

**C&W**

Global carrier sees 40% growth in Asia, 15 new customers sign up

**PYRAMID**

Analyst firm argues incumbents can use fiber to secure competitive gains

**URBAN MYTHS?**

Suggestions that mobiles kill bees pose new industry PR challenge

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Why WiMAX beats 3G in servicing Pacific Islands data demand

**TIMEDOTCOM**

CEO tells CommsDay his views on Malaysia's new cable links

**POWER SHIFT**

Asia regulators getting more shout in ITU technical standards

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Should telcos rush to embrace the "free economics" model?

# COMMSDAY

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The capacity industry's daily

## How a failed state imposes costs on African telecommunications

TATA COMMUNICATIONS LAUNCHED SERVICE on the SEACOM cable system last month, expanding its international network coverage to Africa following rollouts in Asia and Europe. Global transmission services director Don Schuett told CommsDay about pirates, pricing and how an imminent onslaught of international capacity might not pan out after all.

SEACOM launched 55 days behind schedule due to maritime banditry and Schuett said the problem could not be shrugged off now that fiber was lit.

Continued telco interest in the region meant pirates and cable interests would inevitably clash in the future. "Piracy is not reducing the interest in new cable construction, but projects will need to consider the cost of additional security if they are in high-risk areas like the Somalia coast," he said.

"Plus there is the off chance of a marine repair being required in that region. Additional security arrangements would need to be put in place, making repairs lengthier and more costly." Schuett chalked this unique telco expenditure as "part of the genuine cost to all of a failed state."

**MULTIPLE HANDS:** Tata Communications has multiple hands in SEACOM, including direct oversight of a Mumbai landing station and indirect management of a South African landing point via subsidiary Neotel.

Tata Communications Transformation Services provides network administration and maintenance for the 17,000km cable system. Schuett said that level of involvement with SEACOM gave it an unparalleled ability to address "international carriers, multinationals, local operators and ISPs" with African operations. Backing a fully funded project meant "the economic downturn did not impact the launch date" and ensured the ability to quickly scale with demand. Indeed, additional capacity could be on the cards in the near term. "We are seeing strong uptake, and are currently at 70% of our initial activation."

**LOW DEMAND?** That demand is at odds with dire predictions from a recent Telecom World Africa panel, which suggested high illiteracy and low computer penetration would stymie local demand for broadband services and limit bandwidth demand for the seven international cables in various stages of development. Schuett said Africa was launching from a standing start but expects to see demand curves follow patterns established in more developed markets.

"Many locations are considered emerging markets that will take time to develop," he said. "Up until now, the lack of available telecom capacity and high cost of satellite services has stifled the growth in eastern Africa. Initially the consumers of the bandwidth that SEACOM makes available will be in large cities where fiber infrastructure exists and Internet and phone use is higher."

Tata Communications backed SEACOM due to several perceived advantages over those rival cable projects. "For one thing, the capacity is available now as opposed to waiting for another system to be turned up," Schuett told CommsDay. "Also, it is a large cable system with a variety of landing options including India and Europe as opposed to a niche system that only connects two locations. Lastly, SEACOM has carefully selected landing partners in each country that are consid-



ered leaders in their markets, so there will be high quality of service.”

Its aforementioned ties also boost its ability to wring value from the 1.28Tbps system. “SEACOM is operated by the TCTS network operations center, so we have strong visibility from a service assurance perspective. SEACOM lands in South Africa with Neotel, in Mumbai at a Tata Communications cable station and in Marseilles at a Tata Communications PoP,” Schuett pointed out. “So integration to the rest of our global network and service portfolio is also built in.”

Schuett said the operator was “unable to comment on price points due to non-disclosure agreements” but predicted a slew of forthcoming cable projects would have relatively little impact on the pricing model for any particular route. “The cables are at various stages of development and funding,” he said. “In addition, they do not all serve the same regions. Africa has been an underserved market for many years, so a variety of cable options and carriers will be a welcome change to the consumers and businesses.”

Schuett described the African capacity rush as a copycat endeavor and implied SEACOM might not have as many rivals as predicted. “Since it was a good idea, of course others are looking at how to build additional success. Time will tell if all the projects come into being,” he said. “For sure markets like South Africa, Nigeria and Kenya can sustain and in fact need more than 1 terabit connections. Being first to market is also important though; here at Tata Communications we believed that SEACOM would be the first to serve East Africa and so we backed the project in a variety of ways. That has turned out to be a smart bet.”

Patrick Neighly

*“Since it was a good idea, of course others are looking at how to build additional success. Time will tell if all the projects come into being” - Tata’s Schuett*

## **C&W bets on Asian investment**

Cable&Wireless has invested close to US\$200 million over the last two years in Asia as it continues to bet on one of its fastest growing regions globally, Nick Lambert, managing director – global markets, Cable&Wireless Worldwide told CommsDay.

“We’ve doubled the size of our business every year, in the last two years with respect to new orders taken and delivered a top-line business growth rate of more than 40% in Asia Pacific in FY 2008-09. The organisations we are working with today are seeking greater flexibility and agility in their IT infrastructure around the globe, As a result we’re upgrading to the next-generation MSP platform and building intelligent applications and solutions on top of that. By closely aligning our investments to our customers business, we are proving our credentials as a trusted, long-term partner,” he said.

Lambert said that building its own infrastructure and its strong and long standing partnerships allow it to further expand its reach in the region.

The firm recently announced that its business growth in Asia Pacific came on the back of 15 new name customers to its roster, including Li&Fung, OOCL and Infoplex, Strategic Systems Solutions and Tullett Prebon. Cable&Wireless Worldwide also grew its business in Asia with existing customers including Tesco and Regus as well as carrier customers Bharti, BSNL, Telekom Malaysia and Softbank Telecom.

It has also set up a Business Solutions Lab in Singapore designed as a proof-of-concept centre for simulation, testing and development of value-added network propositions – including application performance management and managed voice and video solutions. The Lab will also be used as a Certification Training Centre for partners and colleagues as well as for new product development.

Meanwhile, Lambert said that the recent financial crisis has compelled most organizations globally to take a long hard look at their business value chains and make new plans for the future. Overall, most businesses globally are tending to look beyond the current troubles, to the inevitable growth curve that will follow. The challenge is still about delivering real business value to customers – in the short term and the long term. In the last four years, Cable&Wireless has focused on delivering global network services to the largest corporate customers.

“CIOs today want to be more effective ... do more but spend no more ... , become more efficient ... do the same for less ... or economize ... do less and spend less ... as well as grow in both developed countries and emerging markets. In such a market, our strategy is to deliver a truly world-class global service while

*“We’ve doubled the size of our business every year, in the last two years with respect to new orders taken and delivered a top-line business growth rate of more than 40% in Asia Pacific in FY 2008-09” - C&W’s Lambert*



being flexible and innovative about our offerings. Customers such as Adidas, Infoplex, Schlumberger, Cisco and HSBC are taking connectivity as a managed network service with advanced applications and solutions running on top of that.”

Moreover, its US\$200 million investment in Asia will enable Cable&Wireless to deliver innovative IP and Ethernet-based solutions and value-added communications applications to customers in 2009.

“During the last two years, we’ve announced 10 new value-added network propositions – including application performance management, telecom expense management, managed IP-voice (including contact centre solutions), managed video conferencing and managed security solutions,” he said.

Pamela Perez

## European telcos must resume fiber rollouts, says Pyramid

It is time for large telcos in Europe to revise capex cuts and resume fiber rollout plans, according to a new report from Pyramid Research.

Bakhyt Weeks, analyst at Pyramid Research and author of the report, said that competition in the broadband and multiplay markets has become extremely tough in the past year as operators have had to fight for customers’ shrinking budgets.

“Higher speeds and more extensive bundles were introduced, often for less money,” Weeks said.

Looking to 2010 and beyond, as customers begin to loosen their budget strings, they will want higher speeds and more services. “As European economies start to show progress, fiber could shield telcos from mounting competition and provide opportunity for further growth,” she suggested. “Telcos are racing against cable companies and against time.”

Weeks also said DSL has managed to gain the dominant position among broadband access technologies in some markets thanks to its historically vast network coverage; however, the pressure from other technologies is mounting. “In CEE, where DSL is growing simultaneously with other broadband technologies, the pressure is the strongest,” said Weeks.

Incumbents are missing out on broadband coverage opportunities by focusing only on DSL-covered areas all across Europe. “DSL is struggling to compete with cable and particularly fiber in terms of capacity, which is becoming increasingly important especially in multiplay offerings while mobile broadband is also a threat in the up to 5Mbps speed range,” Weeks explained.

“Fiber would shield telcos from mobile broadband, as its speed provides it with a strong competitive advantage even against LTE,” concludes Weeks. Mobile broadband is positioned as a substitute to basic DSL, and telcos are being increasingly pushed to provide higher speeds to differentiate their offer. “As mobile broadband speeds are expected reach at least 100Mbps, DSL will continue to lose ground,” she said, “the only efficient way forward is, again, fiber.”

Pamela Perez

## “Oh, no! Not the bees! Not the bees!”- Nicholas Cage, The Wicker Man

Who knew cell towers would lead to the end of civilization? The end of aesthetically pleasing skylines, sure, but life as we know it? That’s the gloomy implication of reports tying mobile radiation to honeybee colony collapse disorder, a blissfully conspiratorial meme doing the rounds once more after fizzling out two years ago.

The culprit this time is one Dr Sainuddin Pattazhy of Kollam College, who stoked the dying embers of this particular urban legend for the Press Trust of India. The biologist authored a study chronicling the collapse of a honeybee hive allegedly due to electromagnetic disturbance caused by a mobile handset. The phone reportedly kept worker bees from returning to the colony by disrupting their “navigational skills,” eventually leading to death by starvation of the queen and her brood within 10 days.

Pattazhy is hardly a fringe kook – the Jet Propulsion Laboratory named a minor planet after him in honor of his zoological work. But a single example does

*“As European economies start to show progress, fiber could shield telcos from mounting competition and provide opportunity for further growth” -*

*Pyramid’s Weeks*





not a scientific theory make, and Pattazhy should have known better than to approach an alarmist media with predictions of bee extinction within the next decade. The story quickly circumnavigated the global media chain in breathless pieces by the Sydney Morning Herald and similarly large papers.

Reports of CCD first surfaced the US in late 2006 and have since snowballed worldwide. But researchers trace dwindling honeybee populations back to 1972, throwing up dozens of possible explanations with little real evidence for any of them. Vanishing colonies were blamed on “vampire mites” as recently as 2005. Blaming the empty hives on mobile radiation enjoyed a moment in the spotlight circa 2007 before being dismissed by serious researchers.

Cellular transmissions are an especially attractive “solution” as the current meme has mobiles interfering with bees’ navigational abilities, neatly explaining why no bodies have been found. Instead, colonies are simply abandoned, the bees apparently moving who knows where en masse like the Maya before them. Tie this to a doomsday famine scenario caused by commercial farmers no longer able to pollinate crops and you’ve got the making of a powerful urban legend – or at least another episode of The X-Files.

But the problem with wireless CCD hysteria is there simply doesn’t seem to be any scientific basis for it. Not that we should expect this to stop a sensationalist media, even if urban legends do have an uncanny knack for becoming “fact” when left unchecked. That background radiation could come back to haunt the mobile industry in the form of stricter cell tower zoning laws from local politicians – strangers to science, if not well-intentioned meddling.

Clamping down on popular hysteria has never been a strong suit for the telecom industry. Just look at the last two years of messianic fervor surrounding the iPhone, which only now appears to be subject to objective discussion in the wake of an unpopular study by analyst John Strand. The industry played cheerleader to two bubbles in recent memory and recently sat on the sidelines as Los Angeles media duked it out as to whether a massive wildfire had the potential to disrupt local wireless service.

So it comes as no surprise to discover the industry has been largely silent on the subject of bees. CTIA public affairs director Amy Storey refused to discuss CCD reports with CommsDay. “Since we do not have any experts on bees, we would not be able to provide any expert opinion on this matter.” When your industry mouthpiece declines to comment, you know the subject has been thrown to the wolves. The CTIA stance was matched by US carriers contacted for this piece. That silence effectively gives the public imagination control of the story.

And consider when the industry does speak up. Lowering the definition of broadband? Check. Bandwidth caps and traffic shaping? Check. Eliminating pricing restraints? Check. Indeed, consumers could be forgiven for believing the industry only speaks up when it’s in its own best interest – and rarely is that also the interest of consumers. That spin leads to an antagonistic relationship between the telecom sector and the public imagination, one that only fuels myths and legends when it comes to a reluctance to loudly and repeatedly shout down spurious claims about Nokia the bee killer. Under this mindset, the refusal to address specious claims means those claims must be true. Call it the Glen Beckinization of telecoms.

Luckily, the Pattazhy study enjoyed a briefer lifespan than the 2007 media circus tying mobiles to colony collapse disorder. Bloggers eviscerated the use of a single incident in a scientific study, and mass media found another fear to champion after the initial reports. But the mobile industry is gearing up for another major PR bout. A gaggle of international scientists is currently in Washington, DC to lobby Congress for funding for a barrage of studies into whether mobile radiation causes cancer in humans. Maybe this time the wireless industry should try to own the story before the story owns it.

Patrick Neighly

*“Since we do not have any experts on bees, we would not be able to provide any expert opinion on this matter”  
- CTIA statement*

## **Digicel Pacific backs WiMAX over 3G**

Booming South Pacific mobile operator Digicel has shunned 3G network upgrades to pursue WiMAX technology. Digicel group CEO Vanessa Slowey told CommsDay that while the company has enjoyed great success with its existing

GPRS/EDGE networks across the Pacific, there is no demand for 3G coverage in its predominantly island-nation markets.

Digicel is currently operating in Vanuatu, Samoa, Papua New Guinea, Tonga, Fiji, and Nauru, and has applied for a licence in the Solomon Islands. Slowey said Digicel had put “heavy consideration” into upgrading its networks to 3G/HSPA technology, but didn’t see any demand. “Take for example a new launch area in Papua New Guinea, where they never had mobile phone coverage let alone land-line – now they have mobiles, they’ve got affordability, they’ve got access to the internet, they’ve got BlackBerry, you’re actually satisfying that need,” she said.

“We’re a mobile phone company focussed on voice – that is where the demand is,” Slowey said. “Is there demand for 3G service? Not really in the countries that we operate in. There are WiMAX opportunities we are pursuing but... the biggest opportunity is for GPRS and EDGE.”

The group CEO believes that mobile WiMAX would be a more suitable technology for Pacific island nations with different coverage needs to markets with greater land-mass. “We don’t believe in investing heavily in a 3G network that we don’t think is going to be viable.

With WiMAX you can just concentrate on smaller areas, more contained areas, it’s just a different approach we have and we’re quite comfortable with that,” she said.

The high capex cost behind deploying mobile networks in small island nations was justifiable, Slowey said. “No matter how

small the place... we’ve gone in, we’ve built quality networks, and the customers do come,” she said. “Our model is for a mass product – yes it’s for business users but it’s also for the man on the street. That is the grand strength of Digicel... you can justify your investment, but you have to put your money where your mouth is and deliver on quality and on service.”

Digicel relies on satellite backhaul in many of its markets due to lack of fibre cable connectivity, Slowey said. “Fibre’s just landed in Samoa for the first time very recently, there’s fibre in Fiji, but there isn’t fibre anywhere else that we operate so we have to operate on satellite. There are advantages to both.”

Luke Coleman



## More intra-Asia cables, please: Time CEO

International capacity into Malaysia is about to receive a boost in the form of a direct cable from southeast Asia to America in the form of the Asia-America Gateway.

TimeDotCom, the second largest fibre operator in Malaysia, welcomes the news. Its CEO, Afzal Abdul Rahim says, “I think the AAG landing in Malaysia is going to be great, I’m really looking forward to seeing what prices Telekom Malaysia is going to offer. It makes another brand new route around the South Pacific available. It’s really good for the country.”

Afzal was roped in a year ago to turn around the bleak fortunes of Time; the only other telco in Malaysia besides TM to own nationwide fiber network infrastructure. It is also a significant shareholder in Global Transit which teamed up with Google, KDDI, Pacnet, Bharti Airtel, and Singtel to build the Unity cable from Japan to America.

He says, “So, we had plans for Japan-America, obviously we understand the market very well and obviously we have plans for the Japan-Malaysia route too.” While he would not reveal more details, he thinks the case for cable builds into Malaysia ultimately boils down to pricing and the redundancy and resilience of the route. “What’s important now is we have to alleviate our pressure off Singa-



pore, we're pumping too much traffic down to Singapore. I think we could probably land two intra-Asia cables on our east coast and another one or two intra-Asia cables on our west coast. We're far away from a glut, let's put it that way."

A stark industry reality however might be putting a dampener on plans for future subsea cable building. Afzal says, the most important element of being able to lay a cable timing-wise, is not the laying itself. As example, the 10,000 km Chikura to Los Angeles laying of Unity should take only 90 days, but it's two years instead. "Because it's the manufacturing of the cables that's takes a heck of a long time, as well as the logistics of moving the cable around the world."

He further rationalises, "The truth of the matter is that you can see manufacturing slots five years in advance, meaning that from now someone like us, actively involved with a consortium in the region, would know the four major manufacturers of cable in the world and where they have slots to build 10km of cable... right now there isn't a slot."

Afzal told CommsDay that Unity is ahead of schedule and is due for completion in February, 2010.

Cat Yong in KL

## Power shifts in global standards game

The International Telecommunications Union's arm for recommending telecommunications standards—the ITU-T—has launched a new initiative to address so-called future networking technologies.

Asian majors China, Japan and Korea are taking the lead in the work, says senior representatives from the global agency.

According to Simao Ferraz De Campos Neto, counsellor for the ITU's Telecommunications Standardisation Bureau (TSB), a new Next Generation Networks Global Standards Initiative (NGN-GSI) under the organisation's Study Group 13 was set up last year following calls by its members to develop new approaches for future networks.

The first meeting of the Study Group took place in May and "the idea was to start discussions and try to understand where we want to go with that," De Campos Neto (left) told CommsDay on a recent visit to Hong Kong.

Although De Campos Neto says the group's work is still in the "discovery" phase, areas of focus for the group include future network architectures, IPTV, NGN mobility, user identity in NGNs, NGN home networking, network energy efficiency and others.

"As bandwidth consumption evolves – we are talking about terabits per second, zettabits per second of capacity, an operator might need a nuclear power station just to power their operations if we grow with the architecture that we have today – so it is absolutely not scalable."

"So we need to think when it gets to this presence, ubiquity, and all these bandwidth requirements in certain parts of the world, we will have requirements that simply the Internet today cannot sustain with the architecture it has. So what is it that needs to be put in place to allow that?" De Campos Neto said. "This Focus Group is bringing together all the academia, the research, to share the experience, so we can put in the plans for future networks."

**CJK LEADING:** While industry-led standardisation initiatives such as the IEEE, 3GPP and so on, are based largely in the US and Europe, the work on NGN at the ITU-T is being led by China, Japan and Korea.

"China, Korea and Japan are dominant in the NGN work. The interest of the work came from China together with perhaps the UK in fact, but in terms of the participants and the work, we're seeing China, Korea, and Japan as the main drivers for NGN," said Toby Johnson, communications officer at the ITU's TSB unit. "In the past ten years, the number of contribution from China has gone through the roof."

De Campos Neto added: "They have a very good presence in ITU. All these discussion areas about identity management, use of RFID for new service, ubiquity, sensor networks, Internet of things, there's always a very big contribution from CJK countries. Among them, Korea has been a really the leader in bringing contributions and making proposals, trying to start new work, contributing people to help chair the work, so they are really involved."



**REGIONAL PARTICIPATION:** Meanwhile, the ITU is also addressing the need to include more developing countries in its standardisation process. According to De Campos Neto, the body is now working to bridge what he calls, the digitalisation gap by holding meetings in emerging economies.

“It is a large initiative to involve more the developing countries in the standardisation process, so that they will go from just equipment and systems deployers, to really understanding the technology and hopefully, as they understand it, to participate in the standards process and bring in their requirements,” he said. “At this point in time, we have increasing regional presence during the standard work, so that people know what is going on. We go to them. We try to have regional groups so they can have regional discussions. We have several in groups in Africa, we have one in Latin America and we have one in the Arab region.”

“These groups try to create user groups locally to try to discuss a number of technologies with a standards focus in order to bring more discussion and bring them closer to the work at ITU. I think that is very important to create this larger understanding of what is going on, so they can participate.”

**TOO MANY GROUPS?** De Campos Neto and Johnson also reiterated the importance of ITU’s role in the standardisation process for telecommunications technology. While they both acknowledge the work of industry bodies, they also note that the proliferation of standards group is now presenting a burden to ITU member states.

“A year or two ago, you were looking at 300 or so industry forums. We know from the telcos, who are at the top of the feeding chain, that this is not an ideal situation. You can imagine the overhead of sending staff to all of these meetings – it’s huge,” Johnson said. “We’ve heard from our members that this is not an acceptable situation and that we need to provide some focus, and they want us to try to end this proliferation of forums by dealing better with standardisation needs as they emerge.”

One initiative that ITU-T has embarked upon is to include more user participation and academia in the standardisation process.

“Rather than just talking to the engineers, we’re also talking to the CTOs in regular meetings,” he added. “The first one will take place at the beginning of October at ITU World, where CTOs of some Tier 1 players will tell us what their standardisation needs are, and the idea of this is we can be on top of that situation before the forums start to emerge.”

At the same time, ITU – as an international organisation – also presents a more global reach for emerging standards.

“Those organisations don’t have the global focus that ITU has – they clearly don’t have government memberships. What happens is they then submit the results of their work to the ITU for formal standardisation. This gives it a higher status and more importantly, a global status,” Johnson said, adding the situation is “not ideal.”

“Our members would like to have a single place where they are sending their team members to,” Johnson stated.

De Campos Neto added: “We want to position ITU as a facilitator, as a broker, for the evolution of hte networks. I think that is what we do best, to be brokers with all these perspective.”

The last NGN-GSI meeting took place last week in Mar del Plata, Argentina.

Tony Chan

## **Can mobile broadband challenge the fixed network?**

It’s clear from an industry conference on LTE last week in Hong Kong that mobile broadband is no longer an rumoured technology, but a real thing.

But does that mean broadband access from mobile devices really have the potential to replace fixed, and increasingly fibre-based, broadband connections?

Mobile broadband has tremendous potential to provide connectivity to a vast number of users, and at vastly lower cost than rolling out a fixed network, but it’s still not as good as fixed broadband, according to executives at the event.

In Asia, mobile broadband can play a key role in expanding coverage of the communications infrastructure in developing markets, said Jaikishan Rajaraman,



*“The World Bank has actually said that it’s 10 times cheaper to roll out a mobile broadband connection to a rural area with no connectivity as opposed to putting fixed broadband” - GSMA’s Rajaraman*

GSMA’s senior director, services.

“In countries like Indonesia, it (fixed telecoms) doesn’t make sense,” Rajaraman said. “The World Bank has actually said that it’s 10 times cheaper to roll out a mobile broadband connection to a rural area with no connectivity as opposed to putting fixed broadband. That is a very, very powerful argument to indicate that you are way beyond the fix stage, way beyond. It is not cost effective anymore to dig holes in the ground.”

While the GSMA does not ‘lobby governments’ to invest in mobile broadband technologies, Rajaraman added: “What we says is, ‘in some cases, the economics are so obvious that it is a matter of fact that will see mobile broadband as the optimal technology of choice for reaching rural areas, or for reaching areas where you don’t have fixed line penetration. In large rural developing economies, the economics of rolling out fibre or copper clearly lose out to the economics of rolling out mobile broadband networks.”

Even in mature markets with full fibre roll outs on the way, mobile broadband will also have a role to play in providing access to mobile users.

“Mobile broadband offers you something that nothing else could – mobility. Increasingly, in a nation of 4.8 million people like Singapore, the commuter traffic per day is about 1.6-1.8 million, that’s 33%-34%, and they are constantly on the move – they travel to work and when they are in their offices, they move around, go for lunch and so on, and there’s a significant amount of mobility that is built into that. Without mobile broadband, you cannot actually enjoy that kind of connectivity – that always on, always connected experience,” Rajaraman said.

**SPEED LIMITS:** For Paul Steinberg, chief architect at Motorola’s networks division, there will also be a difference in performance between mobile, or wireless broadband, and fixed broadband. “There is always a consistent gap between the two – it’s about an order of magnitude in terms of peak speeds in any point in time, and I don’t see that changing any time soon,” said Steinberg.

Likewise, HERN Pierre-Jerome, Qualcomm’s director, project management, wireless broadband technology, offers the same opinion.

“Wireless is different from wireline. There is truly a value-proposition for wireless, but in terms of the capabilities of the medium, air is not fibre, air is not copper,” Pierre-Jerome said. “Even though we can leverage more and more spectrum to achieve higher data rates and have greater capacities over the air, the fact that it is a shared channel over the air, it means that we’ll never be able to realistic challenge or replace copper or fibre to achieve these very high bandwidths for very demanding applications, very large number of consumers served, for example, high definition television on demand.

“I think there’s been a promise on the part of the industry, in some cases to give people the aspiration this could be delivered over large bandwidth wireless solutions, but from an economics perspective, that’s really not the most effective way to deliver those services.”

**MARGINAL VALUE:** That said, mobile broadband has come a long way.

“If you go back in time to WAP and GPRS, there wasn’t a lot you can do with it – it was almost like an enhanced text messaging service – email was not really usable and browsing the web was impossible,” Steinberg said. “As you move further in time, and as the capabilities of wireless broadband goes up – it’s a long way from challenge speeds that is capable of carrying things like 3D television that are coming down the road, or even HD television – it’s not efficient for that – but now more and more of what you and I do day in and day out, I can do on a wireless broadband connection.”

The disparity of services, or what users will notice when they are connecting via a wireline connection verses a mobile connection, will be much less, he added. “If I’m streaming 3D video then I’ll notice the difference, but for what I’m doing day in and day out, I won’t go to the difficulty to actually looked for a wired connection because I won’t notice the need to do that.”

The trend means that fixed technologies will be reserved for high bandwidth applications like HD video, Steinberg added. “I think both will have a play, I just think wireless broadband will be able to swallow more and more of what we do when we consume broadband connections over time.”

For Qualcomm’s Pierre-Jerome, the combination of fixed and mobile broadband technologies opens up a new way to approach delivering and consuming

services. The emphasis, he says, can now be put on the value of the applications to the users.

“We are going to see a combination, or marriage, of these different technologies to allow us to deliver services in the most effective, and cost effective manner possible,” Pierre-Jerome said. “So depending on what me or you as a subscriber values the most – if mobility is the most important premium for you and you need your information delivered to you wherever you are, you might be willing to pay a bit more to have that service deliver wirelessly. If you want high data rate, but at a lower cost, you might chose to have that data delivered to you in a wireline environment, or a mixture of the two.”

The industry should stop talking about speeds, added GSMA’s Rajaraman, and focus on the value of services.

“It’s time to stop talking about speed – speed is not the criteria any more. What’s the difference between 60Mbps and 100Mbps, can you tell if the page loads 2 micro-seconds slower – that doesn’t make sense,” Rajaraman asserted. “We need to stop thinking about what are the other things that have become important. The marginal utility of 10Mbps, over a base of 1Gbps, doesn’t make any sense. But the marginal utility of being able to access something on your phone when you are travelling at 100km/h when you are 400km from your office, means a huge amount to somebody who needs that information, and I think that’s where the debate should lie.”

**NEW COMPETITION:** With the introduction of higher speed mobile technologies like HSPA+ and LTE, mobile operators will not only be able to deliver mobile broadband, but also entered into the fixed or nomadic broadband space.

“I think a few service providers are looking at LTE as a broadband technology. If they are only a wireless operator today, they don’t have access to the fixed network, they might want to deploy CPE in the home and use LTE in the backhaul to provide fixed access. That is a trend that we are seeing today,” said Yvon Le Renard, Alcatel-Lucent’s business development and operations director for North East Asia. “SmarTone in Hong Kong is using their HSPA network to provide broadband access to its customers. I’m sure that when LTE comes, wireless operators are going to use it the same way.”

## **Vodafone offer Wi-Fi mobile broadband device**

Vodafone is launching a Wi-Fi hotspot application that will enable users to connect up to five devices to the same mobile broadband connection.

The app will initially be available in Germany, Romania and Spain and will support HSPA connectivity up to 7.2 Mbps. It enables customers to connect quickly and easily to any device that supports the Wi-Fi standard, then connect to the Internet using Vodafone’s mobile broadband connectivity. Users will be able to detect the mobile Wi-Fi cloud using any device configured for Wi-Fi and connect up to five devices within a 10-metre radius. An internal battery provides up to four hours of active use on a single charge.

“The Vodafone Mobile Broadband Hotspot offers mobile professionals, students and families a one-touch connectivity solution that turns Wi-Fi enabled devices such as MP3 players and laptops into connected mobile Internet devices,” said Huw Medcraft, mobile broadband director, Vodafone. “This product brings even more flexibility to our customers, and ensures that Vodafone’s market leading mobile broadband can be rolled out to even more devices to give customers greater convenience”

The device is being supplied by Novatel Wireless.

*“SmarTone in Hong Kong is using their HSPA network to provide broadband access to its customers. I’m sure that when LTE comes, wireless operators are going to use it the same way.” - Alcatel-Lucent’s Yvon Le Renard*

Pamela Perez

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## ALSO MAKING NEWS

**SKYPE SHUTS DOWN EXTRAS**

Skype announced that it is pulling the plug on its Extras program, which was designed to help third-party developers create add-ons for Skype's VoIP service. According to the firm, not enough people were installing Skype Extras. "Despite the incredible breadth of Extras developed for Skype, simply not enough people were using them to justify our continued support of the Extras program," it said. The firm is giving developers and users some adjustment time, though. It will not pull support for existing Extras either. Skype will also continue to maintain its public application programming interface. Since many Skype Extras are sold to users as premium content, the shutdown also has a financial impact for developers. They'll have two months, until December 11, to continue using Skype Credit. Developers will need to submit a final invoice by January 25 2010- after that Skype will shut down its third-party shop, reported CNET News.

**FACEBOOK LAUNCHES FACEBOOK LITE, TAGGING**

Facebook has responded to Twitter's stardom by launching stripped-down version Facebook Lite and a Twitter-like app called Tagging. The firm said that Facebook Lite was meant for developing countries but is available first in the U.S. and India. The company plans to roll it out in China, Russia and other countries. Facebook Lite focuses on events, inbox messages, wall messages, video and photos, and, of course, status updates. "Facebook Lite was intended to be something for developing countries and places where high-speed connections were sparse or entirely nonexistent," said Greg Sterling, principal analyst at Sterling Market Intelligence. "However, the company is making it available in the U.S., and thus it now represents a total alternative for people who use or want to use Facebook but don't like all the 'noise' and clutter of the regular site." "We decided to roll out Facebook Lite in the U.S. to give users a simple, expedient alternative to facebook.com, and hope that it will fill this need," said Facebook.

**AT&T ADMITS DEAL AGAINST VOIP**

AT&T has admitted to the Federal Communications Commission that it made a deal to block mobile VoIP calling on its 3G network. The firm said that no cellular carrier in the US allows VoIP calling across their mobile network. It also said that the deal was needed to assure that revenues from its current voice plans would not be reduced by enabling mobile VoIP calling, AT&T said in response to a FCC inquiry.

**INDIAN FIRMS YET TO DECIDE ON ZAIN DEAL**

A proposed consortium made up of India's Vavasi Group, regional telecom companies BSNL and MTNL and a Malaysian investor has yet to decide on a deal to buy a 46% stake in Kuwaiti telecom Zain. The Indian firms have issued an official clarification on the proposed deal after Reuters news agency reported on Tuesday and Wednesday that the sides had reached an agreement. The Indian companies claimed they are not part of any consortium. "MTNL & BSNL would like to clarify that no view has been taken regarding participation in the said consortium as reported in Reuters," the statement said. "However, MTNL & BSNL are always on the look out to explore all types of overseas business opportunities to expand their operations," it added.

**TEAMS CABLE TO GO LIVE THIS WEEK**

A new East African cable system will join the recently launched SEACOM system in providing new subsea bandwidth to the region. TEAMS, or The East African Marine Systems, cable will reportedly go live this week and provide access from Kenya to the UAE. The TEAMS cable is backed by the government of Kenya and the UAE's Etisalat with a planned design capacity of 1.28Tbps. Etisalat holds 20% of the project while the government of Kenya owns the remaining 80%. It is selling down 60% to third parties such as Safaricom.



## Lynch on Monday

### Surviving the age of free

One of the most interesting themes at the plenary of last week's Asian Carriers Conference in Cebu, Philippines concerned the impact of "free economics" and "freemium" services on the global telecom ecosystem.

A senior PLDT executive—Orlando Vea—used his presentation to highlight that fact that while global international minutes had swelled in volume over the past 10 to 12 years, concomitant price cuts had offset any revenue gain. The industry effectively flatlined through the decade. Vea made the point that the largest international carrier was now Skype—with 8% of the world's traffic. Apart from its SkypeOut service, the bulk of that traffic was carried for free.

Similar observations have been made before about international capacity markets—while volumes have grown manifold, that has typically been accompanied by price cuts that more than offset the gain.

Telstra International MD Drew Kelton—surely one of the best ad-libbers on the telecom conference circuit—picked up on the theme in his later presentation.

He declared himself an avid Skype user but also pointed out that in its recent on-sale to private investors, Skype was valued at just half of the price eBay paid for it a few short years ago.

The overall implication? That the arbitrage game being played here was not merely a challenge to specific telecom carriers but a value-destroyer for all and sundry.

And as Kelton was quick to point out, outfits like Skype have "never put a dollar" into the infrastructure that carries their traffic.

Kelton also made an interesting observation that, in some respects, highlights the difference between the traditional telco world and the brand new world of Web 2.0 "over-the-top" applications.

He pointed out that the freemium model adopted by Skype—free calls to others on the network, cheap calls to those on the PSTN—was hardly unique.

Telcos had pioneered the model he said by harnessing their intellectual property to produce phone directories that were ostensibly given out in their millions for free but paid for themselves through advertising revenues from business listings. But the superiority of the directory model came in another way—not only was it effectively a revenue center in its own right, but it also served as a "catalogue" promoting the "services" (phone numbers) of the network and in the process, stimulating demand for paid calls.

Of course, there is no such "double revenue" effect for the likes of Skype.

Vea and Kelton are both right to highlight the formidable challenges faced by carriers in the face of "free."

It is a similar challenge to that which has demonstrably brought the newspaper and recorded music industries to its knees.

I was reading an interesting article over the weekend in the Atlantic Monthly which teased out how the media sector had failed to deal with these same issues.

In part the article makes the point that the current media sector problems don't necessarily stem from a lack of embrace of the Internet—as is sometimes popularly argued—but that instead some companies made the mistake of rushing headfirst into investing in a medium that was value-destroying full stop.

"Even as they blame the Internet for their travails, the largest media companies, like moths to a flame, continually reach out to it as their imagined salvation. Time Warner, Sony, News Corporation, Viacom, CBS, NBC Universal, and Disney together have completed more than 100 digital-business deals since the Internet bubble burst in 2000... Most have been misguided or overpriced, and many have been both."

There's a lesson here for telcos. Telcos are too often guilty of buying into concepts that prove value-eroding—especially in the capacity sector, where global reach and giant volumes are king. Perhaps the answers lie elsewhere and in more boring directions—such as focusing on quality, margins and core efficiencies.

*Grahame Lynch is the founder of CommsDay and previously served as global editorial director of Americas's Network, Telecom Asia, Telecom China and Telepress Latino America.*