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Telstra: the plan in summary

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Telstra's customer focus: why it's different this time

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Telstra B&G's new product-focussed structure

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Alcatel biggest winner from Telstra's NGN upgrade

Alcatel is likely to be the biggest winner from the list of suppliers announced as part of Telstra's strategic review, winning business worth an estimated \$3.5 billion over five years.

Cisco scores massive order for Telstra core network

Telstra will purchase 52 of Cisco Systems flagship CRS-1 core routers to replace its current dual IP networks totally 92 routers to create a backbone network that can scale to operate at 92 terabits per second.

Ericsson picked to take 3G to the bush

Telstra has a three-year plan for a "national" 3G network, to be built by Ericsson, replacing the CDMA network in its entirety.

Wholesale customers not happy

Telstra's wholesale customers have been quick to condemn the company's announcement as signalling a return to the era of monopoly.



Stuart Corner

TELSTRA'S NEWS THIS WEEK

You have got to hand it to Telstra for the comprehensiveness of its briefing: spread over two full days, and for the first time ever not only did it lodge its executives' Powerpoint presentations with the ASX but also transcripts of all the accompanying speeches (I have long felt that simply submitting slides of analyst briefings to the ASX is merely a token gesture when it comes to giving all shareholders access to the information, so full marks on this one).

The market did not like it: Telstra shares were traded in massive volumes and the price sank to close to four dollars. But, CDMA network shutdown aside (and more on that next week), this was the announcement we had to have. The transformation to NGN is one every established carrier like Telstra is making or will have to make.

Shareholder desertion has been attributed to the lack of short term upside in Telstra's projections. But making a transformation on this scale at this speed is a high risk strategy - not that Telstra execs showed anything but supreme confidence, except on one score - regulation. Truth is there are many things that could go wrong to seriously derail the strategy: by the very nature of the network simplification and systems rationalisation envisaged a major delay of failure of any one part is likely to affect many more others than in the past.

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Telstra's strategy announcement

Telstra: the plan in summary

Telstra has unveiled a plan that will see it create a single IP based core network, greatly rationalise the delivery of services and reduce staff numbers by around 10,000.

The core of the strategy is the creation of a next generation IP network, an investment of more than \$10 billion over five years of which \$2-3 billion will be in addition to existing plans. This core network is to be in place by the end of 2007. Telstra will introduce a \$200 million training program to give field staff the skills to build and operate this NGN network.

Telstra intends to reduce the number of full time equivalent (FTE) positions by between 6,000 and 8,000 over three years, from 52,000 today and by 10,000 over five years. It intends to replace the CDMA mobile network with a national 3G GSM network which, it claims will offer the same or better coverage. This will take a good number of years, it expects only 25 percent of customers to be using 3G in three years.

Overall, the number of different network platforms will be reduced from about 330 by 60 percent within three years, and the number of business and operational support systems from about 1200 by 75 percent in three years. On the upside, it is aiming for 25 percent of new revenue growth to come from new products by the end of 2008 and for Sensis to double its revenue base to \$3 billion within five years. CEO Sol Trujillo scotched any speculation of a sell off of Sensis, or Foxtel, saying that Sensis plays a critical role in Telstra's core strategy and its online business would be further developed by integrating search and transaction based applications and services for Sensis customers and core Telstra customers. He said Foxtel was a core asset by which Telstra could create shareholder value.

Business and government customers will be served by 16 competency centres to equip large customers to transition to an IP environment and to allow Telstra to grow faster than the market.

Telstra's customer focus: why it's different this time

Long time Telstra watchers will have heard Telstra's promises of becoming truly customer-focussed many times. This time, according to Bill Stewart, group managing director strategic marketing, things will be different.

In his session at the strategic review presentation, Stewart said: "Our goal is to transform Telstra into one of the best customer driven marketing organisations in the industry. Here's how we'll do it. First by implementing a simple straightforward process throughout the whole of Telstra that puts the customer at the centre of everything we do. Second, by reorganising our marketing and channel functions around customer segments and segment managers, people with full accountability for segment performance. Third, we're establishing a clear focus, shared by everyone in the company around: intimate knowledge of our customers; clear differentiation through innovation and; giving our customers a unique experience... and...getting closer to our customers than any of our competitors, building loyalty and reducing churn."

Amigos to the rescue

Anticipating the "so what's new?" response, Stewart claimed key differentiators would be the experience of himself and the other members of Sol Trujillo's hand-picked team of similar transformations in other markets, and the scale and scope of Telstra's market research.

"In case you're asking 'We've heard this before, what's different?' I'll tell you. First, we've done this before all over the world. Additionally, no competitor in this market has ever done the breadth and depth of customer research we're doing...We're conducting high scale, high quality customer research so we'll know our customers better than any of our competitors in the market. We've completed phase one of our consumer research and we've already interviewed almost 12,000 consumer customers...Concurrent with this research we're improving our customer data warehouse to provide a single customer view no matter what services they have.

"In our phase two research, we'll be identifying our segments and micro-segments and levelling all of customers in our data bases. Once these segments and micro-segments have been defined we'll dig deeply into the preferences of every segment, how they want to be treated in every aspect in their relationship with us. "When completed we will have interviewed over 90,000 consumer customers and we're in the process of creating a small business panel of 16,000 businesses. To my knowledge nothing like this has ever been done in the Australian Telecommunications market before."

The end result, he said, would be that "When a rep enters a customer's name or account information, the system will respond on a single easy to read screen with detailed customer information including: the current services that customer subscribers to; a segment and micro segment profile based on needs; a full history of prior contacts."

He said the system would be updated in real time. "When the sale is complete and the customer has a new service, the customer's profile will change in our enterprise data warehouse, including their micro segment."

The returns are proven

According to Stewart, companies that have executed this type of system upgrade have seen dramatic improvements in efficiency, cost, revenue, and churn reduction. He said typical benchmarks from Europe and the USA indicated: campaign execution & time reduction of 75 percent; labour productivity improvement of 20 percent; cross-sell / up-sell improvement of 30 percent and churn reduction of 10 percent.

"We anticipate similar improvements as we complete our work over the next 18 to 24 months...In the first quarter of '06 we'll complete the research and build the algorithms that will allow us to tag our customer database with segment and micro segment indicators. Our new organisation will be in place, we'll be developing segment strategies, and we'll be executing segment-based...offers. In the second quarter we'll complete our segment preference research and complete our database attribution and segment profiling. We'll also have completed implementation of our automatic campaign tools. By the third quarter, we'll start to understand segment and micro segment profitability and we'll be using our micro segments in our below the line campaigns like direct mail, outbound calling, and SMS.

"Also by this time, we'll be starting to improve the efficiency of our channels through simplified processes for our service reps using single screen. By the fourth quarter we'll have implemented micro segment based intelligent scripting and offering segment targeted offers online. In 2007, we'll be providing our customers with a fully integrated customer experience based on segment needs."

Telstra B&G's new product-focussed structure

The head of Telstra Business & Government, David Thodey, has announced a reorganisation of his unit along product lines.

The announcement, made as part of Telstra's strategic review presentation seems potentially at odds with Telstra's much touted focus on customers, and previous re-organisations around customer segments. Thodey said that there would be seven "service applications" and nine "core application areas" and that managers had already been appointed to each of these. However, so far as *Exchange* has been able to ascertain their names have not been released.

The seven service applications will be network consulting, managed network services, network outsourcing, solution consulting, solution development and systems integration, BPO (network based) and managed services. The core application areas will be: IP telephony, call centres and speech recognition, conferencing and collaboration, payment solutions, wireless data solutions, security solutions, extended enterprise solutions, vertical industry solutions, SME solutions.

SMEs targeted by Telstra B&G are those with telecoms spend in excess of \$10,000 per year and it claims to have 57,000 such customers. It is a market where others, such as Linksys and Cisco have identified as being difficult to serve because of the diversity of needs of these businesses which require a degree of solutions tailoring but which, individually, do not return huge revenues.

World searched to confirm new strategy

Thodey said Telstra had "spent the last few months going around the world and really making sure that we are in line with what we are seeing in worldwide trends in terms of the establishment of these sorts of competency centres. We have looked at Telefónica, British Telecom, and Bell Canada, just to name a few."

He acknowledged that many of the applications were not new to Telstra, but stressed that the way they would be offered and evolved was new. "They are the sort of thing, like wireless data applications or call centre and speech recognition, that we have done for a number of years, but we are bringing teams together and we will have a dedicated manager responsible for the delivery of these exciting differentiated applications."

For retail sale only

He made it very clear that these would be Telstra-exclusive retail-only products not available to other services providers. "We are only going to do this if they are Telstra exclusive, ie, no longer are we going to share applications among other providers, they are going to be Telstra exclusive. It is very important because we must have differentiation in the market."

A converged IP network will be key to the development and delivery of these products and services, and Thodey said many Telstra B&G customers were well down the path to being service by IP. "70 percent of our large customers are already on their IP migration... What is even more impressive is that 62 percent compound growth in terms of the number of IP access sites that we have rolled out over the last three or four years."

He said Telstra B&G believed it could grow revenues faster than the market forecast rate of three percent and boost the percentage of total revenue coming from "new wave revenues, which include IP, mobile, applications and services" from 35 of total to 45 percent. "This new wave revenue growth will grow at a minimum of 15 percent, and in fact over the last three years has been growing in excess of 20 percent," Thodey said. He also promised that "We will commit to a 10 percent productivity improvement across our workforce and we will have lower capex intensity as we focus in on cashflow."

Alcatel biggest winner from Telstra's NGN upgrade

Alcatel is likely to be the biggest winner from the list of suppliers announced as part of Telstra's strategic review, winning business worth an estimated \$3.5 billion over five years.

Alcatel is likely to have a key role in the development and deployment of all future services thanks to its role in managing the integration of other technologies and services into the network.

Alcatel's responsibilities include broadband access to consumers and enterprises, ethernet aggregation and NGN voice as well as network integration, support and maintenance. Alcatel will create a hosted integration centre, which will support integration testing and introduction of technology into Telstra's network. The aim of the centre is to provide a single facility to support product testing, trials and customer demonstrations.

Specifically, Alcatel will provide Telstra with IP DSLAMs, fibre to the node (FTTN) and fibre to the premises (FTTP), optical ethernet aggregation, NGN softswitches and associated media gateways. However the supplier of a key component of the overall network architecture is yet to be announced: the edge routers. There will be around 1000 of these and they perform many functions in support of end user services in addition to routing.

Telstra has been trialling technology from Lucent technologies for the support of VoIP and some years ago announced that it was using Ericsson softswitches to take up demand for new capacity in its circuit-switched network.

Telstra's chief operations officer, Greg Winn, said: "The high capacity soft switch has up to about two million lines each, versus 120,000 lines in a traditional class 5 switch. Our plan is to implement five mated pairs of soft switches. That's 10 in total, serving over 5.4 million PSTN and ISDN lines. It's going to provide for a full, redundant, resilient network and we will take out 116 class 5 switches in five cities." A slide presented by Winn shows these deployed by the end of FY08 and the existing class 5 switches in the five cities all removed by the end of FY10.

Winn said there would be "four or five other [major announcements] over the next week or two as we close and make our final selections." He said that in the first of what would be "a series of upcoming announcements around the IT side, for the front of house CRM customer experience, through to the billing side of it, we have awarded the contract to a consortium of Siebel Kenan, and the service integrator will be the Accenture Corporation. "The Kenan billing system was until recently owned by CSG, but is in the process of being acquired by Comverse Technologies.

Cisco scores massive order for Telstra core network

Telstra will purchase 52 of Cisco Systems flagship CRS-1 core routers to replace its current dual IP networks totally 92 routers to create a backbone network that can scale to operate at 92 terabits per second.

Announcing the plan in his session at the strategic review presentation, Telstra's chief operations officer Greg Winn, said: "The new core will provide a robust, scalable backbone for all the services we deliver, running at 92 terabytes (sic) per second, a 77-time increase in speed over 28 core routers for a net reduction of 24 routers. Telstra says it will have some of this network in place and carrying traffic by March 2006.

Telstra has not officially announced a price for the contract but Winn told a technology briefing the deal was worth "well north of \$1 billion". The 92tbps throughput is the upper limit of the CRS-1 product range and truly massive: one such switch could handle all the world's telephony traffic, or provide 850kbps broadband access to every household in the USA, according to information given Cisco at the product's launch last year.

The new IP network will replace Telstra's existing Telstra Internet Direct (TID) and Routed Data Networks (RDN). The CRS-1 is Cisco's flagship carrier-grade router, announced last year after a mammoth four year \$US500 million R&D program billed as "the culmination of the most ambitious project in the company's 20-year history." The product has been designed on the basis that it is likely to have a 20 year lifespan in carrier networks. It runs a new purpose built operating system, IOS. There are few serious players in this market: Cisco's arch rival Juniper was successful in winning AARNet's recent tender for core routers.

Ericsson picked to take 3G to the bush

Telstra has a three-year plan for a "national" 3G network, to be built by Ericsson.

Telstra and Ericsson have entered in to a Memorandum of Understanding for the project and will finalise their commercial arrangements as soon as possible, Telstra says. "Ericsson was chosen because they provided the best technical solution at a competitive cost and they also met Telstra's timeframes to provide the 3G city-to-country service."

Ericsson was the supplier of Telstra's GSM network and is the supplier of the 3G network it shares with Hutchison. The new network will use the same (850 MHz) frequency and booster technology approach used by *(continued on page 16)*

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Optus launches 3G with “key differentiators”

Optus has launched its 3G service claiming a number of key differentiators from its rivals. Coverage is identical to that of Vodafone with which Optus has an infrastructure sharing agreement.

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Cisco/Linksys takes new approach to SME market

Cisco and Linksys have launched a radical new approach to providing communication services to the SME market in partnership with service providers and have named Australian company, IP Systems as one of only four of the first global partners.

Much movement in the mesh market

It's been a big week in the mesh networking market with industry giant Cisco showing its hand, leading player Tropos Networks announcing new products and Strix Systems getting a \$US12m capital injection.

LiPS aims to standardise Linux phones

A number of carriers and manufacturers, lead by France Telecom, have launched the Linux Phone Standards (LiPS) Forum to “promote development and deployment of applications and services on Linux phones through standardisation.”

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Telstra's strategy: totally standard

For all the build-up and despite the scale of the announcement, spread over two days, there was little that was unexpected or innovative in Telstra's strategy unveiling.

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Investment and regulation – some more questions

The wrong questions are being asked about ULL pricing and ‘safe harbour’ is only a band aid substitute for poor regulatory pricing.



Stuart Corner

IN THE NEWS THIS WEEK

Cisco's Linksys One represents by far the most radical solution yet to the perennial problem service providers have of meeting the ever more complex voice and data communications demands of the low end of the SME market in ways that deliver the services they need at prices they can afford. And that means maximising standardisation and automation and minimising or greatly streamlining customisation. It will be a very interesting one to watch when services are launched in Australia by IP Systems in Q2 next year. stuart@exchange.com.au

Optus launches 3G with “key differentiators”

Optus has launched its 3G service claiming a number of key differentiators from its rivals. Coverage is identical to that of Vodafone with which Optus has an infrastructure sharing agreement.

These differentiators include an always-on instant messaging (IM) service that “[allows] users to have the same user experience on their mobile as on the PC,” and Optus Wireless Connect – claimed to be the first Australian datacard to offer seamless roaming across GSM, 3G and WiFi network. It will operate on Optus hotspots and those operated by Azure Networks with which Optus announced a partnership in July: 630 in total.

Allan Lew, managing director, Optus Consumer, said: “We will unveil a brand new interface called “MyZooNow” – an active, intuitive portal where information is continually updated and pushed to mobile handsets...[and giving] a level of personalisation not seen before.

“The key driver behind Optus’ 3G launch has been the partnership model we have adopted. We have worked hard with first class companies such as ABC, Azure, Bullant, Comverse, Legion, LogicaCMG, MultiMap, Ninemsn, Nokia, Nortel and Soundbuzz to bring the best of the best in technology devices and content to our customers,” Lew said.

MyZooNow was developed jointly by Optus, Bullant and Nokia in the Optus Nokia Future Lab, a joint initiative by the two companies set up to test and develop potential mobile applications.

First customer for five year old technology

Lew claimed that Optus was “the first operator in the world to launch a network infrastructure featuring Nokia’s Multi-Operator Radio Access Network (MO-RAN) technology, which allows for the easy sharing of radio services.” This technology, announced five years ago by Nokia, gives operators the ability to share infrastructure with non-shared spectrum, so Vodafone would also be a user. (Telstra and Hutchison’s 3G infrastructure arrangement differs from the Optus-Vodafone one in that they have pooled their spectrum).

Nokia, however is far less keen to brag about its relationship with Vodafone, than with Optus. It issued no statement when Vodafone launched its 3G service a couple of weeks ago but this week put out a press release saying “In November 2004, Optus jointly announced an innovative infrastructure sharing deal with another operator to have Nokia build a shared 3G network.” The initial build-out of more than 2,000 base stations covering the six major capital cities is scheduled to be completed by March 2007.

MyZooNow, a billed as a unique handset ‘homepage’ that displays information a customer has specifically requested. Fifteen individual content channels allow customers to personalise across work and play modes.

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Vodafone adds 125,000 new subs

Vodafone has outpaced Optus by handsome margin in the three months to 30 September, adding 125,000 net customers (excluding MVNO customers) compared to Optus’ 59,000. These additions take growth compared to a year ago to 14.3 percent and Vodafone’s total customer base to 3.3 million of which 3.016 million are direct Vodafone customers. The prepaid customer base increased by 6.4 percent in the quarter and now accounts for 71.9 percent of the overall base.

Vodafone says its capped plans have driven a “significant increase in voice usage” from 1,120m minutes, in the three months to September 04, to 1,818m minutes in the same period to September 05 – an increase of 62 percent. However by their nature capped plans do not increase revenue and can significantly increase costs because Vodafone must pay other carriers for every call terminated on a network other than its own. They also decrease ARPU. Prepaid ARPU for the quarter was \$31.10 per month, postpaid \$93.6 and ‘blended’ \$48.20. The figures a year ago were \$32.70, \$77.10 and \$52.10.

KAZ wins \$45M five-year ING IT contract

Telstra subsidiary, KAZ, has signed a \$45 million five-year contract to provide IT infrastructure services to ING Australia. Services to be provided include management of midrange servers, storage, operating systems, middleware and databases. The environment is based on Unix, Windows and MPE application servers, with the applications owned and managed by ING’s in-house team.

KAZ CEO, Mike Foster, said: “KAZ has successfully managed ING Australia’s desktop and e-mail environment since 2002 and has a solid working relationship with them. The IT services contract was awarded to KAZ due to our proven ability to reduce costs for the client and deliver on structured management and service improvements.”

Users can set up different preferences for work hours and after-work hours that will switch automatically. This means they can have information such as stock quotes, currency news or breaking news pushed to their mobile while they are working; or LiveTV, music and entertainment in their spare time.

MyZooNow is powered by two new network systems. The first is a content management system (CMS) which searches the web for breaking news from Optus' content providers. The system filters the alerts against users' personalised settings and pushes only relevant information to the handset. CMS also provides the new search functionality for both MyZooNow on 3G and Optus Zoo on the GSM network. Australian software company, Bullant, played a key role in the handset component of the service (see below).

The second is a location based services (LBS) server which enables the network and certain content services to identify the location of the customer. LBS powers the FindA service (maps and directions) and can be used to automatically change the MyZooNow mode based on the location of the user.

Instant messaging is being provided through a partnership with Ninemsn and will be offered free to Optus 3G customers and GSM users with compatible handsets until 1 February 2006 when it will be charged at 95 cents unlimited use per day or \$5.95 unlimited for a month.

Four new capped plans will be available to consumers: \$49 cap (minimum spend \$49 with an included cap value of \$230) per month; \$59 (\$280); \$79 (\$500); \$89 (\$560). Three new data plans will be offered: \$49 cap (50MB data downloads) per month; \$89 (500MB); \$129 cap (1.5GB).

Optus will start five handsets - Nokia N70; Nokia 6680; Samsung Z500; Sony Ericsson K600; Samsung Z140.

Bullant boosted by winning MyZooNow contract

Australian company, Bullant Software has supplied the mobile device software underpinning the MyZooNow service. According to the company's CEO, Chris Wooldridge, "Our smart client technology delivers a dynamic user interface that is managed and controlled by the Optus network. It provides a unified, easy-to-navigate interface that ensures a broad range of services and applications are just one click away. This integrated view means the user now has a truly enjoyable and relevant mobile experience."

Bullant Software says it won an international tender for the business "We have deep experience in the smart client area gained from working with partners such as Nokia over a number of years," said Wooldridge.

He claimed that, a result of the Optus project, "we are now in discussions with several other international carriers regarding how we can assist in the development and deployment of similar infrastructure."

Wireless data cards from Option of Belgium

Optus' wireless data cards have been sourced from Belgian company, Option NV, which has supplied its GlobeTrotter Fusion Quad and the GlobeTrotter 3G Quad data cards to be customised for the Optus network and sold under the Optus 'Yes' brand.

The GlobeTrotter Fusion Quad, with integrated WLAN/Wi-Fi functionality, operates over the 3G network provides connection at speeds up to 54Mbps over WiFi networks. The GlobeTrotter 3G Quad has no WiFi capability. Both fallback to GPRS when there is 2G GSM but no 3G WCDMA coverage.

VoIP provider, Broadband Phones opts for Equinix hosting

Broadband VoIP service provider, Broadband Phone, has selected data centre operator Equinix to provide it with collocation and network exchange services. BroadBand Phone offers a wholesale service that enables ISPs and telephony service providers to offer VoIP. It also offers prepaid and postpaid retail VoIP services, worldwide termination, and direct dial of PSTN phone numbers.

The company will use Equinix's Sydney hub as the primary network interconnection point for delivery of VoIP to both retail and wholesale customers.

According to Equinix, its data centre "provides a unique environment for BroadBand Phone to streamline its network connectivity infrastructure by providing immediate and direct access to an aggregation of leading carriers, ISPs and network services within the same physical location."

BroadBand Phone director, Miranda Wong, said: "the agreement also enables us to broaden services for ISPs or companies who run their own VoIP network by offering A-Z wholesale termination via SIP or H323, PRI and/or SIP trunks with DIDs from all major Australian cities at one single point of connection within Equinix's Sydney hub." Doug Oates, managing director of Equinix Australia said he expected Broadband Phone's use of the company's facilities to attract more VoIP service providers into its hub.

Telstra tests remote satellite phones

Telstra has taken delivery of its first remote calling satellite telephone system designed to be deployed anywhere in the world and configured from a central location. The product was developed for Telstra by Beam Communications, a subsidiary of ASX-listed Tele-IP. According to Tele-IP "The units can be easily shipped, installed and are able to provide various remotely configurable calling options to the end user. The equipment is designed to be used in harsh environments and includes such features as cyclonic ratings, solar power, robust user equipment as well as the

Cisco/Linksys takes new approach to SME market

Cisco and Linksys have launched a radical new approach to providing communication services to the SME market in partnership with service providers and have named Australian company, IP Systems as one of only four of the first global partners.

The offering, Linksys One, is billed as "an easy affordable communications solution that addresses all the needs of small business...a purpose built complete hosted communications solution for voice video and data that operates and functions as a complete system."

As a telephony system, it has two key differentiators. All call processing is carried out by the individual SIP based IP phones: there is no PABX functionality in either customer premises unit or hosted in the service provider's network on a softswitch. Secondly the system is designed to auto configure new devices as they are added based the initial configuration set into the service router.

It is targeted at a market of companies between five and 100 employees. At the bottom end there will be some overlap with the soon to be launched Linksys SPA9000 low end PABX (maximum 16 lines) and above that, potentially a lot of overlap with target market for the Cisco Call Manager Express, a low end version designed to run on its Integrated Services Router rather than a dedicated server.

However Linksys One appears to be targeted at businesses with much less sophisticated communications needs: it will not support phones distributed across multiple sites as a single system and will not enable a user to have the functionality of their desk phone available over a wide area network. Nor is there any suggestion so far that it will support other devices such as cordless WiFi phones or PC softphones.

One of seven Cisco "advanced technologies"

Nevertheless, the technology is a key component of Cisco's overall portfolio. Cisco subsidiary, Linksys has the prime role of taking the product to market and held a global webcast briefing on Linksys One at which it announced that Linksys One represents a key "Advanced Technology" focus for Cisco. (The other six are home networking, enterprise IP communication, optical networking, security, storage area networking and wireless.)

Speaking at that briefing, Martin De Beer, vice president and general manager, Linksys small business systems business unit, said: "Linksys One will be Cisco's next big advanced technology area and will be classified as hosted SBS...The focus of Linksys One is really around fast plug and play, ease of use and installation and this is one reason we have decided to market it under the Linksys model. Linksys has the capability for volume low cost manufacturing."

Linksys One comprises a Cisco service node - carrier grade Cisco equipment that sits in the service provider's network, the Linksys One 16-Port Services Router (SRV3000) on the customer's premises and individual end points, primarily IP phones, - the Linksys One Color Manager SIP based IP Phone (PHM12000) - and Linksys One Analogue VoIP Gateway (VGA2000) to connect analogue phones and fax machines and provide access to the PSTN

ability to call anywhere on earth."

The general manager of Beam Communications, Michael Capocchi said: "The work that has been carried out in conjunction with Telstra over the last few years has now seen this solution become a reality. The deployment of these terminals into remote communities will set a precedent for other markets globally."

In a statement to the ASX Tele-IP said: "While the monetary value of this transaction is not material, the company considers the transaction to be of strategic importance as it represents the initial sale of a new product line and further reinforces Beam's relationship as a preferred supplier to Telstra Corporation.

The product is based on an existing Beam product, the RST100, already used by Telstra to provide service to Priority Customers. This enables the user to be presented with standard types of telephone features such as coin, card or coinless user handsets.

Greater Springfield gets dark fibre links to Brisbane CBD

A \$4.6 million fibre cable link is being laid between the Brisbane CBD and that of the new town of Greater Springfield - a new city in South East Queensland which includes the suburbs of Springfield Lakes and Augustine Heights - and customers will be able to lease 'dark fibre' pairs on the network. The 79km network is being built and will be managed by ASX listed Pipe Networks for the Springfield Land Corporation (SLC), the master developer of Greater Springfield, and is scheduled to be operational by February 2000.

SLC claims to have already signed its first customer for the network, the University of Southern Queensland which has signed a five year contract for its Greater Springfield campus.

Qld Emergency Services picks Aventail SSL VPN

Queensland Emergency Services has chosen Aventail SSL technology from Aventail to secure remote access to its central systems for up to 7000 staff and 80,000 volunteers. The system is based around Aventail's EX-1500 VPN appliance and Emergency Services

Massive potential market

As the product ramps up Cisco is eyeing a massive global market. De Beer said: "There are about 35 million small business of less than 100 employees around the world of which about half have between 5-100 employees. That is the area that Linksys One will focus on...[All businesses of less than 100 employees] spend about \$US12 billion per year in the categories that Linksys One will be addressing. These include routing, switching and telecom gear as well as storage and wireless."

He said that a key challenge faced this market, and it was one that suppliers were struggling to address. "They are very diverse in their behaviour and their needs. Many are very challenged in that they struggle to focus on their core business because of the technology problems the face. The either have to buy different types of technology from different places and try to integrate it themselves, or they are forced to pay someone to come in and do that for them. And they are challenged to deal with multiple providers of services: voice data and applications. Simplification is really needed for this market. We believe it has been very underserved and that there is great potential here."

The anchor of the solution is the services router that includes both lan switching routing and firewall capability. Telephony functions such as voicemail, auto attendant, IVR and night service will be supported on each phone.

Enabling this functionality back in the network will be a service node, "a rack of carrier class Cisco equipment that provides he automated provisioning deployment and configuration of the Linksys equipment on the customer premises."

Remote configuration backup

This configuration also enables the service provider to offer configuration backup. According to De Beer, "All the configurations and data from the system is backed up by the service provider in the service node so that if any device should fail it can be replaced in a plug and play fashion. And if you have to relocate [the entire business] devices can be brought up with the same phone numbers in a matter of days."

The service provider is responsible for the end-to-end provisioning of the service and is expected to own all the CPE. However the key channel to market is expected to be value added resellers who will sell, install and configure the systems and be paid a commission based on the total contract value.

Service providers will also be able to enhance the offering with their own applications through an XML-based application toolkit that enables them to deliver their own, or third-party, business applications and Web services directly to the phones of their subscribers. Linksys suggest that these can be "as diverse as instant messaging, real time stock, currency or traffic information, even environmental controls."

Trials of the service started in the US in August with several service providers. "We plan to have restricted availability in mid December in the US and to be in trials with multiple service providers by January, De Beer said. "By March and April we aim to have nationwide availability in the US. We will be going to trials in Europe next year with SPs by late [northern] spring. In parallel we will start trialling service in Asia and the rest of the world in late summer."

Australian service provider, IP Systems will start offering the service in Q2 of 2006.

has initially licensed access for up to 100 simultaneous users.

Paul Jose, manager information security for the Department of Emergency Services, said the Aventail solution had been selected after an extensive evaluation of it and two other SSL VPN solutions.

A major initial application is to provide access to online training resources, but with field staff being deployed overseas to assist in regional crises there was an increasing need to provide secure remote access over a wider range of access technologies and devices.

The system is being installed by systems integrator Loop Technologies, formerly the Australian arm of Multinational Kanbay which was the subject of a management buyout.

Sanitarium plans 11-site Cisco IP voice & data net

Sanitarium Health Food Company is upgrading its communications infrastructure to a Cisco IP network that will support both voice and data. Equipment installed at its main facility at Berkeley Vale, NSW, handles 400 local users and a further 200 in Auckland. Nine additional sites will be added to the network over time taking the total number of users to more than 1100. Three call centre operations will be included in the network using Cisco's IP Contact Centre Express and Unity voicemail system.

Cisco Aironet 1200 WLAN access points with Cisco Access Control Server authentication and CiscoWorks Wireless LAN Solution Engine (WLSE) management have been installed at Berkeley Vale and Auckland. The network uses Cisco Catalyst 3750 and 3560 power over ethernet switches, Cisco 7940G, 7960G and 7912G series IP phones and Cisco VPN and firewall technologies.

The implementation was carried out by Cisco partner, Hewlett-Packard.

Norwood Systems signs LogicaCMG

Norwood Systems is to supply its EnterpriseMobility Bluetooth based enterprise cordless telephony solution to global IT services company,

Much movement in the mesh market

It's been a big week in the mesh networking market with industry giant Cisco showing its hand, leading player Tropos Networks announcing new products and Strix Systems getting a \$US12m capital injection.

In the US mesh networks are big business: the municipal councils in hundred's of cities are rolling them out to provide communications facilities for emergency and other municipal services and for the general public. However there has been much heavy lobbying against these initiatives from the telco industry which claims that these taxpayer funded networks lack the financial constraints of commercial for profit ventures and will end up costing taxpayers money.

Cisco claims that its Adaptive Wireless Path Protocol is the key innovation in its mesh product. "Specifically designed for massive wireless network environments, this protocol enables a remote access point (AP) to dynamically select the best data path among other APs within the mesh coverage area. This provides greater data resiliency to radio frequency (RF) interference, and helps to ensure optimal network capacity."

The key hardware device is the Cisco Aironet 1500 Series access point. With a claimed "zero-configuration" deployment, it can automatically set-up and configure itself to operate within a mesh network. This capability, according to Cisco, allows it to "self-heal" if there is loss of power or some other interruption, thus reducing maintenance and management costs.

The product uses two radios, one dedicated to communication between access points and the other to communication with user terminals. Cisco says that, because of this dual-radio design, the access points can segment the wireless network for different types of users, such as for police, fire, municipal services, etc, who can then securely tie back into their existing indoor network.

The 1500 Series access points use hardware-based Advanced Encryption Standard (AES) encryption between nodes, and Wi-Fi Protected Access 2 (WPA2). They are also Wired Equivalent Privacy (WEP) compliant.

Completing the Cisco mesh offering is the Cisco wireless LAN controller, running the Cisco Wireless Control System (WCS). This "provides the scalable management, security, and supporting tools to manage a mesh network." It enables device configuration and management of security policies and RF parameters and provides access to traffic statistics, link characteristics and client information.

Tropos opens mesh OS to third party apps

Tropos Networks, which claims over 250 installations of its MetroMesh technology, has announced "significant enhancements", a new family of MetroMesh operation and optimisation tools.

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LogicaCMG for deployment in its UK offices. Phase one of this contract is worth \$100,000 and covers the installation of Norwood's EnterpriseMobility system to provide 200 users with a mobile VoIP extension from the existing IP PABX. However, Norwood says this deployment "carries the potential to expand to 4000 workers valued at \$1.2million...[and] further provisioning of EnterpriseMobility functionality to other offices will lead LogicaCMG's extensive VoIP rollout across UK and Europe."

World's tallest apartment block networked by Nortel

Q1, the world's tallest residential apartment tower, which opened in late October on the Gold Coast, has been equipped with Nortel technology to deliver broadband Internet access to the tower's 526-apartments. The network, installed by Data FX, provides residents with broadband Internet services routed through Nortel's ethernet switched infrastructure to each apartment.

INTERNATIONAL

New body to promote fixed-mobile convergence

MobileIGNITE, an industry organisation, founded by BridgePort Networks in January 2005 to promote the adoption of fixed mobile convergence (FMC) technologies, has become an independent body "committed to FMC solutions that build on standards such as CDMA, GSM, UMTS, SIP, IMS, and 802.11/16."

The organisation says its new structure will enable it "to accelerate FMC by promoting standards based end-to-end interoperable solutions that improve the quality, coverage, flexibility and cost of mobile voice and data services and the mobility of IP communications services."

MobileIGNITE's (Mobile Integrated Go-To-Market Network IP Telephony Experience) present members are: 724 Solutions, Apertio, Boingo Wireless, BridgePort Networks, Centile, CoreMobility, Kyocera Wireless, Net2Phone, PCTEL, QualPhone, Reef Point Systems, SIPquest, Tekelec, VeriSign, Vivox, and WorldCell. Affiliates include: Acme

The company is also opening its MetroMesh OS to third party application developers via a series of application programming interfaces (APIs) that "will encourage and accelerate development of additional tools and complementary products."

The first of these, developed by Tropos itself, are Tropos Insight, a MetroMesh analyser and optimiser, and Tropos Drive, a drive-test appliance to determine coverage and throughput in MetroMesh networks. The first third-party tool in the family is SignalMX, a coverage planning tool from EDX Wireless, specific to mesh architecture.

Strix Systems now funded to profitability

Strix Systems has announced a further \$US12 million round of funding saying it expects this to take it to profitability. The round was led by new investor Crosslink Capital, and Bruce MacNaughton, a partner at Crosslink who has joined the Strix board. Previous vendors have also contributed and the latest round takes Strix's total of venture funding to \$US54 million. Strix says it intends to invest its new-found wealth to boost its sales, marketing, and engineering teams.

The mesh market in the US is running hot, According to Light reading, "Even telecom bubble survivor Nan Chen, who recently signed on as the VP of marketing at Strix, professes surprise at how quickly the firm managed to close the round."

Researcher says mesh set for stellar growth

A new report from ABI Research, says that wireless mesh networking looks set to achieve a stellar growth rate by the end of the decade, with most of the growth coming from deployments by alternative service providers and municipalities, rather than incumbent service providers.

Commenting on Cisco's entry into the market, ABI Research said: "Cisco's introduction of a wireless mesh networking product family represents further validation for an already fast-growing metro-scale wireless mesh networking market. In addition, with the company's significant customer base for enterprise WLAN equipment and its emphasis on centralized control of unified indoor WLAN/outdoor wireless mesh networks, Cisco may be able to jumpstart the campus-scale wireless mesh networking market in a way that its competitors have largely been unable to do to date."

LiPS aims to standardise Linux phones

A number of carriers and manufacturers, lead by France Telecom, have launched Linux Phone Standards (LiPS) Forum to "promote development and deployment of applications and services on Linux phones through standardisation."

The Forum has been set up to "accelerate the adoption of Linux in fixed, mobile and converged devices by standardising Linux-based services and APIs that most directly influence the development, deployment and interoperability of applications and user-level services."

The founding members are ARM, Cellon, Esmertec, France Telecom/Orange, FSM Labs, Huawei, Jaluna, MIZI Research, Montavista Software, Open-Plug and PalmSource.

The Forum's president is Haila Wang, CTO of France Telecom's Beijing R&D lab. According to Wang, "Linux offers an increasingly attractive

Packet, Aruba, AudioCodes, Commoca, CounterPath Solutions, IBM, Sonim Technologies, Sylanro and TapRoot Systems.

It has set up an interoperability group that has identified its first three key initiatives: IP centrex (SIP) to mobile network (SS7 and IMS) inter-working; IMS based VoIP over Wi-Fi to circuit switched cellular voice call handover network to handset interoperability based on emerging Voice Call Continuity standards in 3GPP and 3GPP2; Mobile / SIP-based messaging and presence inter-working.

The interoperability group will "work to define common use cases, interoperability test cases and requirements from the baseline open standards on which the above FMC applications are based." Interested industry participants are invited to join. <http://www.mobileignite.org>.

MCI & Microsoft bring web conferencing to Asia Pacific

MCI and Microsoft have made MCI Net Conferencing Powered by Microsoft Live Meeting, launched in July in the US and Europe, available to companies in the Asia Pacific

MCI Net Conferencing now offers the 2005 release of Microsoft Office Live Meeting, integrating Web and audio conferencing capabilities. It is claimed to give meeting presenters more control over online collaborations "by focusing on content versus delivery and encouraging more interaction between presenter and participants."

TECHNOLOGY

Netgear offer 240Mbps wireless LAN

NetGear has released a range of wireless local area networking products claimed to provide communications at up to 240Mbps. The RangeMax 240 wireless router (WPNT834) incorporates multiple input output (MIMO) technology with Adaptive Channel Expansion. It provides a claimed data rate of up to 240Mbps when used with the RangeMax 240 wireless notebook adapter (WPNT511) and USB 2.0 adapter (WPNT121). It will also support communication at lower speeds with any 802.11a/b/g clients. The prod-

alternative to proprietary operating systems. By standardising the Linux-based system services and application programming interfaces (APIs), we will help to simplify the creation of fully functional Linux phones, ensuring they match the requirements of operators and increasing their appeal to consumers."

LiPS will support the deployment of applications and revenue generating services on Linux phones through three deliverables:

- Standardised application programming interfaces (APIs) that define the Linux-based system services that support the development and the deployment of applications and user-level services that run on phones.
- Standards for extensions to the software development kits (SDKs) that allow developers to easily take advantage of LiPS APIs to develop their products.
- A testing methodology that will be used to certify LiPS-compliant implementations.

LiPS will define profiles corresponding to the most prevalent categories of telephony devices (eg. smartphones, feature phones, fixed line or converged devices). It aims to promote "standardisation without fragmentation" by working closely with existing groups to incorporate existing standards on developing new standards in areas not currently addressed.

LiPS says it will support requirements defined by the Open Mobile Terminal Platform (OMTP), an association of mobile operators worldwide focussed on defining the functional requirements of mobile phones. For other classes of devices such as converged devices, the LiPS Forum will seek input from its member operators and other industry bodies. Other organisations are invited to join. <http://www.lipsforum.org>.

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Telstra Technology Innovation and Products, under its then head Ted Pretty, held just such an event with a very similar theme: the range of new services Telstra would be able to offer and how it would be able to serve customers much better once it got an all-IP network in place. As I reported then "Ted Pretty's new buzz-phrase is that Telstra will become "Australia's leading customer grade [rather than carrier-grade] IP based multi-services provider".

Delivery will be a real challenge

That succinctly sums up Tuesday's sales pitch. All Telstra has to do now is deliver. That is going to be no small achievement, and as Telstra stressed repeatedly in its strategic review presentation: all the pieces have to come together for Telstra to achieve the cost reductions, the service delivery, the product innovation and the returns it is hoping for. All this while it is gutting its workforce and getting rid of every fourth employee which won't be good for either morale or productivity.

Not surprisingly the presentation was totally upbeat and the risk of failure not countenanced, with one notable exception stressed time and time again: unfavourable regulatory outcomes. And price regulation isn't the only cloud on Telstra's horizon. The theme of the day was integration. Operational separation was never mentioned. The next few years will be very interesting indeed!



ucts are based on chipsets developed by Airgo Networks.

The RangeMax 240 wireless router (WPNT834) and RangeMax 240 wireless notebook adapter (WPNT511) will be available in Australia in early January at \$329 and \$219 respectively. The USB 2.0 adapter, due for US release in January, will be available later.

Novell chooses IntelliSync for GroupWise push email

IntelliSync has been chosen by Novell to provide real-time wireless push email and personal information management (PIM) for Novell GroupWise customers worldwide. The wireless messaging technology from IntelliSync will be embedded into Novell GroupWise 7. According to Jeff Hawkins, Novell vice president of product management for Linux, open source platforms and services: "With IntelliSync, GroupWise customers worldwide will have secure access to their collaboration resources from virtually any device, on any platform, in any region of the world."

Novell will launch a beta program in January. Customers with maintenance agreements will be able to take up the new wireless and third-party integration features at no extra cost as soon as they become available in the first half of 2006.

Broadband powerline manufacturers back new standard

A number of leading manufacturers of broadband over powerline technology: DS2, Mitsubishi, Schneider Electric, Sumitomo, Ascom, EdP and Corinex have lined up behind the recently finalised European BPL standard, OPERA. DS2, a leading supplier of BPL chipsets, has presented at the 6th International Power Line Communications Conference in Lisbon, a migration path showing how any BPL product based on its 200Mbps chips will comply with the OPERA specification.

OPERA, the fruit of a two year effort and an outlay in excess of 20 million euros by the European Union backed consortium, will be the first open powerline specification.

Telstra's strategy: totally standard

For all the build-up and despite the scale of the announcement, spread over two days, there was little that was unexpected or innovative in Telstra's strategy unveiling.

The biggest surprise was the decision to shut down the CDMA network (although news of that had been leaked) and replace it with a full 3G WCDMA network.

The whole show was part financial outlook, part genuine strategy announcement, partly simply new service announcement - the BigPond video download service and new services from Sensis - part regulator bashing, and part - a very big part - a sales pitch on how Telstra will be able to offer more and better telecoms services and provide greatly improved customer service once it gets its new strategy in place.

But when you boil it down that new strategy is a totally standard migration to a next generation all-IP network that will support the full range of services and enable a massive rationalisation in the supporting BSS/OSS and all the other myriad systems current day telcos need to manage their many disparate networks. And of course we mustn't forget the staff rationalisation that accompanies this - from 52,000 to about 42,000 full time equivalents in Telstra's case.

Stock standard stuff

This was exactly the view of market analyst Ovum which commented: "Telstra CEO Sol Trujillo has made no efforts to reinvent the wheel with Telstra's new strategic roadmap. It reads straight from any European incumbent's transformation guide - it's all about customer needs and innovation. A new economic model built around broadband. A one-factory approach to integration. For customers a simple, seamless convergence of services, based on value propositions. It is stock-standard international strategy."

Telstra's announcement fleshed out this strategy and named the key vendors: Cisco for the core; Alcatel for the role of the access network, Ericsson for 3G and making the whole thing deliver the range of service Telstra needs to turn around its fortunes; and a combination of Siebel and the Kenan for CRM and billing, all integrated by Accenture.

The supplier of a key component in both transport and service definition and service delivery - the edge routers is yet to be finalised. There will be 1000 of these.

In train for many months

If anyone thinks that this whole process of developing the strategy and choosing the key vendors has been

accomplished in just four and a half months since Trujillo took the reins, they have to be kidding themselves. In March of this year, under the headline "Telstra aims for all-IP net, in five years" *Exchange* reported: "Telstra has embarked on an ambitious five year program to convert its core network to all-IP operation and to build a common application platform and OSS with the aim of enabling delivery of a wide range of IP-based broadband services to customers seamlessly over the full range of access technologies."

In an RFI for the part of the network to support this vision, dubbed Broadband Multi Services (BMS), Telstra said it wanted to ensure, as far as possible, that it is able to "provide a customer-centric experience that is service oriented (ie where possible services appear to the customer to be agnostic of access types and delivery devices.)"

Prophetically we noted that, even at this RFI stage, Telstra's vision was aligned remarkably closely with that of the company announced this week as its key supplier - Alcatel.

And for all Sol's accusations that Telstra's earlier management had woefully under-invested in the network the additional investment in the network is not that great: between 20 and 30 percent more over five year that is "incremental to existing plans". That's \$2-\$3 billion on top of \$7 billion. Around one billion of this will be accounted for by ripping out the CDMA network and replacing it with 3G UMTS gear.

Remember the confidential briefing to government on 11 August, subsequently made public, in which Telstra highlighted significant under investment in the past, some \$2-\$5 billion in opex and capex over the past five years? It was real doom and gloom stuff. Much of this supposed shortfall was not investment in long term strategic developments, it was in "proactive network maintenance", "tools equipment and training" and "fixing an replacing current IT systems to handle the volumes and complexity".

It certainly gave an impression of a Telstra management with a purely short-term financial focus aimed at boosting the share-price to get a good sale price - like papering over the rising damp so you can sell your house. The reality, it now seems is that a significant part of this week's announcement is the culmination of a strategic planning process that was well in train when Trujillo arrived and for which budgetary provision had already been made.

Even the idea of the mammoth briefing on future strategy was not entirely new. Just over a year ago,

(continued on page 12)

Ex Cathedra, meaning "from the chair", is meant to be a forum for authoritative comment by industry stakeholders, rather than an outlet solely for my views. I would welcome contributions. If you have views you would like to air please email me: stuart@exchange.com.au

Investment and regulation – some more questions

The wrong questions are being asked about ULL pricing and ‘safe harbour’ is only a band aid substitute for poor regulatory pricing.

For the last decade or more telecoms regulation has been easy. It was about the forced sharing of the ‘legacy network built on public money’ and this was effectively funded at Telstra’s expense. The mantra of more choice and more competition has now got to give way to policies and regulation that support more investment and more innovation.

A free ride for ULL?

In recent weeks, the focus of public debate on unbundled local loop (ULL) pricing has been on the national averaging of its price (the rejected prices ranged from \$13 to \$100 per month) and the appropriate way to allocate ULL-specific costs (which account for \$10 of the \$30 average rejected ULL price). This misses a very important point.

Note first that wholesale ADSL services are sold only in conjunction with a basic (PSTN) telephone service. ADSL is not a declared service. But, in the pricing of PSTN originating and terminating access, all the costs of the copper lines are assigned to PSTN lines – none to ADSL services. That may be fine when they are taken jointly.

ULL is not taken jointly with the PSTN line – it displaces it. It relies on the same copper that would have supported a PSTN line but the ACCC’s August 2005 draft decision on ULL pricing makes no allocation of copper costs to the ULL price. The last public ACCC estimate of the cost of providing a PSTN line was \$346 per year (before retail costs, in 2000-01). Including these would double the ULL price.

According to the “total service long-run incremental costs” (TSLRIC) regulatory pricing that is supposed to apply to ULL as a declared service, the ULL should bear some network (including copper) costs.

But, is it infrastructure investment?

There are now around a dozen carriers and service providers who have announced plans to invest, collectively, around \$200m in the aggregation of unbundled copper loops (ie DSLAMS) at local exchanges to roll-out local loop ‘infrastructure’. Those of their customers lucky enough to live within a few kilometres of their local exchange may enjoy something close to ‘true broadband’ (10Mbps or more). Then, if Telstra pushes fibre closer to customers they and the associated ISPs may not be so lucky as the investments in local exchanges will be stranded.

Real competition comes from investment in local loop infrastructure that is independent of Telstra. There is not much of that. At least three competing local access providers (PowerTel, Amcom and Soul (formerly SP Telemedia)) are hedging their bets by also investing in the DSLAM business model. And why not – it is a regulatory gift.

There are wireless local loop providers (such as Access Providers, Unwired, Personal Broadband and Big Air) but they niche providers and, in the case of Personal Broadband and Unwired, facing competition from 3G mobile networks.

So, our best prospect of ubiquitous “true broadband” is probably in the hands of Telstra and it is clearly unhappy about the regulatory question marks over such investment.

Is optical fibre a mirage?

It was reported (AFR 14 November) that Telstra rejected an offer from Optus to share the cost of the broadband plan that Telstra put to the government. This should have been no surprise – the ACCC does not like a shared monopoly any more than a sole monopoly. And, there is no parallel with 3G infrastructure sharing – there are competing 3G platforms.

Note also that Optus is not constrained by Telstra’s non-compete agreement with Foxtel in the delivery of video on demand to the TV set-top unit (AFR 16 November). This may also help explain why Telstra is capping its wholesale ADSL plans at 1.5Mbps.

Ideally, Telstra (or Optus) should be able to invest in fibre local loop subject to pricing principles that are competitively neutral. The current cost-based ‘TSLRIC’ based regulatory pricing principles do not do that. The Telstra solution seems to be to seek a ‘safe harbour’ or ‘access holiday’ akin to a patent monopoly. This is a fall-back position in the absence of sensible regulatory pricing and such a monopoly is unlikely to be granted – to Telstra, anyway.

We do not have regulatory uncertainty. We have a regulatory regime that is out of step with changed circumstances and current needs. This is a problem not just for Telstra but for all Australians who seek ‘true broadband’ and innovative services.

*John de Ridder is a consulting telecommunications economist with expertise in competition, pricing and regulation.
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Ten Years Ago...

From Exchange 23 November 1995

- **First glimpse of future government's comms policy**

Opposition leader John Howard chose the National Farmers Federation annual conference to release the first tidbits of Coalition telecommunications policy for the next election. However more substantial policy details, in particular how the Coalition will handle the present post-1997 plans, will not be unveiled until much nearer the election.

- **Telstra, Optus & AAPT prepare for ATM**

Optus is about to install two switches from Fujitsu to trial ATM services and has issued an invitation to industry to participate. AAPT says its recently-installed Cascade frame relay switches will be upgraded to support ATM as soon as there is demand...Telstra announced recently that it would launch an ATM service in the third quarter of 1996.

- **Big leos were just pie in the sky**

The International Telecommunications Union's (ITU) World Radio Conference (WRC '95) which concluded in Geneva on 18 November allocated the frequencies necessary for the 'big leo' satellite systems planned for later this decade, and for Bill Gates & Craig McCaw's Teledesic system, the so called information superhighway in the sky.

Appointments...

- **MessageLabs expands AsiaPac team**

Global messaging security and management services, MessageLabs, has created and filled three new positions "to meet the growing demand for managed security services in the Asia Pacific market with particular focus on Australia." **Andrew Antal** has been named marketing director, **Tom Chan** client services manager and **Belinda Burgess** partner account director, all based in Sydney.

Antal was most recently the marketing director Asia Pacific for Interwoven. Previously he held regional and marketing roles for Computer Associates, Insevo, Veritas Software, Seagate and Autodesk. **Burgess** joins MessageLabs from Cisco where she was the distribution service account manager. **Chan** has worked with Telstra, MCI Worldcom and IBM – all of which are MessageLabs channel partners.

- **Integrated Research adds three**

Integrated Research, an ASX-listed company that provides performance monitoring systems for data and IP telephony networks, has added three new positions to sharpen its focus on the VoIP market. **Nathan Brumby** has been named general manager, IP telephony; **Stephen Sarjeant** regional manager for Asia/Pacific, the Middle East, and Africa; and **Kailem Anderson** – IP telephony relationship manager based in Denver USA.

Brumby was most recently the chief process officer for Object Consulting. Sarjeant joins Integrated Research following a consulting assignment with Dimension Data, prior to which he was NSW branch manager with Cisco Systems. Anderson is already with Integrated Research.

- **Sybase names mobility solutions sales chief**

Sybase has appointed **Mark Geddes** as sales director for mobility solutions, Australia/New Zealand, based in Melbourne. He will be responsible for the Sybase and iAnywhere mobility products widely used in mobile and embedded databases, mobile device management and security and mobile middleware. He joins Sybase after five years with Telstra in various roles, including group manager market development and national sales manager for Telstra Wireless Data and, earlier manager mobiles for business and government in Western Australia and South Australia.

- **iVox signs Nortel veteran as senior engineer**

iVox - which claims to be Australia's only carrier-grade, white-label VoIP wholesaler - has appointed specialist VoIP engineer, **Jack Fong**, to the newly-created position of senior engineer. Fong has spent the past 15 years with Nortel, most recently providing technical support across Asia Pacific and China on Nortel's VoIP and TDM networks. Prior to this, he was a principal systems engineer with Telstra.

Mergers & Acquisitions...

- **Multiimedia completes New Skies acquisition**

ASX-listed Multiimedia has finalised its \$13m acquisition of New Skies Networks (NSN) from Netherlands headquartered New Skies Satellites BV. NSN will become part of Multiimedia's existing satellite business, NewSat, and, according to CEO Adrian Ballantine, "will increase [NewSat's] sales opportunities and revenues...[and] will deliver immediate cash flow positive results for Multiimedia."

New Skies has revenues of \$22.9m for the year to 31 December 2004 and an after tax net profit of \$5.4m. According to Ballantine, it comes with "a very substantial backlog of contracted secure revenue over the next three years and will extend Multiimedia's reach into the oil, gas, mining, media and government sectors." He added "[New Skies] also provides access to substantial future space segment for its long term requirements."

- **Juniper Networks to acquire Funk Software**

Juniper Networks is to acquire Funk Software, a provider of standards-based network access security solutions, for approximately \$US122 million in cash. Juniper says the acquisition will bring key technology to enhance its recently announced unified access control solution and further its strategy to secure and assure the delivery and performance of applications over an IP network.

Funk Software products include its RADIUS/AAA server, Steel-Belted Radius, Odyssey Client, an 802.1X client for wireless and wired networks and its recently introduced Endpoint Assurance product suite for network-based enforcement of endpoint integrity. The acquisition is expected to close in December 2005.

(continued from page 4) Telstra's existing CDMA network, thereby providing the same broad coverage in rural areas, without the need for extra base stations.

When questioned only two weeks ago in a Senate Estimates Committee hearing on how 3G coverage compared with 2G CDMA, a senior Telstra executive failed to provide an answer, although clearly Telstra knew exactly what the relationship is between these. CEO, Sol Trujillo, said: "Technology improvements mean the national 3G service will match the existing CDMA coverage and continue to reach 98 percent of people.

Telstra says that the network will give country customers full access to all the latest 3G services including video calling and fast mobile Internet services, and that city-based customers travel in regional areas will get significantly improved mobile phone coverage compared to their GSM service today.

Mike Wright Telstra's lead wireless engineer, speaking at Telstra's technology briefing, said: "It's the move to this 850MHz frequency which gives us the additional coverage range...[and] we will be improving the network by adding additional sites in areas where we currently have had feedback that customers would like better service... and by the very nature of the 850MHz spectrum we will be improving in building coverage.

"This is a two year program. By the end of 2006 we will have commenced service capability, and by the end of 2007, the software upgrades that will deliver us the full extended range will be complete and we will have our full 3GSM 850 coverage over the 1.6 million square kilometres." However there are at present no 3G handsets operating in the 850MHz band, but this will be resolved shortly Telstra says thanks to developments in the US.

Wright said: "There's a substantial commitment by Cingular in the US who are very substantial operator with over 50 million customers to roll out 850, and there's in excess of ten other operators in the world on the verge of looking at 850 3GSM as well, so...as a consequence we will see the availability of handsets. Indeed, the underlying chips today are being built with all the frequency bands in them.

COO Greg Winn added: "Cingular is the largest carrier in the US and one of the world's largest and they are already committed...and the manufacturers are already talking to us about handset capability. By the time we get this [network] up, [handsets] will be a non-issue.

Telstra also has its eyes on the more distant future already. Trujillo said: "This plan lays the foundation for Telstra to deliver 4G services more quickly. A superspeed 4G technology will put Australian mobile users on a superior technology path with access to new services such as video-on-demand...We will be talking shortly to our customers and stakeholders about our plans."

Wholesale customers not happy

Telstra's wholesale customers have been quick to condemn the company's announcement as signalling a return to the era of monopoly.

Telstra has made no secret in recent months that it is pulling back from viewing wholesale as a key component of its business, but this week's strategic review has provoked renewed outcry from tier 2 carriers. David Forman, executive director of the Competitive Carriers Coalition (CCC) said: "Telstra has today issued a declaration of war on competition policy and regulation in telecommunications in an attempt to turn back the clock on the past decade of reforms."

Referring to recent sudden removal of key Telstra Wholesale staff to other positions in Telstra, Forman said: "Telstra has already thumbed its nose at the Government's new operational separation policy by gutting its wholesale business before the policy is even implemented...It has become clear that Telstra will engage on a concerted campaign to reverse everything that the Government and the ACCC has done over the past decade, by driving up prices for competitors to access its monopoly network. "Consumers in Telstra's perfect world will have a simple choice – buy every communications service from Telstra, or be forced to pay up to twice as much for basic services," Forman said.

"Two things are very clear from Telstra's presentation today. Firstly, thanks to a benign regulatory environment, it has succeeded in holding back competition for years longer than its counterparts in the rest of the world, and Australian consumers have suffered for it. "Secondly, competition policy is finally starting to bite, and Telstra will spend what ever it takes to turn back the clock."

Matt Healy, national regulatory manager of CCC member, Macquarie Telecom, said that Telstra was still enjoying margins of 50 percent despite falling global telco revenues. "Telstra has been protected from competition and revenue decline in a way no other integrated telco in the world has had the pleasure of...This money is coming straight out of the pockets of Australian people and Telstra's competitors."

He noted that, on the one hand, Telstra is claiming it will achieve cost reductions expected from its new 'integrated factory model' but still "has the audacity to say it needs to increase the price of core services it is required to deliver its competitors."