**

Chariot (ASX: CTI) has appointed **Bernadette Kerrigan**, a solicitor of the Supreme Court of NSW and High Court of Australia as its company secretary. She is described as having "a strong technical and compliance background with specific experience with ASX listing rules and implementation and oversight of corporate governance, compliance and best practice." Chariot is embroiled in a long-running legal battle with its former VoIP partner, Transcom International, that includes allegations of its failure to keep shareholders fully informed.

• **Neil Gamble leaves Engin**

Engin director and recent part-time executive chairman, **Neil Gamble**, has resigned from the company's board citing other heavy commitments. The board now comprises Ian Smith, Ryan Stokes, Rohan Lund and Bruce McWilliam. Engin is preparing for the fund raising in Q1 2008 and expects to announce details shortly.