

**CLOUD COMPUTING: Canberra weighs into debate**

**AMDOCS: How to deal with mobile data surge**

**VICTORIA: New gov't reviews ICT, NBN policies**

**BRIGHTSTAR**

**Says it will continue relationship with Telstra, looking for expansion**

# COMMUNICATIONS DAY

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## Fibre critique draws firestorm of flak from industry

A paper challenging the societal benefits of FTTH and warning governments to reconsider before investing in fibre rollouts has triggered volleys of criticism from a broad array of industry stakeholders.

Alcatel-Lucent Australia director of Digital Economies Geof Heydon, Australian Telecommunications User Group MD Rosemary Sinclair and BuddeComm director Paul Budde have all weighed in on the document – objecting that its approach is too narrow to reflect the full implications for ubiquity, coverage and trans-sectoral collaboration of the Australian NBN.

Written by telecoms and media consultant Robert Kenny and Center for Global Development senior fellow Charles Kenny, the paper ‘Superfast: Is It Really Worth A Subsidy?’ has already been making waves in telco, with shadow communications minister Malcolm Turnbull referencing it in the House of Representatives just hours after it appeared in the media.

It argues that the benefits of FTTH deployments have been overstated, that some of those benefits could be achieved with broadband access technologies other than fibre, and that governments should think “very hard indeed” before committing billions to fibre projects.

But for the Australian context, argued Heydon, the report was missing the point. “It’s very clear how it could be used quite inappropriately to put more fear, uncertainty and doubt into the market. But fundamentally it’s a paper about how a telco would build FTTH in a traditional way... what it doesn’t address in any shape or form is the implications of building something that’s ubiquitous,” he told CommsDay. “In the ubiquity argument, it really doesn’t matter what the bandwidth is. The fact is everybody in the country will be able to get something from the service models that will emerge.”

“[The NBN] is about everything, about a whole information infrastructure for the country. Government departments... will use it for delivering services to the population one day, education will be delivered this way, probably not on the internet but on the network – the internet only plays one part in that,” he added.

“[The paper offers] such a narrow view... to see them going through and discrediting the use of fibre for healthcare, the use of fibre for education, that’s really depressing. It shows absolutely no insight into this market, and the problems we need to solve.”

Budde took a similar tack, emphasising that the Australian NBN project was a component of a broader trans-sectoral thrust with “active e-health, e-education and smart grid policies in place all aimed at directing these sectors to use the NBN.”

“Most examples used in the report look backwards and use research sometimes a decade old that is not based on the new way of thinking – now also supported by the UN. Obviously developing a FTTH network on those principles quoted in the report won’t work,” he said.

“In order to get those social and economic benefits you need to be able to use the infrastructure on a utilities basis, otherwise it either will be too expensive for those sectors to use the network, or the services are becoming too expensive for the users.”

“None of the cases stated in the report are based on an infrastructure that has been developed along those principles so therefore it is no wonder that such services don’t get developed. That’s why the struc-

tural separation and the NBN Co utilities based approach are so important.”

Sinclair, meanwhile, took issue with the some of the paper’s conclusions, including its assertion that “governments should be wary of stepping where telcos fear to tread,” in terms of fibre investment.

“ATUG thinks the evidence is clear in Australia that the telco industry will not deliver an upgrade from copper to fibre – there will never be a commercial business case in Australia (population, distance) to provide 93% fibre on a commercial basis, even with the data download plans that are another unique feature of this market,” she said.

However, Sinclair did see some merit in another of the Kennys’ recommendations; that “if money must be spent on connectivity, spend on widening access to basic broadband; or coax those not yet online to take the broadband services already available to them.”

“We do agree about the priorities and we think NBN Co should focus on underserved Local access areas and uncompetitive backhaul markets first and not overbuild private fibre (as long as this is of NBN grade and supports choice with effective access arrangements) – whether local access or backhaul,” she said. “We are very concerned about a cost-effective build by NBN Co – to ensure affordable prices for end users and reasonable return for public funds.”

**TCS CEO TALKS NBN:** Meanwhile, when asked in an ABC interview for his view on the NBN, Tata Consultancy Services’ chief executive Natarajan Chandrasekaran has acknowledged the necessity of broadband for business productivity in the future. “I think globally, having broadband is going to become an absolute necessary going forward,” he said.

“In different parts of the world there are significant investments to that happening. And what it does is gives you that platform, but what really needs to happen is the associated applications and the tools which will have relevance to the citizens and business at large that needs to be developed and that’ll take time. But I think broadband as an infrastructure is something that’ll happen everywhere in the world.”

Petroc Wilton and Miro Sandev

## **Brightstar speaks out after Telstra split**

Though a lucrative strategic sourcing services deal with Telstra is reaching its end, Brightstar Australia is confident that a four-year plan of diversification in Australia and a continuing relationship with the telco giant will stand it in good stead for the future. And the firm has flatly denied any conflict of interest arising from links between ex-Telstra CEO Sol Trujillo and Brightstar Corporation CEO Marcelo Claire, saying its contracts with Telstra were awarded after an assessment from an independent global management consultancy.

A Brightstar spokesman confirmed reports in the Australian that Brightstar Australia will no longer provide strategic sourcing services to Telstra from next year, saying that the existing contract is set to wind up by March 2011. However, the firm remains sanguine on its market prospects.

“Brightstar continues to be a key partner to Telstra, delivering supply chain optimisation services for mobile/wireless devices across Telstra’s consumer, business, enterprise and government operations,” the spokesman told CommsDay. “As well as providing world-class supply chain solutions for Telstra, since 2006 we have steadily diversified our customer base in Australia. Brightstar continues to be an important provider of supply chain and logistics services for Telstra and other customers in Australia, including Mitel.”

Australian reports also suggested that Telstra’s handset sourcing contract with Brightstar showed it would pay between two and three times industry rates for handsets in 2007, helping to drive pre-tax profits over 30% of turnover for the last two calendar years, but Brightstar said the appraisal was inaccurate. “The assessment in The Australian assumes Telstra is our only customer, which it is not,” said the spokesman. “Brightstar delivered significant cost savings to Telstra, as well as access to the latest handset and internet products at competitive prices and resulted in faster delivery of products to Telstra’s shops and customers.”

And Brightstar denied any conflict of interest arising from the Trujillo-Claire link. “Brightstar was awarded its contracts with Telstra following an internal assessment carried out by an independent global management consultancy, that identified Supply Chain Management and Logistics as an area for im-

provement which would result in driving value to Telstra and its shareholders, and improved customer satisfaction,” said the spokesman. “Brightstar is internationally recognised as a supplier of best-in-class value-added distribution services and solutions. Brightstar offered size, scale, global sourcing experience and relationships with manufacturers that could deliver value to Telstra.”

Petroc Wilton

## **Canberra weighs into cloud computing security debate**

The Australian minister for home affairs and justice Brendan O’Conner has weighed into the cloud computing security debate, outlining the potential pitfalls and opportunities the technology could have in store for government agencies.

While cloud computing security concerns are nothing new, the minister’s acknowledgement indicates that marketplace concerns are starting to gain traction in Canberra.

“A team of computer scientists in the USA recently examined a widely-used cloud service, and discovered they could map the infrastructure, identify where a target virtual machine was likely to reside, and install their own virtual machine alongside it,” he said in a speech to the International Association of Privacy Professionals Annual Conference. “They could then load virtual eavesdropping software, which enabled them to steal data hosted on the same physical machine.”

O’Connor noted this scenario could leave companies vulnerable to criminal exploitation and went on to outline the threats posed by rogue cloud service providers.

“They can also hide data in clouds,” he said. “Rogue cloud service providers based in countries with lax cybercrime laws can provide confidential hosting and data storage services, which facilitates the storage and distribution of criminal data, avoiding detection by law enforcement agencies. They can, for example, secretly store and distribute child abuse material for commercial purposes.”

While extolling the potential windfalls to be had in the cloud through ICT asset efficiency gains and lower costs through smaller capital investment, the minister also said governments needed to understand and manage the risks of cloud computing.

“To do this, the Australian Government Information Management Office has consulted widely across government, and is currently investigating a number of issues, including: the vulnerability of offshore data storage; extra-territorial legal issues around compliance and privacy; and the contractual arrangements necessary to achieve appropriate levels of security.”

At the individual level, he said the government was considering the issues in the context of the privacy law review currently underway, including the proposal to sanction any personal information disclosed outside the country by an entity with Australian links. Meantime, O’Connor told citizens to choose carefully the information they put online and urged them to read the fine print in cloud contracts.

Miro Sandev

## **Amdocs: telcos should embrace QoS prioritisation amidst data explosion**

As telco executives scratch their heads to find ways to deal with the unprecedented mobile data explosion, customer experience systems specialist Amdocs argues that quality of service prioritisation is one way providers can maximise revenue.

According to the firm, service providers have been concerned by the concentration of bandwidth usage in a small number of customers for some time, with AT&T CEO Ralph de la Vega revealing that around 2% of the company’s users consume up to 41%.

“You are going to see capacity management eventually come to a head; a lot of it is coming from the data explosion side of things,” said Amdocs ANZ, Japan and Korea regional VP Ananda Subbiah. He said that telcos looking at bundling services in particular need strong customer systems.

“Telstra is a classic example. How are you going to put it on my online environment so that customers can take advantage of the bundle immediately? Once you’ve done that, you have these tiered pricing plans, hierarchy plans that I want to drive out, how are you going to implement that?”

Ericsson has recently been spruiking its Smart Pipe as a way to prioritise quality of service for individ-

ual users, but telcos have had lingering doubts about the complications to billing systems that changes might bring. However, according to Subbiah, this is starting to change, with at least one Australian telco planning on building a “customer hierarchy” which will provide call centres with information about the relative importance of each call.

“This is starting to happen now,” he told CommsDay. “When you ring in to your service provider they want to be able to recognise you from two points of view. You as an employee of a company that is using a significant price plan with me, but [also] you as an individual; maybe not as significant, but overall you are an important customer for me. That is how they are thinking.”

And Amdocs is planning to be there when the market threshold is reached and telcos start adopting the “Smart Pipe” model in droves. It hopes the move will drive demand for its Customer Experience System, a platform for software applications like CRM.

Miro Sandev

## **Victorian ICT sector in limbo post-election**

The unexpected win by the Coalition in the Victorian state election over the weekend could see the scrapping of a number of ICT policies. New premier Ted Baillieu has already announced that he will review all of Federal and State Labor's major programs and policies, including the NBN.

Speaking shortly after Labor officially conceded power, Baillieu said that basic services such as mobile phone reception in many parts of the State should be prioritised. However, he also promised there would be no “radical or sudden changes.”

ICT and, in particular, the NBN were part of major campaign promises from the Brumby Labor government, which unveiled its ICT policy in the lead in to the election. It included an A\$110 million ICT Action Plan for fibre backbone links and other broadband-centred initiatives, as well as a further \$15 million for a new broadband laboratory and e-health institute announced just days before the election.

In contrast, the State coalition was relatively quiet on ICT, with a promised five-year policy announcement never materialising. However, Liberal party shadow communications spokesperson Gordon Rich-Phillips told CommsDay prior to the election that the party would likely get behind the NBN in the interests of Victoria.

“If the NBN is happening then our view is that Victoria should leverage it and that Victorian companies should get a share of the work. But we also still maintain that the NBN has delayed private sector investment in broadband,” Rich-Phillips stated.

A decision on who will be the new Victorian ICT minister is expected to be made before the end of the week.

Geoff Long

## **NextDC signs anchor tenant for Melbourne data centre**

Data centre firm NextDC has signed up hosting provider Harbour MSP as its first and anchor customer for its upcoming Melbourne data centre facility.

Under the terms of the agreement, Harbour MSP will initially take 600m<sup>2</sup> of technical space expanding to 1,000m<sup>2</sup> within two years. Both companies expect to execute a binding and definitive agreement in the next sixty days.

From its dedicated data hall within the NextDC facility, Harbour MSP said it intends to offer a full suite of services including co-location, 24/7 infrastructure monitoring, management, security, networking, private cloud deployment and disaster recovery to its customers base in Victoria.

Harbour MSP commercial director Andrew Hardy said the purpose-built facility would allow the company to delivery the best hosting solution to its clients. “We have been able to secure our dedicated 1,000m<sup>2</sup> data hall built to Tier 3 standards along with ancillary operational and office space within the NextDC facility, providing an ideal environment to service our Victorian clients,” said Hardy.

NextDC, which is headed up by former Pipe Networks founder and CEO Bevan Slattery, said it is on track to complete its capital raising and list on the ASX around 13 December 2010 under the ticker 'NXT'.

Geoff Long

## **Primus launches hosted service for business sector**

Primus Telecom has launched a unified communications suite for businesses that includes a hosted IP phone system incorporating video telephony as well as a SIP trunking product for enterprises.

The new suite, dubbed Accella, has already been in use through the company's early adopter programme, with early users including sports retailer The Rebel Group as well as Bauxite Resources. Around 5,000 seats are already in use on the system, according to the company.

Primus said Accella was designed to deliver business-grade voice, video and converged communications to businesses of all sizes. It provides a suite of unified communication features including business-to-business video calling. Users can also perform their own additions, moves and changes via a browser-based system.

Meanwhile, the Accella SIP Trunks allow businesses that have a PABX installed to use business grade VoIP outside the enterprise network.

Primus CEO Ravi Bhatia said each Accella solution can be custom designed to suit the customer's specific needs. "Additional features like video telephony can be provided as part of the Accella solution and they can help businesses to become more efficient and change business processes to provide users with an all-important competitive advantage," he added.

Geoff Long

## **VOCUS REVEALS HALF YEAR EARNINGS GUIDANCE**

Vocus has announced earnings guidance for the half year to 31 December 2010, with EBITDA for the half year expected to be between \$6.0 million and \$6.3 million, compared with \$8.1 million for the FY10 full year. The guidance includes the results of the recently acquired E3 data centre business in Sydney and Melbourne from the date of acquisition.

## **BROADBANDEXPERT: MOST CUSTOMERS UNSURE OF MONTHLY DATA USAGE**

The majority of consumers are unsure how much data they use monthly and many are likely overspending on their data bills, according to new research by broadband comparison site [www.broadbandexpert.com.au](http://www.broadbandexpert.com.au). Of the 1,700 site visitors polled about their usage, 54% admitted they were unsure of the amount. Rob Webber, commercial director of Broadband Expert, says it is likely that many customers are spending much more than they need to on their monthly cap. "Occasional users or those likely to keep to a very low monthly download (just sending email and browsing the web) would be better off with a prepaid plan so they aren't paying for data they don't need," he said.

## **HP GIVES MARRIOTT AN UPGRADE**

HP is partnering with leading hotel technology service provider DOCOMO InterTouch to deploy its latest suite of routers and switch products in Marriott hotels in Sydney, Brisbane and Melbourne. The first hotel installation was completed in November 2010. The full deployment is expected to complete in August 2011.

## **NEW ZEALAND**

## **Curran attacks Joyce on UFB performance, price**

Labour communications spokesperson Clare Curran resumed her attack on communications minister Steven Joyce's UFB performance with a long list of criticisms at her party's Red Alert blog.

At the top of her list, Curran questions whether the project – which she says was prime minister John Key’s biggest pre-election pledge – is going to happen. She said it is now more than two years since the government was elected and no firm decisions have been made.

Her point is timely; Joyce, Crown Fibre Holdings and the Ministry of Economic Development have all repeatedly stated the UFB build would begin by year end. With less than four weeks until Christmas, this deadline appears to be slipping. It is also a full month since CFH said it would announce successful bidders.

Curran also mentions the behind closed doors discussions and negotiations which used the “veil of commercial sensitivity used to prevent public scrutiny and discussion by the industry.”

The Labour spokesperson is also concerned about the likely cost of the project to consumers and businesses. She said it is important people can afford to use the network and this should be the government’s main priority.

Bill Bennett

## **Coleman launches digital switchover campaign**

Broadcasting minister Jonathan Coleman has launched an information campaign telling New Zealanders about the planned switch to digital television.

The three year NZ\$13 million Going Digital campaign offers a website and helpline to prepare people for the changes. It will also include advertising.

New Zealand will switch to digital television by November 2013. The changeover will take place region by region with Hawke’s Bay and West Coast set to move first in September 2012.

Coleman said in a statement: “71% of New Zealand households are already watching digital television through either Freeview, Sky or TelstraClear. Going Digital will ensure people know about the change, and that advice and practical support is available for those who need it.”

Bill Bennett

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