

DO-NOT-CALL REGISTER
Comms minister forced to warn on
scammers just 3 weeks on

Nokia Siemens wins Vodafone NZ deal

We name shortlist for Vodafone NZ IMS

COMMUNICATIONS DAY

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Cable plans herald new battle with capacity carriers for ISP traffic

Increasingly independent ISPs attracted by emerging cable projects have spurred NTT Communications to bolster its IP transit service and warn that big-boys might play it better in the international capacity market.

Set to open a new IP transit node in Melbourne in coming weeks, NTT is ramping up efforts to double its ISP subscriber base this year. It wants to extend its utility for the 25-30 ISP clients it has in Sydney



while picking up new Melbourne-based customers on the way. The launch follows its recent inauguration of a Melbourne IP MPLS node supporting NTT's Arcstar international IP-VPN service.

But NTT Australia managing director Masao Fujita says the expansion comes at a challenging juncture, when for the first time many ISPs are considering direct capacity investments, namely in the proposed Pipe Networks Project Runway cable to link Sydney with Guam. Mid-sized players such as Primus Telecom, Internode and TPG Internet are all rumoured as committed to Pipe and NTT is determined for them to see IP transit as an offset to the perceived riskier and more complicated direct investment.

"At this stage there is a kind of phenomenon that the ISPs are buying capacity. They are investing to make their cost structure as low as possible by taking advantage of this opportunity. We understand that," Fujita told CommsDay. "In response as a big carrier we procure a portfolio of capacity at the best price. We believe we provide a very good avenue to cover the risk of their investment in a direct capacity purchase," he said.

While Fujita described NTT's financial commitment to Pipe as "a sensitive question," its stated policy is to invest in as much redundancy as possible and executives from the two companies are believed to have met. NTT is already talking with ISPs it knows to be keen on Pipe, encouraging them to hedge their investments with renewed IP transit commitments.

PIPE RESPONSE: But according to Pipe managing director Bevan Slattery, direct capacity purchases may provide ISPs with increased flexibility while also helping drive down the overall market. He said that should Project Runway proceed it will create a US-based internet exchange to help ISPs peer with major players as it does in Australia. "If providers have their own capacity across to the US or Asia they can do some clever network configurations which could/would result in reduced traffic congestion," Slattery said.

NTT has previously warned that high international capacity prices could impinge on Australia's global business status and Fujita notes that just a whiff of competition in the shape of Project Runway has impacted incumbent international capacity prices. Fujita warns that price declines are here to stay and ISPs should be wary of when and how they make their direct commitments and potentially locking themselves out of future reductions.

"Cable capacity procurement is a very complicated business and how to do it cost-effectively is a very important issue. We will say to the ISPs that we'll provide another avenue for you to satisfy your requirement," Masao said. He added, "historical experience shows that when competition comes the price will steadily decrease. This is only the beginning of competition."

Currently ramping up funding efforts for Project Runway, Slattery says that competition and lower prices are front of mind for Australia's ISPs and they appear willing to invest simply to help

conjure change. “Despite there being plenty of potential capacity serving Australia, there is little competition, and without competition there is little incentive to change pricing. I would expect cost is a significant factor in the decision process,” he said.

Tim Marshall

Scammers exploit Do Not Call scheme

Where there’s a scheme there’s a scam, or at least that appears to be the case with the new Do Not Call Register where authorities report a quick response from door-knocking sharpers offering paid listings.

While yesterday trumpeting the success of early Do Not Call marketing, attracting no less than 927,000 registered numbers since May 3, Communications Minister Helen Coonan said that scammers are poised to pounce. She said authorities had detected dubious door-knockers illegally offering to take care of registrations for fees of up to \$79. Consumers and businesses can actually list their numbers for free via phone and an internet site.

“With the official start of the Do Not Call Register only days away, it is very disappointing to hear that some unscrupulous scam merchant may be trying to illegally profit from the extremely popular Do Not Call Register,” Coonan said.

June 1 is shaping as DNC-day for telemarketers, which from then on will be forbidden to contact numbers listed on the Register. Exemptions are in place for charities and market researchers. Confirmation is expected before Thursday on whether rules have been relaxed to allow research companies to call on Sundays.

Tim Marshall

Vodafone NZ awards Nokia Siemens for 900MHz network

Vodafone New Zealand has awarded Nokia Siemens Networks the supply contract for a WCDMA 900 radio network which will allow the carrier to expand its 3G network coverage to further regional areas at less cost.

The contract, for an undisclosed sum, represents the first local tender win for Nokia Siemens since its merger and is one of the first commercial 900MHz deployments globally. Commercial delivery of the new WCDMA 900 nodes will start in July with the service expected to go live in the first half of 2008.

Vodafone New Zealand CEO Russell Stanners said that the opening up of the 900 MHz band to 3G, will be a tremendous benefit for customers. “We can now provide 3G broadband services further than ever before and more economically than was earlier possible, making this a truly smooth and cost-effective investment in the future of our service offering,” he said.

The solution aims to decrease deployment costs significantly, particularly in rural areas, by meeting coverage targets with less than half of the number of base stations of traditional 3G solutions. WCDMA 900 can provide a two- to four-fold increase in coverage compared to WCDMA 2100. The Nokia Siemens Networks solution is built on the WCDMA 900 variant of the Nokia Flexi Base Station, which supports the co-existence of GSM and WCDMA in same frequency band. Stanners added that the new network solution would be the key “to the continued tremendous uptake of 3G broadband and will help propel New Zealand toward the government’s goal of placing New Zealand on the top of the OECD rankings by 2010.”

In Australia, Optus has been conducting 900 MHz network trials with vendor Huawei. The carrier is currently assessing technology options as it moves ahead with plans to extend its 3G network to 98% coverage of Australia, but has yet to announce a formal tender for the 900MHz network.

Natalie Apostolou

Vodafone NZ issues RFP for IMS

Vodafone New Zealand has issued a closed RFP to vendors for an IMS core contract worth up to NZ\$80 million. The IP core upgrade to IMS is part of Vodafone’s drive to be first to market with innovative new multimedia services and will facilitate the carrier’s push into the fixed mobile convergence space.

In line with the carrier’s progressive global strategy to acquire or wholesale fixed line services,

Vodafone New Zealand acquired ISP iHug, for NZ \$41 million late last year and has been widely expected to introduce a FMC play.

IMS allows carriers to integrate fixed and mobile infrastructure assets while providing flexibility to support any service over fixed or mobile or broadband access.

In 2006 the Vodafone Group announced that Nokia and Ericsson has secured global preferred supplier status for IMS under the agreement both vendors have been testing and piloting IMS with various Vodafone subsidiaries.

Communications Day understands that Vodafone New Zealand has issued the closed tender for the IP core and IMS systems to Nokia Siemens, Ericsson and Alcatel Lucent. It is understood that the winning vendor will secure a long term contract with the carrier of up to ten years. Vodafone New Zealand could not comment on the tender at this point. Sources claim that the IMS deployment in New Zealand would be a pre-cursor to a similar rollout in Australia and is slated for commercial rollout before year end.

Natalie Apostolou

Tel.pacific to raise \$5m in IPO

Pre paid calling card services specialist Tel.Pacific is seeking to raise \$5 million in an IPO in order to fund an aggressive bid to take part in the consolidation of the calling card market.

The group anticipates listing on the ASX by July 16 with a market capitalisation of \$22 million. The offer, is due to open 4 June 2007, and is for 25 million shares at \$0.20 per share.

According to Tel.Pacific COO Barry Chan, the funds raise will assist with the company's ambition to drive consolidation in the calling card market in addition to assisting with its expansion into the New Zealand market. Chan said that discussions are already underway with a number of potential acquisition targets, which he expects will accelerate following the IPO. Chan added that there were two serious opportunities emerging and both were pure play calling card players. Competition in the calling card market was forcing smaller players into consolidation mode he said, "many are quite happy to sell while others are struggling to stay afloat."

Chan anticipates that at least one acquisition will be completed before year end.

The company which has been operating since 1996 recently shed its fixed data business to emerging broadband operator G-Node Networks. Under the transaction for an undisclosed sum Tel.Pacific sold its ADSL subscriber base, a number of data business contracts, network infrastructure hardware and access to three additional data centres.

Chan said that the company's strategy was focused on the pre paid calling card market and its VoIP product, Hello Broadband Phone, which it was eager to expand across the Tasman. Tel.Pacific also has a dormant wholly owned subsidiary in Hong Kong which it is poised to activate when the "time is right for regional growth." IPO funds will also go towards the marketing and development of its "recharge central" website, which allows customers to buy and recharge calling cards online.

In the lead up to ASX listing the company has bolstered its board structure with the addition of high profile executives Ryan O'Hare and Stephe Wilks as independent Non-Executive Directors.

Tel.Pacific has also appointed new Independent Chairman, Greg McCann, a financial consulting executive with Deloitte Touche Tohmatsu.

Tel.Pacific MD Charles Huang said "this marks a new chapter in our history and sets us for new heights. The IPO allows us to take our acquisition strategy forward much more aggressively than would have been possible without going to the public markets".

He added that Tel.Pacific extensive distribution network can also be leveraged in the future to drive further growth from complementary products and services.

The company is forecasting revenues of \$36.3 million, and \$3.9 million of EBITDA for the 2007 financial year. .

Natalie Apostolou

Number portability, new Vodafone billing system delay purple mobile service

New Zealand ISP Orcon which is remaking itself as a fully-fledged telco in a market dominated by

Telecom and Vodafone will launch a GSM/UMTS mobile voice and data service in October this year, three months after the original June date.

Orcon general manager Scott Bartlett says the delay was caused mainly by large projects set in motion by Vodafone, from which the provider buys a wholesale service. "The original June target date hasn't been the case for three to four months now," Bartlett says, and explains that the slipped launch was caused by Vodafone's new billing system and the mobile operator racing to meet the New Zealand government's deadline for number portability this year. The service, called Orcon Mobile, will feature branded handsets sporting the provider's distinct purple livery.

SIM cards will be similarly branded, and Bartlett says Orcon has obtained an exclusive deal with handset OEM iMate that permits it to bring in devices like the SPL that are currently not available in New Zealand.

Handsets will be sold over Orcon's website, but Bartlett says the provider expects most new customers to come from Vodafone, and thus will have their own handsets already. Bartlett wasn't prepared to divulge details on pricing for the service, but says Orcon is looking at luring subscription customers with bundle deals – toll calls on fixed lines, broadband and mobile service with annual term contracts.

International roaming on anywhere on Vodafone's networks overseas, or one of its partners, will also be possible with Orcon Mobile, Bartlett adds. He hopes to be able come up with deals for customers that undercut Vodafone's current high roaming rates of NZ\$10 to NZ\$30 per megabyte, depending on which network is being used by the customer.

Number portability is also fingered by Bartlett as the reason why Orcon's Siemens Surpass HiQ8000 IP Voice soft-switch is delayed for five to six weeks. When the soft-switch goes into service, Orcon won't be doing number porting from day one Bartlett says.

"We want to get the platform up and running," he says and expects porting of numbers to be possible some weeks after. On the base platform, the HiQ8000 supports 80,000 customers, but it can be expanded to support many more, in the millions range.

Vodafone's David Stone, strategic development manager, would not comment on the delays, but welcomes Orcon as a customer, stating "This is further proof of Vodafone's commitment to developing the wholesale market in New Zealand."

Juha Saarinen

M2 signs wholesale customers

Demand for Optus 3G wholesale services has led to M2 Telecommunications Group signing up a series of new wholesale or MVNO customers in recent weeks. M2 Wholesale, Optus' 3G wholesale aggregator has secured commercial agreements with Australian Telecommunications, trading as Arrow Voice and Data, business specialist Worldtel Corporation and Castle Networks.

The company anticipates entering into commercial supply agreements with up to five more wholesale customers between now and the end of June 2007. The spike in demand has pushed M2 Wholesale annual revenues to well in excess of \$20 million, the company reports.

The company is currently integrating the recently acquired Wholesale Communications Group (WCG) which provides the opportunity for cross – marketing opportunities to over more than 200 existing WCG wholesale customers for Optus mobile services.

"The acquisition of WCG has rounded out our wholesale product suite, whereby we can now offer a comprehensive suite of data , both land based and

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wireless, fixed line and mobile services,” said M2 MD Vaughan Bowen.

Staff Writers

MGM MAKING MOVES

Adelaide-based MGM Wireless says that it has more success selling its MessageYou SMS school attendance solution in the US. The company, which has ramped up marketing since the recent Virginia Tech massacre, said that additional school districts in Arizona had signed up. They follow three initial school clients the company announced in San Francisco earlier this month. MGM also has MessageYou clients in Australia and reports that growth has doubled its weekly SMS traffic on the same time as last year. Meanwhile, MGM said that it had acquired the Queensland distribution rights for MessageYou. MGM executive chairman Mark Fortunatow said the move, bringing the state-based marketing operation back in house, would help it better exploit emerging opportunities.

DATA-INCRYPT FOR BROKER

State One Stockbroking has taken on the Data-inCrypt online data back-up and recovery solution. The service will be used to protect the broker’s critical server-based data across operations in Sydney and Perth. The companies remain in discussions over the potential provision of further Data-inCrypt disaster recovery services by, specifically the potential establishment of a ‘hot site’ facility in the form of dedicated hardware hosted in the Data-inCrypt data centre.

Letter to the editor from Ericsson

Re Ericsson, Telstra trial 40Gbps— but not a world first as claimed

In reference to your article published 28 May, here is a further explanation.

The world’s first claim of the Telstra 40Gbps trial is valid for the conditions that the trial was conducted in. It was conducted over an existing in-service traffic-carrying 10Gbps DWDM system. Under these conditions, as *per* the headline of the press release, it is a world first over a LIVE network. The T-com trial with Ericsson was over a lab-based network.

(In the Telstra trial) the existing system was not modified in any way to support a 40Gbps signal adjacent to working 10Gbps channels over the stated distances. The existing DWDM system was designed and installed on optic fibre cable and existing site infrastructure.

Elizabeth Middleton, Ericsson Australia

GRAHAME LYNCH REPLIES: I respectfully disagree. Accepting all the qualifications of Ericsson’s “first”: a live existing DWDM fibre link with real user traffic, no network alterations and the specific use of a 40Gbps system alongside lesser wavelengths—albeit as a trial—I can find precedents from a ten minute search of competitive vendor websites.

One example is a Mintera and Cisco supplied trial conducted in January 2005 with the China Education and Research Network (Cernet) which “integrated a 40Gbps wavelength carrying live traffic on an in-service DWDM link between Beijing and Tianjin, China (185km). For the live trial, Mintera’s 40Gbps terminals were connected into the existing 16 x 2.5Gbps DWDM line system and ran 40Gbps traffic simultaneously with the existing 2.5Gbps traffic. No modifications to the existing in-line amplifiers or optical mux/demux infrastructure were required. There was no traffic interruption on the live-link during the turn-up and the network ran error-free over a total period exceeding ten days.” I can also find other examples which conform closely to Ericsson’s “conditions” from Japan Telecom /Lucent in March 2006; MCI, Ciena and Mintera in California over 1200km in June 2004; Cisco and Sprint the same month; and last but not least, Qwest and Nortel over 700km as long ago as June 2000! Verizon announced in March a commercial 40Gbps system between New York and Washington DC scheduled to go live this quarter—an upgrade on an existing 10Gbps wavelength.

Whatever caveats Ericsson chooses to attach to its claims, the press release headline claim “World’s first live 40Gbps optical transmission trial” is plainly inaccurate. As far as T-Com goes, the Ericsson press release for that trial in September 2006 described that too as a “world’s first trial” over an “existing DWDM network.” That was also inaccurate. That said, I don’t wish to diminish the obvious technical achievements of the Ericsson/Telstra trial—they are considerable.