

INSIDE TODAY:

Coutts reveals more on NBN panel process
Telstra wins NSW schools fibre project deal
ADC Krone: How to cut fibre network costs

TELECOM NZ CHANGES

Minister Joyce signs off on
tweaks to Telecom NZ's
operational separation

COMMUNICATIONS DAY

MONDAY 23 NOVEMBER 2009

Australia & New Zealand's telecom daily, founded 1994

ISSUE 3644

TPG's David Teoh urges caution on NBN plans

Soul TPG executive director David Teoh has urged the federal government to be cautious in its ambition to roll out a A\$43bn National Broadband Network. Having just orchestrated a A\$373m takeover offer for Pipe Networks and its Sydney-Guam PPC-1 cable, Teoh warned that many aspects of the project remained unknown – but also backed Telstra's separation as good for the industry as a whole.

"The government is serious, but it's such a big project – a huge project, it's not so simple," Teoh told CommsDay. "We need to have a plan, a blueprint about how you're going to execute this. What's the cost structure? What is the P and L [profit and loss]? You need to have a blueprint – is it benefitting the consumer? But we haven't seen anything yet."

Teoh said the government needed to investigate whether the investment was worthwhile when consumers were increasingly opting for mobile services over fixed. "The other thing probably we have to look at – because the fixed-line broadband side is declining, so are we building something in the declining market?" he said. "I don't think we can rush into this type of thing, because it is the taxpayer's money, so we have to be very cautious." Teoh said he was: "not interested in politics, but like anything – it's a lot of money, we have to look at what's good for the country, what is good for the people... you must be clear about what you want to do, what's the cost-benefit – it's a lot of money, as I said."

Teoh's comments follow that of AAPT CEO Paul Broad, who last week described the NBN as "total rubbish," in the Australian newspaper. While AAPT has supported the federal government's legislative agenda to functionally or structurally separate Telstra, Broad described the NBN as "a political tool to beat Telstra with," saying the NBN was being used to "correct" former government policy which kept Telstra vertically integrated as it was privatised. CEOs from three of the country's top 4 fixed telcos—Telstra, TPG and AAPT – have now expressed reservations about the proposed NBN, with only Optus offering fulsome support for the policy as it stands.

Teoh does, however, support the goal of separating Telstra. "When [Telstra is] separate... it's good for the industry, that's for sure," he said. "There's no mixture of wholesale and retail sides, I support that." Legislation which will see Telstra functionally separated if it does not 'voluntarily' structurally separate is set to be debated in the Senate late this week.

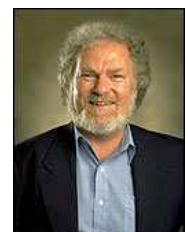
While the CEOs of rival ISPs have expressed concerns about their DSLAM investments being made redundant by the NBN, Teoh is unfazed. "NBN will be years away – many years away," he said. "The implementation side, even as they proceed – they start in Tasmania, they might start in other regional areas, so they're still many years away." Should Teoh's proposed takeover of Pipe Networks come to fruition, he said the PPC-1 submarine cable would give his company a distinct advantage. "The asset is important for NBN just because of the bandwidth. It's a great asset," he said.

Luke Coleman

Expert panellist holds forth on the gestation of NBN2

A member of the expert panel that oversaw the first iteration of the planned National Broadband Network has detailed its demise – and subsequent replacement with the current FTTP plan. Speaking at the Network Insight Institute's 2009 Communication Policy and Research Forum in Sydney, Professor Reg Coutts also told the audience that much of the activity around the NBN was "beneath the surface," with what was reported in the press just the tip of the iceberg.

"The panel was actually a brilliant selection by the government; we worked very well as a team and we came from quite a variety of backgrounds and perspectives, and that continued right through the end of the NBN1 process," said Coutts. "When you're inside a process, and you see how it's discussed in the public domain, it is an amazing experience – there's minimal



correlation between what was actually happening and what you'd think was happening if you read the newspapers."

According to Coutts, it was never made clear exactly how the \$4.7 billion of government funding allocated for the first project would be spent, with the total capital cost estimated around \$15 billion. But he said that the panel had quickly become aware that FTTN was not a viable progression path to FTTP – and had tipped the timescale for the original project as unworkable. "We saw a potential policy had to be longer term; it couldn't be five years, the timescale originally set for NBN1," he said. "The eight years [for the new FTTP iteration] was a timescale the government specified – we didn't specify a timescale."

He also linked the new FTTP NBN proposal back to the panel's deliberations. "[It] was based on communication we had with the government on a possible way forward – I wouldn't say a recommendation, but a communication unanimously agreed by all the panel," he said.

And Coutts reiterated that there was more progress on NBN 2.0 than had so far been reported, particularly around the possible use of satellite to reach those outside the reach of the proposed fibre build. "There is progress... there's a lot of activity below the surface," he said. "There's virtually no discussion in the public domain about the satellite issues... but let me reassure you that behind the scenes there's a lot going on to advance the issues."

Petroc Wilton

Joyce signs off shakeup to TNZ separation structure

New Zealand communications and IT minister Stephen Joyce has signed off on a variation to Telecom NZ's operational separation undertakings.

Approved after a public discussion process, the changes will grant the firm a nine-month extension on the deadline for splitting the systems holding confidential customer information.

TNZ was originally required to implement logical separation of shared information systems containing customer confidential information by 31 December 2009. But the firm requested extra time to complete the process, saying it was unable to support the extent of the business process changes and testing required to deliver on its undertakings milestones by year's end.

Joyce approved an extension to 30 September 2010, after four out of six public submissions on the proposed variation lent their support (with qualifications) to TNZ's appeal.

However, the approved variation also includes a requirement that the telco provide to the Independent Oversight Group and the Commerce Commission a confidential progress report on key undertakings-related work programme items by status and risk.

The variation also includes a number of error corrections.

Petroc Wilton

Telstra to build NSW schools fibre network

Telstra has scored a AUS\$280m, four-year contract with the New South Wales government to deploy a fibre optics network to all public schools and TAFE institutes. Telstra claims that the network will be the largest in Australia and one of the largest in the Southern Hemisphere, extending the benefits of broadband services to more than 1.2m students at over 2,400 sites statewide.

"Broadband has become the blackboard of the 21st century as schools in NSW and across the country redefine education and improve opportunities for students and teachers," Telstra CEO David Thodey said. "The new Telstra network will give NSW students the same broadband speeds that are used in many of Australia's largest companies."

Education and training minister Verity Firth said the initiative will see the roll out of 4,500 kilometres of optic fibre. This aims to improve the speed and reliability of digital learning to school and TAFE students, as well as create 150 jobs. "A flexible system means bandwidth provided to schools can be increased or decreased to meet temporary spikes in demand as well as growth or declines in the student population."

It is not clear how the deployment will fit with a previously announced Federal Government plan to connect schools with high speed broadband as part of its "Digital Education Revolution." According to the Federal Education Department website, "Rollout of high speed broadband to schools under the DER has been delayed pending the outcome of the review of regulatory arrangements and the NBN implementation study (expected February 2010)."

Kei Contreras

ADC Krone: Use connectorisation to drop NBN costs

Connectorisation techniques could massively reduce rollout costs for NBN deployments, according to ADC Krone. With the company estimating that more than 50% of a fibre deployment's costs result from labour, ADC Krone principal engineer Pat Sims told CommsDay that connectorisation would allow the network to

be rolled out without requiring long and expensive training for engineers – while also removing the painstaking work of splicing millions of fibres.

“Using connectorisation it becomes very easy to transition from a copper environment to a fibre environment because they’re not going to be doing as much splicing – the splicing will generally take place in the initial construction phases... where the actual installation of customers may be done with connectorisation to help speed and lower the cost of deployment,” Sims said. “This is no secret that the majority of the costs are in the labour, plain and simple. We’re finding that material costs, fibre in the conduit, are relatively low.”

“How you implement the network and the approach you take both with both the network’s architecture design and the connecting

– how do you connect the multiple points, whether it’s the [central office] or down to the end user, you can actually save a lot of labour costs if you use a connectorisation approach. This is where the cost savings comes in,” MD of global connectivity solutions Mike Ropicky added. “It’s not just costs because of the time it takes, but it’s the type of labour you use – you don’t need level three technicians to do connectorisation, you need skilled technicians so do splicing.”

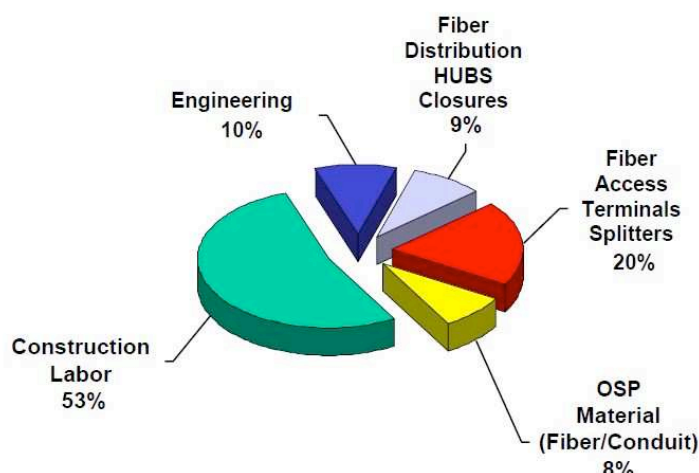
Sims added that connectorisation could also be a boon for ISPs, who may be encumbered with in-home wiring to get services running. “The ISPs that are out there, they have no idea what they’re going to get themselves into in some of the older homes, and how to actually go in and build some of this,” he said. “We’re finding that the majority of the costs are actually turning up the customer – the ONT’s [Optical Network Terminal], the electronics... If it is part of the ISP’s role then the ISP will actually provide the connection to the electronics on the outside... and CPE costs incurred, the brunt will be borne by the ISP.”

ADC Krone recently celebrated its 25th anniversary of manufacturing in Australia, with the company’s facilities based in Berkeley Vale north of Sydney.

Luke Coleman

ODN Infrastructure Costs

OSP Breakdown



Aria prepares for Perth, overseas expansion

Aria Technologies is preparing to open a new Perth office and may soon be expanding overseas, general manager Rob Pierce has said. Following the distributor’s recent growth from SME into the enterprise space, Pierce said Aria is working to have more staff “at the coal face,” as the company bolsters its own training efforts for its growing team.

Pierce told CommsDay 2009 had been the perfect time to plant new offices, with a Brisbane centre opening earlier this year and Perth due early 2010. “Don’t waste a good recession, to expand the business and build infrastructure,” he said, adding that Aria’s goal was to “get people at the coalface” in each capital city for a hands-on approach with customers.

Aria had formerly been SME focussed, with 8,000 LG-Nortel systems sold last year, but a deal with ShoreTel has taken the company into the enterprise market. 50% of Aria’s sales come through Telstra Business Systems, and the company is said to have a 55% market share within Telstra Business Systems. “They call us the engine room of their program,” Pierce said.

“We have about 55% of their market, and they claim to have between 50-60% of the whole market, so we’ve got around 28-30% market share,” he said – but added the company had to make the ShoreTel deal to grow outside the SME space. “That’s not going to grow very much, we have to be realistic.”

“We’re looking to expand into large enterprise and corporate... to do that we really needed to get a product that was more suitable for that market. We sent the engineers to the US and the UK, and they came back with a recommendation of ShoreTel.”

While Pierce has kept quiet on Aria’s expansion plans outside Australia, he did hint that a deal was on the horizon. “We’ve certainly got irons in the fire for expansion overseas – we currently supply LG-Nortel system to the Pacific... we supply Fiji, Samoa, Papua New Guinea, Norfolk Island, Vanuatu, places like that,” he said.

Luke Coleman

Conroy pitches NBN to screen producers

Communications minister Stephen Conroy has pitched the National Broadband Network as a “huge opportunity” for Australian television and film content producers. Speaking at a Screen Producers Association of Australia conference, Conroy said the NBN would allow producers to tell their stories to new audiences in new formats – adding that the government did not want to see overseas content flood the Australian market via digital means.

“Australian audiences want to see Australian stories on screen, and I can assure you that the Australian Government shares this desire,” Conroy said. “But “on-screen” doesn’t just mean television anymore. The digitisation of content and emergence of new delivery platforms enables consumers to receive content through a range of media, including online, broadcast and mobile.”

“The Rudd Government’s planned investment in the National Broadband Network will have a profound effect on the way Australians are entertained and informed over the coming decades. High-speed broadband has the potential to revolutionise the way film and TV content is delivered and consumed. The building of the NBN, which now underway, will significantly enhance the experience for content consumers – or audiences, as we used to call them in the analogue age!”

“High-speed broadband will create an explosion of choice, allowing people to choose to access a broader range of content online,” he said. “The NBN will be an enabling platform for a whole range of new content business models and opportunities for generations of producers to come.”

Conroy said the federal government would soon commence “a review of convergent media regulation,” adding, “I can assure you that the Government has no desire to see Australian cultural content swamped by a massive influx of cheap, overseas programming.”

“We’re investing in the enabling infrastructure so that you can tell your stories to more people, in more formats, than ever before,” he said. “This is a huge opportunity for this sector to provide the content to send down the pipes and over the air, to ensure that the revolution in Australian media and communications remains Australian at its core.”

Luke Coleman

Mildura goes first in digital TV switchover

Mildura and the Sunraysia region has taken the lead in digital TV future as it switches to digital-only television on 30 June 2010. According to communications minister Senator Stephen Conroy, 79% of households in Mildura and Sunraysia area have already converted to digital television and are enjoying its benefits like improved picture and sound quality, new content, and new channels.

In assisting the region for the digital TV switchover, the Australian government has named Kellie Boyce as its digital switchover liaison officer. She will be based at the Mildura Rural City Council, collaborating with community groups and using local networks to ensure people are properly informed, including the aged, people with disabilities or people in remote locations.

“Most people find it an easy task to get ready for digital and it is important that everyone understands the simple things they can do to enjoy the benefits, like better picture and sound quality, new content and new channels,” Conroy said.

“Our Digital Switchover Liaison Officer will identify groups that may need some extra help and will look for ways to reach out to them,” Digital Switchover Taskforce executive director Andy Townsend said. “Kellie will play an important role in making sure local residents are aware of switchover and know what they need to do to get ready for it.”

COMMUNICATIONS DAY

Including The Line of NZ

Published by Decisive Publishing

Decisive Mail

PO Box A191 Sydney South NSW 1235
AUSTRALIA.

Publisher: Grahame Lynch

Grahamelynych@commsdaymail.com
+66 81 7017664

Decisive Fax: +612 9261 5434

Decisive Internet: www.commsday.com

For advertising details contact Sally Lloyd at
sally@commsday.com.au or call 02 92615435

Chief Editor: Luke Coleman

Luke@commsday.com.au
02 9261 5490

Assistant Editor: Petroc Wilton

02 9261 5436 petroc@commsdaymail.com

Editor, United States: Patrick Neighly

Pneighly@madyakpress.com

Correspondent, Auckland: Juha Saarinen

juha@saarinen.org

Journalist: Kei Contreras

kei@commsdaymail.com

Editor at large: Tony Chan

tony@commsdaymail.com

THIS PUBLICATION IS COPYRIGHT AND CANNOT BE REPRODUCED OR DISTRIBUTED WITHOUT OUR EXPRESS PERMISSION. OFFENDERS CAN BE PROSECUTED.

For subscription details contact Laraine Davis at
laraine@commsday.com.au or phone at 02 9264 1781

Aside from Mildura and the Sunraysia region, Conroy has also made determinations for switchover in Brisbane and Perth on 30 June 2013 and in Adelaide, Melbourne and Sydney on 31 December 2013. Determinations for specific switchover dates in other regions will be made as switchover progresses. Liaison officers will also be appointed in these regions.

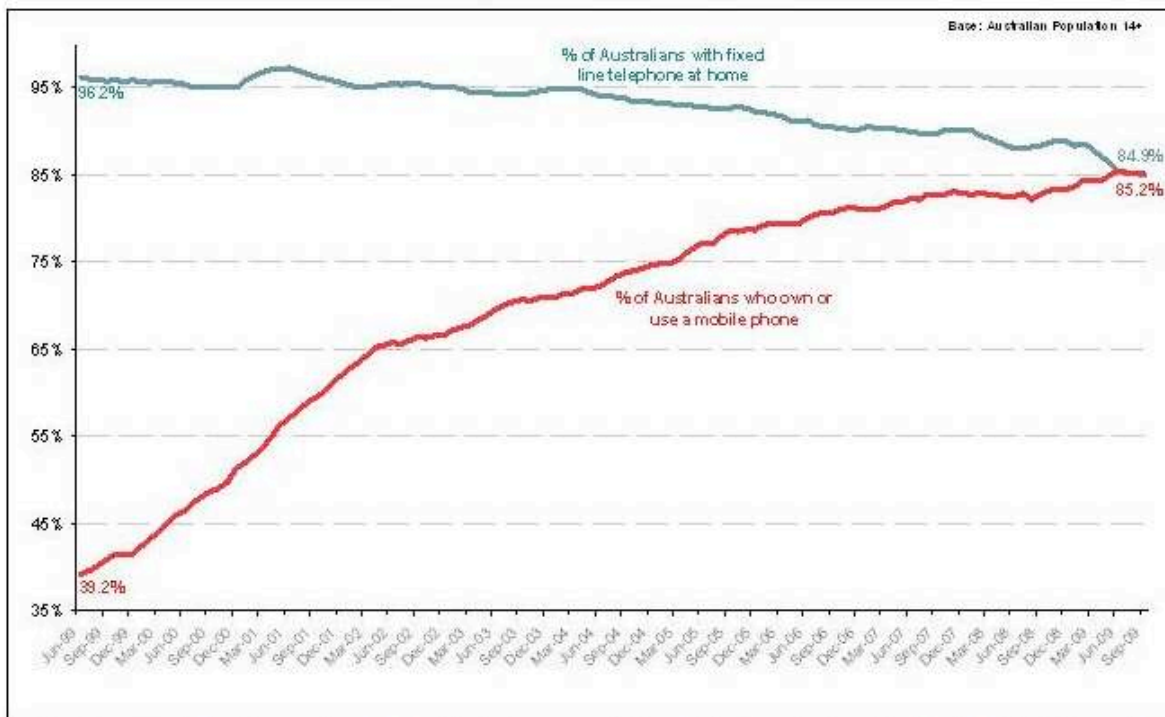
Kei Contreras

Mobiles overtake home phones: Roy Morgan

The number of Australians using a mobile phone has overtaken the number of homes with a fixed line, according to research and polling firm Roy Morgan. The finding marks the first time on the company's record that mobiles have outnumbered fixed lines, and follows comments from Telstra CEO David Thodey that the company's future is "unquestionably" wireless.

Roy Morgan found that there were 15.13 million mobile phone owners in the six months to September 2009, or 85.2% of the Australian population. In the same timeframe, the proportion of the Australian population who live in a household with a fixed line connection fell to 15.08 million, or 84.9%.

It was only a matter of time before mobile phones became more popular than the traditional method of fixed line," said Roy Morgan communications industry director, Norman Morris. "The Australian population have adopted mobile phones at a steady rate which still has some room to grow, though it will be interesting to see whether the number of Australians with a fixed line at home will continue to decline or plateau."



to be made in Europe... and also field operational tests,” said Evensen. “In [Australia], something similar should happen soon – some large scale testing, some policies will need to be put in place, and we’ll go from there. The policies would probably need to be partly state and partly federal.”

But with potential applications from preventing collisions to parking space management and congestion reduction, Evensen said that industry and government was already showing a strong interest. “It’s the next step after airbags, seatbelts, and so on... the car markers, all of them, are very much involved in the development and the research to make this a reality,” he said. “From the authorities’ side, there is high interest from the safety perspective – but also because of the traffic management opportunities... there is reasonably high interest [in Australia] from various state departments of transport.”

Petroc Wilton

VOCUS WINS DELOITTE 2009 RISING STAR AWARD

Vocus has won the 2009 Deloitte ‘Rising Star’ award. The award recognises “innovative companies with strong growth potential” that do not qualify for the Technology Fast 50 list as they have less than three years’ existing data. Vocus CEO James Spenceley told CommsDay that with 3237.75% growth since 2007, Vocus actually had higher growth levels than the number 1 company in the Deloitte Fast 50, adding that the last quarter was the company’s 3rd consecutive quarter of record revenue growth.

INTERNODE WINS BEST ISP AWARD

Internode has bagged the Best ISP award from the annual League of Exceptional Service survey conducted by AFR Smart Investor magazine. The AFR Smart Investor SMILES Awards 2009 was given based on the choice of the magazine’s readers, who nominated their preferred service providers in a range of industries. Internode has already won Best Broadband Operator 2007 from APC magazine and the PC Authority Best ISP Award 2006.

SODA WELCOMES NEW MEMBERS

Ten new member agencies have been added by the Society of Digital Agencies (SoDA) to the organisation. This will increase the total number of the group to 41 agencies across Australia, Canada, Eastern and Western Europe, Mexico, South America and the United States, with the latest members coming from Bogota, Colombia. The new members are BEAM, EffectiveUI, Enlighten, Fjord West, Fullhouse, Geary Interactive, HUGE, Magnani Caruso Dutton, Reactive, and Zemoga. They will be joining the old members in contributing and volunteering work on behalf of the entire digital advertising industry.

POLYCOM HDX SERIES ACQUIRES CISCO CERTIFICATION

Polycom has announced that its HDX series (4000, 6000, 7000, 8000 and 9000) have successfully completed the interoperability testing with Cisco Unified Communications Manager 7.0 and 6.0. The completion will allow the deployment of Polycom HDX systems in a Cisco UC environment with signal coming from Cisco’s call management platform. Polycom has also joined the Cisco Developer Network Program as part of the program’s Unified Communications technology category.

MERU NETWORKS TO PROVIDE WIRELESS SERVICES TO TWO COLLEGES

Wavelink Communications’ channel partner ASI Solutions has won two new Meru Networks wireless LAN contracts with Canterbury College in Waterford, QLD and Mount St. Benedict College in Pennant Hills, NSW. The schools have selected Meru Networks’ 802.11n wireless local area network (LAN) to provide its students and teachers with wireless coverage in term 1, 2010. According to ASI Solutions education specialist Catriona Ormond, the choice was based on Meru Networks’ ability to deliver wireless network services using a virtual cell approach instead of traditional micro-cell solutions.

HSPA NETWORKS NUMBER SURGES TO 300

The number of commercial HSPA mobile broadband networks now stands at 300 in 128 countries worldwide, stated 3G Americas president Chris Pearson. According to forecasts by Informa Telecoms & Media, there will be 458 million UMTS-HSPA mobile broadband connections worldwide by the end of 2009. This number is expected to exceed 1 billion by 2013. Forecasts by Informa Telecoms & Media indicate that there will be 3.2 billion mobile broadband connections by year-end 2014. At that time, UMTS-HSPA and LTE combined will comprise 84 per cent share of market with 2.8 billion subscriptions, compared to 528 million EV-DO connections and 89 million WiMAX connections. HSPA will total 1.76 billion of the 2.8 billion subscriptions