

CONVERGENCE REVIEW: 3rd member appointed

LG ERICSSON: Big push into enterprise markets

NZ BITSTREAM: 10% price cut proposed by ComComm

CLOUD SERVICES

Juniper says still time for telcos to exploit cloud, Cisco helps customers

COMMUNICATIONS DAY

27 APRIL 2011

What's happening today in telecom business, policy & technology

ISSUE 3971

ACCC aims for five-year lock-in on new ULL pricing

The Australian Competition and Consumer Commission has moved to lock in a new era of declared telecoms services pricing – proposing to set in stone for half a decade a price matrix including averaged rural-regional unbundled local loop pricing.

Less than two months previously, the ACCC shook up the market with a pricing policy backflip: a set of interim access determinations that saw ULL access price standardised across Bands 1, 2 and 3. These came in stark contrast to its previous proposal, made just a few months earlier in late 2010, that would have effectively grandfathered de-averaged ULL costs. The IADs were backdated to January 1st this year and set to expire on 31 December 2011, or when replaced by final access determinations.

The regulator has now issued a discussion paper on those FADs, with last year's changes to the telecoms access regime now requiring the ACCC to hold a public inquiry before making FADs for each declared service. Intended to take effect from 1 July this year and run until 30 June 2016, the new pricing structure is based on the same 'Building Block' framework as the IADs, extended out over five years. De-averaged ULL price comes in at A\$16.75, up from A\$16.00, and wholesale line rental has increased 47 cents to A\$22.47. PSTN and line sharing services costs remain unchanged from the IADs, while local carriage service costs are lower; 8.7c, down from 9.1c.

	Regulated prices to 31 December 2010	Prices: 1 Jan 2011 to 30 June 2011	Prices: 1 July 2011 to 30 June 2016
ULLS Band 1 to 3 (\$/month)	Band 1 -6.60 Band 2 -16.00 Band 3 -31.30	16.00	16.75
ULLS Band 4 (\$/month)	-	48.00	50.11
WLR (\$/month)	27.00	22.10	22.47
PSTN (cents/minute)	1.0	1.0	1.0
LCS (cents/call)	9.28	9.1	8.7
LSS (\$/month)	2.50	1.80	1.80

Based on the 'building block' model, the averaged ULL pricing has been previously held up as more in line with the shift toward uniform national broadband pricing embodied in the intent of the planned NBN; the ACCC cast the proposed half-decade lock-in as a move to further stabilise the industry during the shift to an NBN world.

"The proposed five year period will provide all industry participants with certainty regarding fixed line prices during the initial transition to the National Broadband Network," said acting ACCC chairman Dr. Michael Schaper. "Today marks a further step towards providing stability to industry in relation to whole-

sale access to Telstra's fixed line network. While parties will still be able to negotiate their own terms and conditions of access, the FADs will, once they are made, establish a benchmark for Telstra and access seekers to fall back on."

After considering submissions received on the discussion paper and draft FADs, the regulator will publish its final report and lock in the five-year determinations. However, the ACC also said that it "recognises some issues may arise during this consultation process that will require further and more detailed consideration" and stressed it would adopt a flexible approach to dealing with such issues, noting that it had the power to vary the FADs if required.

Submissions on the discussion paper are due by 3 June.

EXTRA TIME FOR TELSTRA SEPARATION PLAN: Meanwhile, News Limited reports indicate that Telstra has been given an extra three months to submit its own structural separation undertaking to the ACCC. The deadline for submission was originally 1 April, ninety days after the Competition and Consumer Safeguards Act came into effect. But communications minister Stephen Conroy has now reportedly granted an extension until 30 June, as Telstra continues to negotiate with NBN Co and the federal government over the transfer of its network assets to the NBN – for the moment, at least, sparing Telstra the enforced functional separation provided for under the Act should it not get the submission in by deadline.

Petroc Wilton

Convergence review gears up: committee finalised

The team that will mastermind the federal government's convergence review – an investigation whose impact will be felt throughout the telco industry and beyond it – is now complete, with media veteran Louise McElvogue named as the final review committee member.

Communications minister Stephen Conroy announced McElvogue as the third member of the committee alongside IBM Australia alumnus Glen Boreham, who will chair the group, and long-serving Australian Communications and Media Authority member Malcolm Long.

McElvogue's career in print and TV journalism has included stints at the New York Times, the BBC and CNN. "Ms McElvogue has broad experience in both traditional and new media and has worked with leading international broadcasters in both public service and commercial arenas, advising on technology, new media, programming rights and business strategy," said Conroy. "Her new media expertise was recognised in 2005 through her appointment to the specialist board advising on domain name strategy in the United Kingdom... [she] has extensive experience advising high-profile media companies internationally and in Australia on digital strategies, including BBC Worldwide, ITV and the Discovery Channel."

The Convergence Review formally commenced on 2 March 2011 along with the release of its final Terms of Reference, after a discussion paper on the latter which drew a wealth of input from across the industry. Further consultation for the review is set to occur throughout 2011, with the review expected to conclude in the first quarter of next year as the committee delivers its report to government.

Petroc Wilton

LG Ericsson brings out the big guns in bid for Australian enterprise

LG Ericsson is poised for an assault on the Australian enterprise telephony market, seeking to build on its dominant position in the SMB space. The thrust will be backed by a suite of technological innovations, already tried and tested on LG's home market of Korea and now tipped to take Australia by storm.

Aria Technologies is the exclusive distributor for LG Ericsson in Australia, and Aria GM Rob Pierce told CommsDay that IP telephony hit its local inflection point a few months previously. "We have still been shipping both pure IP and hybrid systems, but in about October last year, we shipped more IP than TDM, and it's just kept growing," he said. "All of our phone systems, now, are pure IP; we end-of-lifed the bigger TDM systems earlier this year... the adoption by the channel of IP telephony has been

phenomenally good, far better in this country than in most.”

Aria claims a dominant position as supplier to the SMB market, with a 56% market share within Telstra Business. But while determined to retain its strength in SMB, LG Ericsson is also looking further up the ladder – as IP telephony tech reaches maturity, as robust infrastructure becomes more ubiquitous, and especially as Ericsson’s buyout of former joint owner Nortel opens new doors for the firm.

“Ericsson was a very, very big supplier in this market and there’re a lot of people who have aging Ericsson infrastructure, particularly in large enterprise, who are looking to move into the IP world,” said Pierce. “That’s the main reason we’ve taken on more staff and will continue to do so – to build our ability to deliver into large enterprise.”

To support this new direction, LG Ericsson will locally deploy technologies previously released in Korea but not in Australia. “We have a suite of technologies that exist within the portfolio that we’ve strategically decided not to launch in Australia in the past... we haven’t had the assets from a channel to market perspective to really go forward in some of these other segments,” said LG Ericsson global sales director Ahed Alkhatib. “What I’ve decided to do is selectively introduce this portfolio in markets where these assets exist, that can move up that value chain into large enterprise. And Australia is one of these markets this year that has been tabled for that introduction.”

“We’ve had these products in the portfolio for years... but they’ll be new from an Australian market perspective. And that will allow us the freedom to move beyond the SMB segment that we currently enjoy so much and move up the value chain to the large enterprise.”

That’s not to say the Australian SMB segment won’t also benefit from the previously unreleased tech. “There’s some very unique technology value propositions that we’re bringing to the market and that we’re going to wrap around not only the enterprise but also the SMB market segment – and that is our unified communications solutions as well as our fixed-mobile convergence capability,” said Alkhatib. And though many of the details are still under wraps, he promises that the new products will “be very attractive here locally,” with preliminary meetings with carrier customers and dealers already fruitful.

Petroc Wilton

Juniper: telcos well placed to grab cloud share, but must move fast

Australian telcos can leverage some unique advantages to grab market share in the booming cloud space, according to Juniper – but must act fast before over-the-top players like Google and Amazon muscle in.

Juniper’s APAC technology director for service provider data centre and cloud Russell Skingsley told CommsDay that telcos were well positioned to address some key concerns still prevalent over the move to cloud.

“There are still stumbling blocks in the minds of enterprises, especially in regard to things like security, performance, and SLAs,” he said. “And those are the areas that local telcos may be able to find a niche in the marketplace that over the top providers such as Amazon and Google may not necessarily be able to address.”

The first of these, continued Skingsley, was the question of cloud security. “The fact that service providers own the path from the enterprise premise device all the way through to the data centre means that they can provide a service with more integrity than simple internet access... through things like MPLS-based VPNs,” he said.

“Another aspect, [which] came to light in my review of the Australian government’s cloud computing strategic direction paper, was that they were very concerned about how... Australian legislation may not necessarily apply to Amazon [etc.] or, even worse, how the legislation of a foreign power may put their data at the mercy of a foreign power,” Skingsley added. “This is a place also where the local telcos can provide a different way of working, under the same legislative framework as their customers.” He also flagged performance concerns as something else that telcos were well-equipped to address, with offerings like guaranteed quality of service for critical traffic and bandwidth-on-demand.

But the provision of cloud services presents telcos with some hurdles, too. “The challenge for the service providers is that in the past they haven’t been overly active in providing enterprise-style computing...

[they] may need to have another look at their data centre networks to see whether they're really capable of supporting cloud," said Skingsley. "They may need to look at their enterprise VPN offerings, and ensure [they're] capable of supporting the types of SLAs that are applicable to cloud... [they] also need to assess their security capability and in particular how those security capabilities fit the virtualised computing environment."

And while Juniper sees room for both Tier 1 and more nimble Tier 2 telcos to get in on the action, Skingsley made it clear the clock was ticking. "There really is a place for the local service providers to get into the cloud market - [but] they really need to do it quickly, or they will find themselves in that position of having the over the top providers owning the space," he warned.

Petroc Wilton

Telstra unveils new BYO plan push

Telstra has extended its Freedom Connect range of plans to cater to customers bringing their own devices.

After launching the new plans last month, offering extra call inclusions and boosted data and voice volumes at various price points, the firm has now added a BYO range of the same plans - each offset by one price band from their handset-bundled counterparts.

"Our Freedom Connect Plans launched last month are doing even better than we'd forecast... BYO Plans acknowledge not everyone wants a new mobile phone. In fact, many Aussies would prefer to hold onto their old phone, rather than upgrade and learn the ins and outs of a completely new device," said Telstra consumer executive director Rebekah O'Flaherty. "We're rewarding these customers with more value for less monthly spend. Customers simply bring their existing compatible mobile to Telstra, and can now enjoy one plan better value than the equivalent Freedom Connect Plan."

The Freedom Connect BYO plans start at a A\$49 plan with A\$550 monthly call allowance, unlimited standard national SMS and 1.5GB of data to use in Australia; they range up to A\$99 for an unlimited monthly call allowance for standard national voice and video calls, SMS and MessageBank retrieval, 3GB of data to use in Australia and \$50 of international calling value. The plans include unmetered Green Dot BigPond browsing and free-to-browse social networking via Telstra Tribe on compatible handsets.

Petroc Wilton

Cisco now selling public cloud services... on behalf of its customers

Cisco Systems is taking the phase 'we succeed because our customers succeed' to a new level when it comes to cloud computing. Instead of simply providing certifications to its customers' cloud infrastructure or service offering - thus putting its brand behind the offerings - the company is now empowering its sales organisation and channel partners to sell other customers' clouds.

Under a new managed service channel partners (MSCP) for cloud provider program, salespeople and channel partners selling Cisco solutions will not only be pushing boxes, but can now sell Cisco-powered cloud resources on a usage-based basis.

According to Bernie Trudel, Cloud Technology CTO at Cisco, the program is designed to allow enterprises looking to adopt cloud technology to source resources from Cisco and its partners.

"Not everyone wants to put up their own cloud infrastructure right away, or they might have capex constraints," Trudel told CommsDay. "With this program, we basically give our sales organisations the ability to go to those customers and then sell on-demand cloud computing resources from an existing cloud offering that uses Cisco's equipment."

The model allows enterprises to experience Cisco's cloud solution without having to make the initial investment into their own private cloud, he continued, adding that the company has gone as far as to offer basically the same remuneration packages for sales of cloud services as for actual cloud hardware sales.

Obviously, those enterprises can go directly to the cloud providers themselves. Trudel notes however that Cisco's experience with the cloud can now offer these enterprises valuable insights into how clouds work and what they should expect from cloud services, such as defining SLAs and so on.

DEFINING CLOUD SLA: While most cloud infrastructure providers will provide some kind of SLA for

uptime, it is important that users understand what that actually means, and how they can define their requirements.

“I find sometimes SLAs are misunderstood, people say that cloud SLAs are very poor and all that, in the end, it depends on what people are willing to pay for and what quality – in other words, what they really need. If they want a Cadillac, you have to pay for a Cadillac. If they want something lower, if they only want to pay for something lower, then their expectations have to be lowered,” he said. “It’s quality price point that really needs to be finetuned and optimised within an IT department internally.”

Citing examples from Cisco’s own private cloud service internally, Trudel highlights options such as the ratio between dedicated and shared resources.

“Similarly to networks, it applies to resources across the infrastructure. For example, you can say you want this much dedicated CPU, so much dedicated memory, so much dedicated storage and so much dedicated network, then I want to be able to have bursting capability on top of that,” he explained. “Like Frame Relay, you can have CIR (committed information rate), and you can burst above that – it’s the same here – you can get dedicated resources, and/or shared infrastructure where it is best effort. You can do 80% committed and 20% shared or 20% committed and 80% shared, you’ll pay different amount of money depending on what you need.”

SERVICE PROVIDER STRATEGIES: The reverse is also true for service providers looking to offer cloud services, he continued.

“As part of the sales process, they will have to educate the user and explain, why they are paying the extra price and what is the benefit for them,” Trudel asserted. “That is going to be part of offering cloud services, not just the technology, but also ensuring that the cloud provider has the right go to market and sales process in order to educate and to sell the value of the differentiated service offerings.”

Tony Chan

TELSTRA RELEASES NEW RUGGEDISED NEXT G HANDSET

Telstra has launched a new Next G mobile specifically built to withstand the stresses of outdoor work in harsh environments. The Telstra Tough 2 is water- and dust-resistance, enclosed in an abrasion-resistant case, and features enlarged buttons and a ruggedized design; it comes with Telstra’s Blue Tick, intended as a guarantee of strong handheld coverage in regional and rural areas. The new handset retails from A\$360 to buy outright and is available with a number of consumer and business plans.

NEW ZEALAND

Commerce Commission UBA draft decision drops price by 10%

A Commerce Commission draft decision would see the price Telecom NZ can charge ISPs for unbundled bitstream access drop almost 10% to NZ\$19.58 per customer per month.

If the Telecommunications Amendment Bill and the supplementary order paper are passed into law, this will, in effect, lock-in a lower connect fee on the copper network for three years until a new cost-plus pricing regime starts.

UBA allows telcos to supply retail customers with broadband and other services over Telecom NZ’s copper local loop. It is a regulated service under the Telecommunications Act and, at present, is calculated on a price minus basis.

The draft decision stems from when Commerce Commission began a review of UBA data transmission costs in February 2010. In March 2010 it extended this to a broader review of UBA pricing.

To reach its draft decision, the Commerce Commission starts with the retail price and subtracts costs and charges. The commission increased the amount subtracted for ISP services from NZ\$8.89 plus GST to NZ\$10.87 and data transmission is subtracted at the rate of NZ\$1.42 per GB. There’s also an avoided costs saved discount of 18%.

If this method of pricing had applied on January 1, the monthly price would have dropped from

NZ\$21.65 to NZ\$19.58. The Commerce Commission said this estimate does not include changes to the way bundle discounts are calculated.

A Telecom NZ spokesman told CommsDay the decision is still a draft and not yet set in concrete. He said the company will be engaging with the Commerce Commission in the submission process.

The Commerce Commission said it was putting any changes because of the Telecommunications Amendment Bill and supplementary order paper aside for now. It said UBA pricing needs to be revisited annually to meet the purpose of the existing Telecommunications Act.

This will change if Telecom NZ succeeds with its negotiations to build the UFB and separates into two businesses. That cannot happen without the Telecommunications Amendment Bill and SOP passing into law. Should this all go to plan, UBA prices will be locked for three years starting from the date of separation.

CALL FOR UBA PRICE CALCULATION SUBMISSIONS: The Commerce Commission is calling for submissions on planned changes to the way it calculates prices for Telecom NZ's unbundled bitstream access. It wants to know if the way it calculates call discounts should be changed to reflect the discounts Telecom NZ offers its customers who buy bundled services. It also wants to know if the data transmission part of the UBA price should be based on costs or on the retail value. Submissions should be made by 5pm May 16.

Bill Bennett

Telecom NZ leadership shuffle downgrades HR

Rod Snodgrass, previously Telecom NZ's group strategy director, is moving to take up a new role as chief product officer. Snodgrass will oversee the company's product and pricing strategies as Telecom NZ prepares to reboot as a retail-focused, fibre-lead business.

The move is part of a management restructure which sees Paul Reynolds's senior executive team cut from ten to eight members. Group general manager of HR, Wayne Peat, is leaving the company and the new HR chief Jan O'Neill will report directly to Reynolds but sit outside the leadership team. Head of wholesale Nick Clarke will also report to Reynolds from outside the leadership team.

Group general counsel Tristan Gilbertson and corporate relations director Tina Symmans will remain on the leadership team as the two corporate services directors.

The rest of the team are unchanged: chief financial officer Nick Olsen, Chorus CEO Mark Ratcliffe, Retail CEO Alan Gourdie, Gen-I CEO Chris Quin and group chief technology officer David Havercroft.

Telecom NZ's management shuffle comes as the company prepares to separate into two businesses. It said early last week the re-organisation into two parts will go ahead even if it does not win the remaining contracts in the government's NZ\$1.35 billion UFB project. Structural separation is a condition of the company taking part in the UFB.

Reynolds said Peat had made a huge impact at Telecom since joining in 2009. He said: "His high-energy style has helped in the delivery of significant changes to the way we work and in particular his leadership during the response to the Christchurch earthquakes was outstanding."

Bill Bennett

INTERNETNZ POLICY DIRECTOR RESIGNS

Policy director of InternetNZ, Jordan Carter, will resign to pursue a career in politics. Carter recently gained pre-selection for the Labour party to run for parliament at the next national election, scheduled later this year. He is placed at no 40 on Labour's list, which means he could be elected to parliament if the party achieves a 37% vote at the poll, according to calculations by Kiwiblog. It attracted 34% at the 2008 poll.

CommsDay Hong Kong Summit

Excelsior Hotel, Hong Kong Tuesday 3 May 2011

Get up to speed with the world's hottest telecom region



FIND OUT ABOUT THIS AND MORE

Ubiquitous broadband – The launch of LTE has enabled mobile operators to challenge the fixed network for broadband users, but are all the pieces – such as spectrum availability, backhaul, and international connectivity – in place to make this a reality?

Fibre everywhere – the roll out NBNs by a number of Asian governments have put fibre at the centre of economic and social development, what are the regulatory and business challenges of a government owned broadband infrastructure? How will existing players compete in an NBN world?

The emergence of the terabit subsea age – the age of the terabit-enabled subsea cable has arrived through new builds or the upgrade of existing cable systems. Will broadband demand deliver the growth necessary to fill those cables?

The importance of the data centre – data centres are becoming the key drive for revenue generation for the telecoms industry as applications and services are increasingly hosted in the cloud. Do telcos need a data centre strategy to avoid becoming dumb pipes?

SPEAKERS INCLUDE

Gilbert+Tobin partners Peter Waters & Cameron Whittfield
Qualcomm AP & South Pacific president John Stefanac
Telstra International exec dir, global sales Phil Mottram
Alcatel Lucent HK/Macau country senior officer Henri Tallon
Cable & Wireless' head of products, global markets Alex Connors
Juniper CTO Asia Pacific Raghu Subramanam
Equinix business development dir, networks & content Andrew Oon
Verizon principal consultant Ray McQuillan
Overture Networks Asia Pac MD Graeme Bellis
Lee & Li lawyer James Chen
Regulatory consultant Alisdair Grant

CO-HOSTED BY

GILBERT
TOBIN

LAWYERS

金杜律师事务所
KING & WOOD
INTERNATIONAL AND PRC LAWYERS

GOLD SPONSOR

QUALCOMM®

SILVER SPONSOR



EQUINIX

REFRESHMENT SPONSOR

OVERTURE
NETWORKS

EARLY BIRD REGISTRATIONS

Two delegates for the price of one available online at <http://tinyurl.com/3kmjwcm>

CommsDay Hong Kong Summit 2011

Get up to speed with the world's hottest telecom region

9am Keynote: Gilbert+Tobin's Peter Waters

9.40am Keynote: Telstra International director, global sales Phil Mottram

**BROADBAND EVERYWHERE -
UBIQUITOUS WIRELESS**

10.15am Qualcomm AP president John Stefanac

10.45 Morning tea

11.15 Alcatel Lucent HK/Macau country senior officer Henri Tallon

DATA CENTRES AND THE RISE OF THE CLOUD

11.40 Cable & Wireless' head of products, global markets Alex Connors

12.05 Juniper CTO Asia Pacific Raghu Subramanam

12.30 Equinix business development dir, networks & content Andrew Oon

1.00 LUNCH

2.00 Verizon principal consultant Ray McQuillan

2.20 Pacnet TBC

2.45 Panel session on data centres and cloud moderated by Gilbert+Tobin's Cameron Whittfield

ACCESS & CAPACITY

3.00 Overture Networks AP MD Graeme Bellis

3.25 Afternoon tea

3.40 TBC

FIBRE EVERYWHERE—THE NBN ERA

4.00 Lee & Li's James Chen

4.20 Regulatory consultant Alisdair Grant

4.40 Panel session with Chen, Grant, Peter Waters and Grahame Lynch moderated by Gilbert+Tobin's Cameron Whittfield

5.00 Close



Yes, I would like to attend the CommsDay Hong Kong Summit 2011

LOCATION: Excelsior Hotel, Gloucester Rd, Causeway Bay DATE: 9am Tuesday 3 May 2011

[] One registration at US\$495 (Australian residents add GST)

[] Two for the price of two at no extra charge

Name _____ Company _____

Phone No _____ Email _____

Address _____,

_____ Postcode _____

Names of other delegates _____

I want to pay by:

Mastercard Visa Amex Diners Invoice me

Name on card _____

Card Number _____

Expiration Date _____ Signature _____

TO REGISTER:

- Fax this form to +612 9261 5434
- Phone Sally Lloyd at +61 2 9261 5435
- Mail to PO Box A191 Sydney South NSW 1235