

NEXT G

Ericsson says it has implemented a new blade server design

ALCATEL-LUCENT

Mine steps down from regional head position for personal reasons

GSMA MACAU

Big falls seen in HSPA device prices ... and end subscriptions

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Optus challenges Next G with “Yes G” brand

Optus has now hit 90% national coverage for its 3G network and is preparing to take Telstra’s Next G network head on with a new marketing assault—based around a direct challenger brand billed as “Yes G”. The new moniker specifically refers to the expanded network which uses a combination of 2100MHz and 900MHz spectrum.

Optus’ legacy 3G network—built in partnership with Vodafone—is deployed over 2100MHz, but the two carriers have subsequently engaged in separate expansions.

“The brand is designed to easily identify Optus’ new network,” an Optus spokesperson told CommsDay. “Customers will soon start to see communications and in-store materials displaying the new network name.”

Optus director of government and corporate affairs Maha Krishnapillai admits the build has not come without challenges, but believes Optus will ride out the

“teething problems” to bring true competition to Next G. He said the company is not planning a hard launch of ‘Yes G’, but will drip-feed the brand at least until the “cluttered” Christmas period is over.

“We think this symbolises a real sea change in competition in Australia,” he said. “Having got to 90% 3G coverage and really built some strong momentum around delivering services, not without the obvious challenges of a new network, we think we are positioned to really take it to Telstra in a way that hasn’t been done before.”

Dual-band mobile handsets supporting 3G at both 2100 and 900 will be identified in Optus stores by a ‘Yes G’ sticker to help customers recognise compatible devices. While the 2100MHz standard has garnered a great number of compatible handsets, 900MHz is still in its early stages – for example, while Optus successfully launched the Apple iPhone the device does not have a 900MHz 3G receiver.. Optus announced the 3G expansion alongside similar build plans from Vodafone and Hutchison 3. Last month Vodafone said its 3G expansion will be delayed indefinitely as it works with vendor Ericsson on integration issues. Vodafone is aiming for 95% population coverage, with 75% of the build in the 2100MHz band and 25% in 900MHz.

Optus aims to have the network completed by December 2009.



Luke Coleman

Next G, Ericsson draw blades to meet mobile capacity demands

Telstra has embraced a new step in mobile core network design, augmenting its Next G network with a blade-based mobile softswitch which manufacturer Ericsson claims is the world’s first. The mobile switching centre server blade cluster boasts enormous scalability, allowing network capacity

to be boosted by over half a million subscribers with the addition of a single electronics board (blade) while offering dramatic savings in energy consumption.

The MSC forms the main node in a mobile core network that handles the switching of voice traffic, with capacity increases traditionally being achieved by upgrading the MSC servers' central processors or adding extra servers. The blade cluster, though, distributes server functionality across a number of generic processor blades, allowing for a more streamlined expansion path with the simple addition of more blades. According to Ericsson, the clusters make it possible to support over 8 million subscribers with just two single-depth cabinets, and to perform operation and maintenance at any time without interfering with end-users' calls.

Telstra currently operates 18 regional MSC servers in its own mobile core. But Ericsson revealed that plans are afoot to replace them all within the next two years with a single MSC server blade cluster pool across two sites in eastern Australia – a consolidation which the technology supplier said could reduce equipment footprint by 85% and energy consumption by 75%.

“Ericsson's mobile softswitch allows us to streamline our core network while increasing voice capacity as we add subscribers,” said Telstra executive director for wireless, Mike Wright. “This simplification of our operations will make it easier and faster for us to operate, maintain and expand the core network.”

“The success of mobile broadband and the continuous growth of voice traffic are placing great demands on mobile core networks,” added Ericsson's VP product area core and IMS, Magnus Furustam. “Ericsson is excited to be able to provide these significant increases, while also improving efficiencies and environmental outcomes.”

Petroc Wilton

\$8.2bn Telstra shares freed from gov't restrictions

The Federal Government's relationship with Telstra will enter a new chapter tomorrow as restrictions stopping the sale of over 2 billion shares elapse.

The Future Fund shareholding worth upwards of \$8 billion is now released from conditions withholding its sale to the market – just one day before shareholders and the company's board face off at Telstra's annual general meeting in Melbourne.

The Future Fund's status as the largest Telstra shareholder has irked the company's board in the past. During last year's AGM the fund led a shareholder revolt against the executive remuneration package which saw CEO Sol Trujillo boost his pay packet above \$13 million and COO Greg Winn more than double his own pay to above \$11 million. Chairman Don McGauchie cited the fund as the decider of the shareholder 'no' vote.

The government sold all but 16.5% of its Telstra holdings during the T3 sale in late 2006, and Trujillo has already posited that he may be willing to help the Government divest its remaining holdings. Speaking at the company's investor day earlier this month, Trujillo said he could introduce the fund to “other buyers” or investigate buying back the shares amongst other possibilities.

According to Future Fund general manager Paul Costello the outfit will take a “medium term” approach to selling the shares, and with an outlook of three to five years Costello has been reported as saying the firm is in no rush to sell off the holdings. The Future Fund could not be contacted for further detail by time of press.

Luke Coleman

ACCC non-price determinations unnecessary?

An exhaustive list of core network service conditions proposed by the regulator are unnecessary and even inappropriate, according to Telstra. The Australian Competition and Consumer Commission released a final determination on non-price terms and conditions surrounding PSTN originating and terminating access, local call and unbundled local loop services after taking numerous submissions from Telstra and access seekers on a draft version.

The 65-page non-price determination covers billing and notifications, creditworthiness and security, liability provisions, general dispute resolution, confidentiality, end user communications, network modernisation, suspension and termination, changes to operating manuals, ordering and provisioning of services and access to facilities.

But Telstra argued many of the changes are “unnecessary or otherwise inappropriate.”

“The Commission has noted itself that any determination of model terms and conditions need not be exhaustive, and yet the Commission has sought to provide very specific guidance on a broad and enlarged range of matters for no apparent reason,” Telstra argued.

Competing carriers brought up a number of issues from the draft. For example, Optus noted the “extraordinary position” that there is no obligation on Telstra to waive charges during periods of repair and outage, meaning access seekers pay for a service that is not being supplied. Optus also said the access provider should not be entitled to amend operational manuals on a unilateral basis, warning of negative impacts on access seekers.

A group submission from Adam Internet, iiNet, Internode and AAPT backed proposed access dispute resolution procedures, but warned rules should be introduced to stop a carrier using mediation as a delay tactic. The group also called for certainty on Telstra’s roll-out agenda should it win the right to build a fibre network, hoping for advance notice of when exchanges may be put off-line.

Luke Coleman

Hilary Mine to leave Alcatel-Lucent

Alcatel-Lucent is set to lose its Australasia and North Asia MD Hilary Mine after serving six years with the company. Mine will leave the company for personal reasons to return to her native California, and is set to be replaced by Andrew Butterworth at the beginning of December.

Butterworth will become acting Australian MD having previously worked as Australasian Services Business Group director and also Telstra account director. He will report to APAC COO Sean Dolan as the company continues an internal transformation, with the eventual status of Australia in the global operation yet to be declared.



“I’m pleased to have the Australian operations in Australian hands,” Mine told CommsDay. “I’ve been with the company for six years and I’ve loved every minute of it... I’m really excited about the next phase for Alcatel-Lucent.”

Luke Coleman

IPv6 transition efforts to benefit from Vic ICT grant

Victorian efforts to transition to IPv6 are just one area of the state’s ICT industry set to flourish under a fresh helping of grants announced by its state government.

The ICT sector is tipped to benefit from ‘Building Our Industry for the Future’, a \$245 million initiative launched in Melbourne by Premier John Brumby that will see funds allocated across an array of projects – ranging from a \$1.84 million contribution for an ICT skills drive to a \$350,000 donation to an IPv6 transition program.

The initiative follows a \$35 million effort by the State to bolster Victorian broadband and inter-

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net announced in August. Other elements of the latest funding round include a \$500,000 donation to host the Australian Information Industry Association iAwards in Melbourne for the next five years, and a \$3 million commitment to a program assisting local ICT firms to achieve export success. "The Brumby Government recognises the crucial importance of the ICT sector to the state's economy," said acting information and communication technology minister Gavin Jennings.

"Today's announcements are an important part of our long-term strategy to protect and grow the Victorian economy into the 21st century."

Jennings made it clear that the Victorian government was taking the question of IPv6 transition seriously. "We have... committed \$350,000 towards a program to encourage industry to shift to IPv6, the next generation internet, which will provide industry with an unlimited number of IP addresses for business expansion," he said.

Petroc Wilton

BigAir picks 3 for iBurst salvage operation

With Commander's slide into receivership ringing the death knell for its iBurst network, WiMAX player BigAir has sought out a white knight to migrate its own iBurst customers to an alternative wireless operator: Hutchison Australia.

After negotiations with "a number of mobile broadband service providers," BigAir will partner with Hutchison to provide iBurst users a chance to migrate onto Hutchison's own 3 Mobile network. BigAir is offering a promotional plan for transitioning users, including a free USB wireless modem and two months' free access to 3's network, in advance of the iBurst shutdown. Commander receivers McGrathNicol told BigAir that iBurst would be closed down by 19 December at the latest.

Rumours had previously circulated that wireless provider Clever Communications, which recently sought to acquire BigAir, might have bid for the iBurst business. Clever, however, put paid to these suggestions shortly after making its surprise acquisition attempt on BigAir: a move strongly resisted by BigAir directors but which nevertheless left Clever with a 13% holding in the company.

BigAir said that it did not anticipate any material impact to its EBITDA forecast for FY09 from either the network closure or the migration, having written down all goodwill relating to mobile wireless resale in the previous financial year.

Petroc Wilton

Telstra: corporate responsibility is key to success

Telstra has released its sixth annual corporate responsibility report, which covers the 2007/08 financial year, highlighting the firm's contribution for the period and future plans for solid performance. The report recognised society, community, employees, customers and environment as the five indicators for corporate responsibility performance.

"Corporate responsibility is integral to everything we do. It's about making principled decisions with full consideration of all their implications – social, environmental and economic," said Telstra CEO Sol Trujillo. According to the report, Telstra achieved a rating of 87% in the 2007 Corporate Responsibility Index, including outstanding results in community management (100%). Its score increased from 36% in 2007 to 70% in the 2008 Dow Jones Sustainability Index, above the industry average of 53%.

"This helps us succeed and deliver for our customers and shareholders because acting responsibly makes good business sense. It helps us to be more efficient, increases productivity and makes people proud to work for Telstra," said Trujillo.

Trujillo said that Telstra will roll out 800kms of fibre to connect nine northern Arnhem Land Indigenous communities and the township of Nhulunbuy in the next financial year. The firm is also planning to open or refresh more than 80 T life stores across the country next year and deploy enhanced HSPA across Next G network to increase the current downlink speed 14.4 Mbps to 21Mbps by the end of 2008.

According to the report, Telstra's future society plans include conducting a review of its human rights position against international standards, introducing public discussion online platform and reducing paper consumption. The firm plans to develop an employee matched giving program to

donate funds to community organisations and keep providing grants for the Telstra Foundation community programs. Telstra said that it will also calculate the carbon footprints of all of its business units and corporate groups as well as study the potential use of its Melbourne headquarters' hydrogen fuel cell facility and solar panels in its network and buildings.

In addition, the report said that Telstra will also increase the proportion of women in middle and senior management to 30% and increase indigenous employment opportunities by 25% by the end of 2009.

Sonia Han

Ansearch ranks fifth fastest-growing tech firm

Deloitte has recognised digital media firm Ansearch to be the fifth fastest-growing technology company in Australia, with revenue growth of 631% over the 2006-2008 period.

According to the 2008 Deloitte Technology Fast 50, Ansearch was the fifth in 50 dynamic and fast-growing Australian technology companies that have shown "sustained momentum" over the past three years. The firm is also the only company to make the top five in list in the past two consecutive years.

In September, Ansearch launched an independent search advertising network 'searchworld', aiming at creating a cost efficient complement to major search engines. According to Ansearch, its searchworld division's revenue is derived mainly by distributing advertising feeds to third-party Australian, US and UK based search engines, with Google as one of its partners.

"Even in these most difficult times we're seeing clients move to digital marketing because it provides both proven results and customers only pay when the marketing actually performs," Ansearch CEO David Burden told CommsDay. "The Ansearch team continues to strive to take this company forward, and it's fantastic to see the team's efforts in each our business units - Webfirm, searchworld and Ansearch Media - again recognised by the wider business community."

Telstra's search division Sensis reached a deal with Google earlier this month to allow Google to integrate listings from Sensis' 'Yellow' business directory into Google Maps, a competitor to Telstra's Whereis maps. As Google is set to override Sensis search technology, Ansearch has achieved seventh place on the 2008 BRW Fast 100 list, placing the company among Australia's top ten fastest-growing companies and third in the IT category.

"This accolade is a testament to the solid strategy we have implemented and recognition of the great team that has been built across the business," said Ansearch chairman Andrew Barlow.

Sonia Han

Mobile broadband take-up will continue

Ovum has said that existing dial-up and the large low-end ADSL user base will continue to drive mobile broadband growth.

Ovum believes that prices for mobile broadband, which fell over 60% between July 2007 and October 2008, has now bottomed out with products removed and limited-time offers expiring.

"HSPA offers higher download speeds at potentially lower cost as dial-up users generally download small amounts of data. HSPA also offers the advantage of no call charges and potentially the ability to cut a fixed line and save associated line-rental charges," said analyst Nathan Burley. "If users are prepared to 'cut the cord', up to \$30 in savings make any wireless broadband offering very attractive."

According to the Australian Bureau of Statistics, 45% of broadband connections in Australia were at speeds below 1.5Mbps in June. The average download amount across all broadband connections in Australia is 3.4GB per month.

"Both these levels of speed and download requirements could be comfortably provided by HSPA at competitive or lower-price points," said Burley. "HSPA through wholesale agreements makes considerable sense for many broadband ISPs in Australia especially with the uncertainty generated by the NBN."

However, Burley believes that matching existing fixed broadband price points for service and devices to avoid customer churn is a challenge posed for mobile broadband.

"If... the NBN increases costs for low-end broadband this could create more 'low-hanging fruit'. Additionally, if an integrated operator were to win the NBN tender it may be able to leverage the

asset in areas such as backhaul to benefit its mobile broadband network,” said Burley.

Sonia Han

Telcoinbox shifts from franchising to wholesale

Aussie telecoms reseller Telcoinbox has signed an agreement with TelstraClear in New Zealand to resell fixed wire and mobile services to business customers, including ISDN, PSTN Free call0800/0500 and CDMA mobile services.

The deal comes weeks after the firm’s reseller contract with Telecom NZ to resell fixed wire wholesale products and services. Telcoinbox claims that the two deals combined will earn its wholesale business up to \$20 million in revenue in the first 12 months of operation.

“Our New Zealand customers have told us that up until now there has not been a wholesale provider with the systems and processes required to provide telecoms services confidently in the market,” said a Telcoinbox spokesperson. “We are thrilled that the two largest telecom players chose to partner with Telcoinbox due to our infrastructure and systems to resell their products. It proves we are punching well above our weight in this market.”

Telcoinbox is currently replicating its full-service Australian wholesale-to-resale business model to business customers, including individuals, ISPs, utilities and other large organisations in New Zealand. The firm is also shifting its strategy from franchising, which the company was built on, to wholesale, while considering entering into a number of other countries.

Sonia Han

FIRST STAGE OF MEGA-DATACENTRE OPENS IN BRISBANE

IT infrastructure and services company Digital Sense has opened the first part of a new data centre in Brisbane which, it says, will eventually make up the largest and highest density data complex across the world. Digital Sense claims that the Kenmore facility will be able to support the load of ten typical data centres without the equivalent power demands, thanks to energy-efficient power and cooling infrastructure that is also forecast to save more than 50,000 tonnes of carbon emissions annually.

The second phase of the project, Data Centre City in south Brisbane, could save a further 750,000 tonnes of emissions and is due to begin construction next year.

NETWORKING PLAYERS COME TOGETHER ON 100 Gb ETHERNET

Internet2, ESnet, Infinera, Juniper Networks and Level 3 Communications have announced that they will cooperate on emerging 100 Gigabit Ethernet technologies. The companies will initially work to create a 100GbE testbed on Internet2 and ESnet’s networks, moving to operational capability shortly afterwards. Juniper plans to deploy its T1600 core router, which it claims is the only 100 Gbps-ready core router currently available, in support of the project.

CommsDay at GSMA Asia Mobile Congress in Macau

Mobile in everything: GSMA targets consumer electronics

The GSM Association has launched an initiative that aims to put mobile broadband technology in everything, including potentially the kitchen sink!

The initiative, called Embedded Mobile, aims to introduce HSPA to a broad range of devices, such as home appliances, consumer electronics, and other peripheral and vertical applications.

“Our ultimate goal is that every machine, device, object will have broadband mobile connectivity. Everything around us will be using mobile networks to exchange information with each other and with the Internet,” said Rob Conway, CEO of the GSMA. “There are many possible applications: Connected cameras could automatically upload photos to Web sites, cars could regularly send detailed performance information to mechanics, while sensors could transmit emissions data direct to computer systems monitoring the environment.”

The Embedded Mobile initiative is being led by KTF, Rogers Wireless, Smart, Softbank, Telecom Italia, Telefonica, Telstra and Vodafone, as well as China’s Huawei Technologies, who leads the market for USB-based HSPA dongles. The GSMA hopes to bring other operators, equipment suppliers and manufacturers of consumer and industrial goods into the Embedded Mobile initiative.

The group behind the initiative is developing a set of APIs that they will publish, which will al-

low the device makers to develop products that will communicate with the mobile network.

“This makes it easy to adopt HSPA in their devices, and then they [the group] will drive adoption across the consumer electronic market, so really driving the adoption into cameras, into fridges, cars, into whatever – it really can go anywhere,” Michael O’Hara, chief marketing officer at the GSMA, said. O’Hara demonstrated several such devices already being marketed by KTF in Korea. One example was a locket that parents can give to their children to track their whereabouts. Another device was a home security system with integrated motion sensors, a camera and a microphone that will call the subscribers when they detect movement and show them a view of the scene while letting the user speak to the person in the room.

One of the major drivers behind the Embedded Mobile initiative is the price drop of HSPA technology, which is enabling its introduction in a wider range of devices, O’Hara pointed out.

50% DROP IN HSPA PRICE: According to the GSMA, the price of HSPA hardware as well as services will begin to drop sharply over the next three years, resulting in up to a 50% drop in prices.

O’Hara told CommsDay that the price of HSPA modules is expected to drop from the current unit price of US\$70 to US\$35 over the next 18 months. “As the price comes down, we will get to thousands of devices instead of hundreds of devices today,” he said.

At the same time, the subscription packages to HSPA services will halve from the current global average of US\$48 per month to US\$24 per month in the coming 3 years, he added.

“We expect that to drive the subscriber base from about 60 million today towards 1 billion by 2012,” he said. “And of course, equipment cost – the base stations and the roll outs – will come down and drive the global coverage of HSPA. We are in a cycle that will keep fulfilling itself.”

MOBILE BROADBAND: The figures are the foundation for the GSMA-led ‘mobile broadband’ mark campaign, featuring a logo that will mark devices capable of accessing HSPA services. With the campaign, mobile operators have begun to adopt PCs and Internet-enabled devices as part of their product portfolio, according to O’Hara. In one example, a bundled offer of a PC and a mobile connection by Mexican mobile operator Telmex has turned the operator into the biggest supplier of PCs in the market.

Mobile broadband not only allows operators to tap into an expanded subscriber base, but also to move into a new ‘window’ – the PC, O’Hara said.

“It makes our operators’ propositions more interesting, and it gives them a second screen,” he explained. “They have your mobile device, and they are now able to sell you PCs, and that opens up exciting possibilities for them – around portals, portals let you play in the search and advertising business, and can get revenue share from companies like Google, Microsoft and Yahoo! So it really creates something very interesting for our operator partners going forward.”

Tony Chan in Macau

Varied applications of mobile Internet future

The mobile Internet will be vastly different things to different markets, according to a keynote panel of leading telecoms executives at the GSMA Asia Congress.

While the coming of mobile broadband and its ability to bring the Internet to mobile phones is a foregone conclusion, the market drivers, business model and revenue sources will vary vastly between countries, applications and operators.

One of the key drivers for the mobile Internet will be to bring previously unavailable services to a large portion of the world’s populations, Jon Fredrik Baksaas, CEO of Norway’s Telenor, said. According to Baksaas, 80% of the world still has no access to fixed line services, while 60% have no access to financial services. Meanwhile, there are only 142 physicians for every 100,000 inhabitants globally and only 78% of the world population gets no further education.

The mobile Internet will play an important part in bringing access and services to the portion of the population that were previously outside the coverage of the legacy information infrastructure, Baksaas said.



SATURATED MARKET: On the other side of the spectrum, Shin Bae Kim, CEO of Korea's SK Telecom, painted a completely different picture of the mobile Internet, one in a market that is highly penetrated by both mobile and fixed broadband access.

According to Kim, HSPA now makes fixed and mobile converged services a reality, enabling traditional fixed Internet applications such as social networking on mobiles. SK Telecom, which now gains 27% of its revenue from mobile Internet services, now has 2.8 million high speed mobile Internet users on its flat rate plan.

The adoption of mobile broadband has enabled the operator to become a major player in the social networking and online music scene, Kim revealed, adding that the operator's

Melon music portal has become the biggest music portal in the market with 11 million users who subscribe to a plan that lets them listen to a library of 1.3 million songs for US\$5 a month.

SKT users also upload 1.9 million user created content and 205 million photos every month, Kim said.

Despite the progress SKT has made into the online content space, new threats are emerging from traditional online players moving into the mobile space and squeezing the mobile value chain. Internet players such as Yahoo, Google and Microsoft have all "cross boundaries" and entered in the mobile handset, resulting in "hyper competition" for mobile operators, he said, adding that it is essential for telecoms operators to prepare themselves and adapt.

DATA ONLY MODEL: The mobile Internet can also serve as a business model in itself, according to Sachio Semmoto, founder, chairman and CEO of Japanese start up operator, EMOBILE. Semmoto, who originally founded KDDI before leaving the company, told the panel that the introduction of smartphones and netbooks has resulted in a new market segment in Japan.

EMOBILE, who has built a HSDPA-only network on the 1.7GHz spectrum band in Japan, believes that despite the perceived saturation of the Japanese market, there is potential for another 30 million accounts in the market place.

"While Japan has a mobile penetration rate of 82.3%, it is only 50th in the world," Semmoto said. "If you look at markets like Hong Kong and Singapore, the penetration rate is well over 100%." EMOBILE is currently offering a 7.2 Mbps HSDPA service for flat rate plans that start at US\$10 a month. The operator will launch HSUPA with an uplink speed of 1.45 Mbps this month.

According to Semmoto, many of its customers are signing up for a second account when they are signing on. One popular device on its network is the HTC Diamond, which his subscribers are using primarily as an Internet device for accessing Internet content such as YouTube.

Another market that is taking off is a bundled offer that pairs a netbook with a mobile broadband data card. "This combination is change the market in Japan. This is a completely new market," he said. His claims are backed by some impressive performance figures. For the month of October 2008, EMOBILE had 36.9% of net subscriber adds in the market, second only to Softbank and more than the combined new subscriber adds of NTT DoCoMo and KDDI, he said. EMOBILE has signed up about 1 million subscribers since its commercial launch in May 07.



Tony Chan in Macau