

NBN CO: How to become a 1st release access seeker

MACQUARIE SURVEY: Business likes the NBN

ALCATEL-LUCENT: Telcos need to learn to share

LETTER

NBN sceptic Robert Kenny replies to his Australian industry critics

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NBN Co provides more clarification on product plans

NBN Co has affirmed that it will provide traffic stratification for Layer 2 access offerings as well as releasing details around speeds and voice migration plans for the NBN rollout.

NBN Co's latest product description has confirmed Layer 2 access offerings beginning with entry-level 12Mbps down/1Mbps uplink, committed speeds up to 100Mbps down and peaking to 1Gbps. NBN Co has also reaffirmed its decision to "partition" traffic into separate classes on the network, with at least four categories currently being mooted.

"The product design is the same for our entire footprint, so what that means is that our fibre, wireless, satellite technologies are more or less sitting in the back of our product design," NBN Co's product GM Leica Ison told the audience assembled at a Communications Alliance NBN 101 session conducted with Baker & McKenzie.

"We're also adding some attributes around traffic classes, which allow service providers to partition traffic off to different services running across the network."

The classes would be real-time critical (which would support quality voice and emergency), multimedia video, transactional business data and "bursty internet".

The rationale underpinning the class structure was the provision of varying quality-of-service arrangements for the separate types of traffic carried by the network. Ison also said that NBN Co was in the process of sewing together the pricing for its initial offering after a review of the feedback it had received from the industry.

"We're putting together pricing to support those product constructs," she said. "Internally, we're in the final stages of getting ready to finalise the pricing but I don't really know when they will be released. There are a number of things we have to coordinate."

NBN Co will also launch eight speed tiers, beginning with 12Mbps down/1Mbps uplink; ranging through 25/10, 50/20, 100/40 right to 1Gbps/400Mbps eventually.

Ison detailed how voice migration will be provisioned. "The product design will have 4 ethernet ports, as well as 2 voice ports that will support the migration of traditional voice," she said. "We've locked that into the product design. With the traffic classes, we will be in our product launch enabling traffic class 1 to support voice."

MANAGING MULTIPLE RSPs: Responding to a question about the ownership of and responsibility for the NTU, given the operation of services by multiple RSPs, Ison confirmed that it would be NBN Co's responsibility. "We install it and we have the responsibility to maintain it going forward," she said.

"One interesting thing for the customer is that they are actually going to have to find a way to remember which provider is plugged into which port, which will be a new experience." Communications Alliance CEO John Stanton added. "It could potentially lead to some confusion if it is not carefully managed."

The potential for existing customers of carriers to become carriers themselves and purchase wholesale access from NBN arose following a question from iiNet chief regulatory officer Steve Dalby. "You talked about a carve out on the access obligations on the private networks and I'm wondering what might prevent any large organisation, whether it is a corporate or a government agency, from becoming a carriage

service provider or calling themselves a CSP, the hurdles are very low, and acquiring services directly from NBN Co for the purposes of their own private networks?” Dalby asked Baker & McKenzie partner Patrick Fair.

“I think there is a real question around that in terms of private organisations that run large I.T. operations and have their own network units - they might resell capacity to their customers, perhaps higher level services that are not strictly telco services,” Fair responded. “I do think there is an issue there in the legislation as to how that line will be drawn in practice and whether or not customers which existing carriers are expecting to serve might be able to characterise themselves as carriage service providers in some cases and be able to buy from the NBN.”

Miro Sandev

NBN Co releases accreditation plans for access seekers

NBN Co released details of its proposed access seeker accreditation requirements. Under the plan, RSPs would be able to join either during the “first release” trial phase or the later operational “steady state” phase.

The accreditation process would require five steps:

1: A customer qualification program to provide technical and operational information on how to connect to the NBN. This would involve discussions with the access seeker to determine if they should deal directly via NBN Co or via a wholesaler. Only carriers, carriage service providers and content service providers would be judged to be eligible customers;

2: The execution of a Wholesale Broadband Agreement between the access seeker and NBN Co;

3: NBN Co says it will work co-operatively with the access seeker on that access seeker’s solution definition. This activity will likely involve extensive discussions on product feature mapping and process integration. “Once the Wholesale Broadband Agreement is executed, NBN Co will work with our new customer to model their products onto the NBN Co solution set. This activity will include discussions on product feature mapping and process integration. This step will enable the access seeker to fully understand their interactions with NBN Co, and will streamline the product development and integration steps that the access seeker will need to undertake,” NBN Co says.

4: The successful completion of NBN Co’s Interoperability Certification Testing; and

5: The successful completion of NBN Co’s Business Readiness Testing.

NBN Co says its operational interfaces will be delivered in a three phased approach, and the intention is to move from manual systems supporting ordering, activation, network management and billing to fully automated systems by mid-2012.

The three phases of capability are:

* Operational interface Phase A - Provide foundation level capability to facilitate service assurance and provisioning and billing.

* Operational interface Phase B - Provide next level of capability to support advanced network management, billing, and automated activation and ordering.

* Operational interface Phase C - Provide the full capability to provide complete network management, advanced billing, and automated activation and ordering.

For access seekers joining during the first release phase, NBN Co expects to have deployed the networks during the first half of 2011 with an initial short term testing phase in 2011. “It is anticipated that connection activity will start to ramp up from the fourth quarter of 2011.”

NBN Co also warns: “In the initial months of First Release operations, access seekers will use manual processes to order and assure services, and will be asked to work with NBN Co to develop, test and refine NBN Co processes such as activation, assurance, Points of Interconnection establishment, adds / moves / changes. This will be resource intensive for access seekers and involve extensive collaboration with NBN Co.” NBN Co also anticipates only making a small number of connections—in the 1,000 range— available in first release sites through 2011.

Grahame Lynch

Macquarie Telecom says new report shows strong business confidence in NBN

A new report suggests that significant numbers of Australian businesses are anticipating that the NBN will enable them to explore new product and services, business communications channels, and competitive prospects.

The report, 'Australian Business Expectations for the National Broadband Network', comes after several high-profile business leaders have come out in support of a cost-benefit analysis on the NBN. But according to Macquarie Telecom, who commissioned the new report, it shows that there is also a level of "strong business confidence" in the project itself.

The report was conducted by Access Economics across some 550 respondents. Businesses polled represented a broad sweep of industries, from professional services to retail trade and manufacturing; different company sizes, with 44% in the sub-5 employee bracket but 15% having over 1500 staff; and different turnover brackets, with 38% turning over less than A\$5 million annually and 10% reporting an annual turnover over A\$1 billion. 76% operated through both online and traditional channels, while 8% were online only, and 16% used exclusively traditional business channels. There was no breakdown by geographic location, or separation of metropolitan or rural-based businesses.

Half the respondents said that they expected to offer different types of products and services, 67% expected changes to their customer and supplier communications channels, and 20% said they thought the network would enable different employment models, for example increased telecommuting. Just over half of all respondents believed that the NBN would allow them to compete better, through new technology or the enhancement of existing technologies; a similar number expected to expand their customer range from consumer-only or business only to include both consumers and businesses.

According to Macquarie Telecom national executive for regulatory and government Matt Healy, the results provided a cross-section of business sentiment towards the NBN. "The engine room of the Australian economy... is really the snapshot of who we surveyed... we found very strong signals that they are very much willing and able to be part of the NBN," he told CommsDay. "They're expecting to change the way they get products to market, they're expecting to change their breadth of product offering, they're looking to go to new markets that they currently are unable to get to - and they're also thinking about ways in which their employment models will need to change. They're seeing real opportunities and benefits - it really goes to the psyche of the business community."

Asked whether they expected the NBN to enable them to do business differently, responses varied markedly by vertical; 80% of respondents from the utilities sector said yes, as opposed to less than 40% in the transport, postal and warehousing vertical, and around 50% in mining and financial services. "Interestingly, [while] some new economy-type industries - communications, IT - chart quite highly, some decidedly old-world verticals like construction and transport... are thinking of ways that can transform what they're up to," commented Healy. "On the other hand, you've got the finance sector saying it's not necessarily going to change what they do - I think they say that because those businesses already run on a digital platform."

CONROY STATES SUPPORT: Communications minister Stephen Conroy welcomed the report. "Australian businesses understand that faster, more affordable broadband will provide greater business opportunities by offering new capabilities, products and services and better online communication facilities," he said. "There is no doubt the NBN will change the way Australians live and work and the Gillard government is getting on with delivering it."

The Access Economics report also collated data from a number of other studies and analyses attempting to quantify the economic benefits of broadband, including a 2009 study for the World Bank that found a "percentage point increase in broadband penetration in high-income economies such as Australia resulted in an increase in economic growth of 1.2 percentage points."

However, Access Economics also acknowledged that "although these studies consider the impact of broadband as a whole, the speeds reviewed typically are 256Kbps as a minimum. This falls well short of the speeds that will be experienced under the NBN, and as a result these figures are indicative only of the productivity impacts of the internet more generally, and are largely benefits that have been harnessed by

existing internet services in Australia.”

ERGAS CRITICISM: Economist Henry Ergas, who leads calls for more economic analysis of the NBN, said there were problems with the study.

“At first glance, the coverage of the relevant studies is far from comprehensive. For example, the study by Dr Arthur Grimes of New Zealand data, focussing specifically on the question of whether very high speed is superior, in terms of benefits, to high speed, is not included. That study found that the benefits of very high speed are small. A number of US studies which have come to the same conclusion are also excluded. This imparts a risk of bias to the meta-survey.”

“Also sample surveys of expected productivity gains are notoriously inaccurate, and raise obvious issues of sample and response bias. These would need to be controlled for before any conclusions could be drawn.”

Petroc Wilton

Alcatel-Lucent EVP says telcos need to change thinking

Alcatel-Lucent executive vice-president Gabrielle Gauthey has told CommsDay that telecommunications service providers need to change their mindset and find new investment models. She said they no longer need to own everything and need to learn to share infrastructure.

Gauthey is now in charge of global government and public affairs for Alcatel-Lucent. Previously she was commissioner at the French regulatory authority for electronic communications and posts.

Historically Alcatel-Lucent has stayed out of policy debates – leaving them to their customers. But Gauthey said this is changing: “Our interest lies in helping the market develop rather than just be the mouthpiece of our biggest customers.”

She said telcos should no longer want to own and roll out private networks but should be prepared to offer and use open access infrastructure – especially at the passive layer. She said: “Service providers should be proud to be smart pipes.”

Gauthey said government investment is needed to help build networks and guard against needless duplication, especially on non-discriminative infrastructure. “In our European framework, if you own a network, you have to open it up to others.” She said telcos are not willing or able to do this, so they have to get used to using someone else’s network.

Telecom NZ and Vodafone NZ’s joint bid for the New Zealand government’s RBI is an example of the infrastructure-sharing agreements Gauthey said will soon be commonplace.

She said: “They can’t afford to have two networks, so they have to share. In the UK service providers have started to share mobile networks and next week we’ll be talking to the Mexican government about building a shared mobile network.”

Gauthey said the economy is driving this change of heart and increasingly telcos will share passive infrastructure.

She takes this idea a step further saying service providers need to work together on common APIs. This is already happening in Europe as the service providers “face down the Googles and Apples” two over-the-top-providers who threaten traditional telcos.

She said dealing with the over-the-top competition is possible. Consumers prefer to deal with local companies, they prefer integrated billing systems. She said local players have strengths. In France she said a class of local service providers has emerged to cater for business customers.

Bill Bennett



ACMA: overall comms satisfaction is high, but service results lower

While Australian customers have overall high satisfaction levels with communication services generally, customer service, rental costs and speeds score significantly lower.

That is according to new research from the Australian Communications and Media Authority. “The

value Australian consumers place on their communications services is clearly reflected in the strong levels of take-up and use of new services across multiple platforms,” said ACMA chairman Chris Chapman.

At April 2010, 80% of household consumers were generally satisfied with their mobile phone and internet service while 81 per cent were satisfied with their fixed-line telephone service. “Although around four out of five consumers were generally satisfied with their communications services, there are significant numbers of Australians who have real concerns with aspects of their communication services—particularly when they have a problem or have to interact with their provider—and these concerns are evident in this report's findings,” Chapman added.

Household consumer satisfaction with customer service from their provider was much lower, with 61% for fixed-line services, 62% for mobile phone and 67% for internet.

For both consumers and SMEs, fixed-line rental costs recorded the highest levels of dissatisfaction (33 per cent and 28 per cent respectively) while 24% of home internet users were dissatisfied with their internet speeds, compared to 16% of SMEs.

Miro Sandev

MOTOROLA PLANS MOBILITY/ENTERPRISE BUSINESS SPLIT

Motorola is planning to split its business in two on January 4 in a tax-free transaction that will see shareholders will get one share of Motorola Mobility for every eight Motorola Inc shares. Motorola's cell-phone and television set-top box business Motorola Mobility will trade stock under the ticker symbol MMI on the New York Stock Exchange. The remaining company, which is changing its name to Motorola Solutions, will comprise Motorola's public safety and enterprise business. Motorola added that stockholders of record at the close of business on December 21 would receive Motorola Mobility shares.

ENTRY LEVEL ANDROID SMARTPHONES UNDER US\$100 CHINA 2011

Many entry-level Android smartphones will be available for under US\$100 from China in 2011, according to Taiwan-based makers. Qualcomm, ST-Ericsson, MediaTek and China-based IC design houses have offered cheap Android-compatible IC solutions for China-based smartphone vendors, the makers added. The other IC designers offering such solutions include Taiwan-based Infomax Communication and China-based HiSilicon Technologies and Fuzhou Rockchip Electronics, the sources indicated.

LAUNCH OF AUSTRALIAN CENTRE FOR BROADBAND INNOVATION

Commonwealth Scientific and Industrial Research Organisation and National ICT Australia have teamed up with the NSW Government to launch a joint initiative called the Australian Centre for Broadband Innovation. The initiative will be launched at the CSIRO ICT Centre in Marsfield on Tuesday 7 December 2010 and will include demos of high-speed broadband applications.

ORCON ACQUIRES ENTRY INTO MANAGED SERVICES

NZ government-owned Orcon has moved in the managed services business with the acquisition of Auckland-based Bizo. Orcon isn't saying how much it paid for the 22-person business, but CEO Scott Bartlett said in a media statement the two businesses have similar cultures and the acquisition will provide a sound financial base to grow Bizo's services. The company will continue to operate independently of Orcon. Bizo offers managed services to small and medium businesses. Its offerings include net access, security, hosting, voice calls and some applications.

TELECOM NZ INTRODUCES VOICEMAIL VIEWER

Telecom NZ has introduced what it calls a voicemail viewer – essentially a free text message telling users they have missed a call. The message includes information about the caller, the time of the call and the length of the message. It then allows users to immediately listen to an individual message without running through all saved messages. The service is only available to Telecom XT contact customers.

VERIZON TO LAUNCH COMMERCIAL LTE TO 110M AMERICANS ON DEC 5

Verizon Wireless has announced that it will launch its commercial LTE service across 38 major metropolitan areas in the US on December 5, covering more than 110 million Americans. The firm is also set to switch on the new network at over sixty commercial airports, most within the first launch areas but some outside the footprint. The firm is aiming for full national coverage by 2013. The first devices to leverage the service will be USB dongles.

VOCUS TAKES SILVER IN DELOITTE'S 2010 APAC FAST 500

Vocus has taken second place at Deloitte Technology's Fast 500 Asia Pacific 2010 awards, following shortly after its victory in the firm's Australian Fast 50 rundown for the year; the awards seek to recognise particularly high rates of revenue growth. "Vocus has experienced a meteoric rise through the Australian telecommunications industry. The company's growth of 11,306% over the last three years is a great achievement not only in Australia but across the region," said Deloitte Technology Fast 500 program leader Joshua Tanchel. "Being ranked so highly against companies from fast growing economies such as China and India makes this a very special result for Vocus and shows the strength of Australia's IT capability," said Vocus CEO James Spenceley.

ENGIN LAUNCHES NEW 'UNLIMITED' RESIDENTIAL VOIP PLAN

Broadband telephony firm Engin has launched a new plan aimed at residential users seeking to cut the cost of their monthly phone bills. The Engin Unlimited plan allows users to make unlimited calls (with the exception of some special services such as 1300 numbers) to mobile, local, national, and fifteen selected international destinations for A\$39.90 a month. The international destinations include landlines in the UK, US, China, India, New Zealand, and Canada.

TELSTRACLEAR PICKS GENBAND FOR VOIP INTERCONNECTION SERVICES

TelstraClear has picked Texas-headquartered Genband to provide infrastructure and services enabling a new VoIP interconnection offering. The service will allow other carriers - including mobile network operators, cable players and fixed-line operators - to connect to TelstraClear's IP fixed voice network. According to Genband, the deal will help TelstraClear reduce its costs, expand markets and interwork with the growing volume of peering and managed interconnect services. "After an extensive vendor review, we selected Genband's IP infrastructure and services to enable our Interconnect service, which will allow us to expand our offering and provide an end-to-end IP solution for improved quality and reliability of VoIP calls," said TelstraClear GM for product development Richard Bateman.

LETTER TO THE EDITOR FROM ROBERT KENNY

On critics of our Superfast FTTH paper

We read with interest the commentary on our paper in your 1 December issue, and in particular the observations from Paul Budde of BuddeComm and Geof Heydon of Alcatel-Lucent. We're gratified by all of the attention being paid to our paper by leading thinkers in the field, and hope that it contributes to the debate on the NBN. And we agree with a number of points they made, but for the time being we're sticking to our view that the case for subsidising FTTH has not yet been made.

Our contention in the paper was that in making the case for FTTH, advocates often make a number of mistakes, including: (1) basing the case on the general benefits of broadband internet, rather than on the incremental benefits that fibre brings; (2) using benefits of fibre to business and government buildings to make the case for fibre to the home; (3) crediting fibre with benefits that would require major change in other parts of society. It seems to us that some of the reaction to the paper may be making similar mistakes.

Heydon says "government departments...will use [NBN] for delivering services to the population one day, education will be delivered this way". If it's built, we're sure this is true, but what is the incremental

benefit here? Education and government services are already delivered over the internet. What societal benefits will NBN make possible in this area that the existing infrastructure won't?

Budde feels that smart grids are one of the things that the NBN could be used for. But again, is this an incremental benefit of fibre? Certainly they can be delivered over fibre, but they can over the current infrastructure as well. For example, Italy rolled out 30 million smart meters between 2000 and 2005 using copper and wireless.

Heydon says we discredited the use of fibre for healthcare. If we gave that impression we didn't mean to - our skepticism is specifically about fibre-to-the-home. We agree that fibre to commercial or government buildings could have considerable value in this sector, but of course this doesn't justify FTTH. We are still looking for the health applications that need fibre (as opposed to basic broadband) to the home.

Moreover, while there's plenty of evidence that home broadband can be valuable for remote health, in practice remote health is rarely used - the problem is not the infrastructure but in the necessary changes to the healthcare system.

In that vein, Budde argues that a 'trans-sectoral thrust' would be necessary to make the most of the societal benefits of fibre - promoting the use of e-health over the NBN, for example. That is actually a bit of a worry. It isn't enough for governments to considerably subsidize the rollout of fibre, they also have to 'direct' people to use it. How many successful centralized 'trans-sectoral thrusts' like this can you name?

Heydon argues that there are significant benefits to ubiquity, and we agree with him. If (say) a government department could rely on all the citizens it needed to interact with being online, then this has all sorts of benefits. But as of today, roughly 20% of Australians are not internet users. Is this a problem of infrastructure? For a minority of this group, maybe. But for most it is an issue of expense, or lack of technical skills, or lack of interest. These are serious challenges, and may be worth a government investing to solve (as countries such as Portugal have done), but they aren't helped at all by digging up roads and deploying fibre.

Heydon goes on to say: "In the ubiquity argument, it really doesn't matter what the bandwidth is" - we completely agree with this. But if this is your view, why rush to upgrade the existing network to enable more bandwidth - at least for the over 90% who already have DSL coverage?

Finally, Budde complains the report 'looks backwards' and we use research 'sometimes a decade old'. As he will know, with two minor exceptions, all the studies cited in the report that are over five years old are in there because fibre advocates are currently using them to make the case for FTTH.

We do rely on evidence - which really has to be 'backwards looking' - to make the case that, to date, the incremental benefits of FTTH over broadband appear to be small and the likely incremental costs are high. We are happy that neither Budde or Heydon challenge that evidence. But they do argue we are missing the benefits that could flow from what they see as a new model that hasn't been tried before.

Perhaps so, and in which case Australia is doing the world a favor. It can test out the theory that government-supported ubiquitous fibre combined with government directions to use the network will create significant economic returns - returns that can't be evaluated or predicted on the basis of what we know about the marginal returns to increased bandwidth in the past or what people currently suggest a fiber network will be used for. We will watch the experiment with interest.

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