

## EVENT FLASH

### Tata Communications: Carrier Ethernet in the Spotlight

Kenneth Liew

Zarina Jabbar

#### IN THIS EVENT FLASH

This IDC Flash examines and reviews the enhancements provided by Tata Communications in Ethernet services. The new services include point-to-point Ethernet on usage-based billing, the addition of new points-of-presence (POPs), and its new offering of 10Gb Ethernet service for carriers. Tata Communications is one of the first few service providers (SPs) to provide usage-based billing for its Ethernet services.

#### SITUATION OVERVIEW

Tata Communications recently announced that it has rolled out a new point-to-point "best-effort" and burstable Ethernet service with no committed bandwidth called *Global Priority Stretch Ethernet*. This layer 2 connectivity service provides usage-based billing on a monthly 95th percentile and it is priced per megabit that is calculated on a sliding scale, which means the cost per megabit decreases in every bandwidth used. This is an enhancement to the current Ethernet services scheme that Tata Communications offers that includes Global Dedicated Ethernet running on Ethernet-over-SONET/Synchronous Digital Hierarchy (SDH) network and Global Priority Ethernet, which is deployed on Ethernet-over-multiprotocol label switching (MPLS) architecture.

In June 2009, Tata Communications announced that a 10Gb Ethernet service will be introduced to address wholesale customers' demands for high-speed Ethernet technology across the Atlantic, Pacific, and within Asia. With network availability of 99.99% in key international sites, this service will be offered on a point-to-point configuration to SPs.

Tata Communications took this opportunity to further enhance these services by increasing its geographic reach. There are a total of 51 POPs for Ethernet services, which includes 17 new sites across Asia, North America, and Europe, the Middle East, and Africa (EMEA). To further improve its network coverage, Tata Communications will add 17 new POPs in 12 countries to be operational by year-end 2009. This network expansion is made possible by the cable systems owned by Tata Communications across the regions. With the launch of its new TGN-Intra Asia Cable System and its existing TGN-TIC and TGN-Pacific Cable Systems, Tata Communications has established itself as a single-source provider of a fully self-owned system that is able to offer network connectivity from India to Asia and even to the United States.

#### FUTURE OUTLOOK

Ethernet services are not new in the market. However, there has been a revival in its usage over the past two years. Companies are familiar with Ethernet technologies as they have been using it in their LAN and WAN. With the economic crisis, data traffic has slowed down for some companies and dedicated leased lines are underutilized. With Ethernet lines, companies can now managed cost better as they can easily handle their usage with usage-based billing, as well as allow them to be more cost effective. While some providers have already reached an advanced stage in Ethernet service offerings, others are still in their infancy stage to meet customers' demand for high-symmetrical bandwidths.

Most of the regional providers and global service providers (GSPs) are already offering Carrier Ethernet services, along with other Ethernet access services. Carrier Ethernet are essential to SPs' migration from traditional circuit-switched networks using converged network technology. The service is delivered as point-to-point (E-Line) or multipoint (E-LAN) with bandwidths ranging from 1Mbps to 10Gbps, which has specific profiles for variable bandwidth and quality-of-service (QoS) demands — making it ideal for data, voice, and video. In a bid to provide a true carrier-grade Ethernet solution, SPs (e.g., SingTel, Telstra, Tata Communications, and PCCW) have been certified by Metro Ethernet Forum (MEF), the highest level of certification available worldwide.

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Tata Communications is focused on Carrier Ethernet services and to date, most of its customers are wholesale clients. Backed by its own Ethernet network and extensive coverage, Tata Communications is strong in this area of business. Other players that are active in this segment include providers such as SingTel, wherein its partners are all MEF certified, as well as Telstra and NTT. IDC examines that although traditional GSPs such as AT&T provide Ethernet services they are not as focused (concentrating more on MPLS-based networks) as compared with their regional counterparts, seeing that they do not have many partners in Asia that are able to offer good service-level metrics. The Carrier Ethernet services revenue (excluding wholesale) will reach US\$832.44 million in 2009 and grow to US\$2.41 billion by 2013 in the Asia/Pacific (excluding Japan) or APEJ region.

IDC recognizes the importance of Ethernet services especially when organizations from verticals like the financial and manufacturing industries seek alternatives to replace its traditional layer 1 circuit-switched network to a technology that is scalable and still enables full control of the network. IDC sees further opportunities in these service offerings and SPs should continue with network enhancement to serve the needs of the customers in various segments.