

FILTERING

More opposition lines up to Federal Gov't's internet filtering plan

OPTUS

Carrier scores \$134m network win from Immigration Dep't

COMMENT

Under NBN, broadband will become a boring low-margin utility

COMMUNICATIONS DAY

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Ex-Google counsel drives DBCDE's 'e-democracy' trial

The Federal Government is venturing into the blogosphere with the first in a planned series of online policy consultation trials. CommsDay understands that the 'Digital Economy Blog' will be managed within the Department of Broadband, Communications and the Digital Economy by a team under assistant secretary Mia Garlick, who has extensive international legal experience as a former counsel at Google subsidiary YouTube and Creative Commons.



"The online environment provides a whole new world of opportunities for governments to interact and engage with the public," said Communications minister Stephen Conroy, who announced the trial alongside Finance and Deregulation minister Lindsay Tanner. "It makes particular sense for us to engage using digital platforms with people who are interested in the digital economy and the digital future."

Hosted on DBCDE's website, the trial blog is set to run for eighteen days, with new posts planned to hit the site every couple of days. A forum is provided for comment, and all submissions are subject to moderation before posting. Garlick and her team will be responsible for the moderation process, as well as for collating and reporting feedback on the blog topics and the trial itself.

The moderation policy proscribes abusive, defamatory or wildly off-topic posting but otherwise allows participants to post freely, potentially opening the floodgates for unbridled criticism and negative comment alongside more positive feedback. But a spokesperson for Conroy said that the department was braced for the whole gamut of viewpoints. "This is intended to be an open discussion with the Australian public," he told CommsDay. "We fully expect people to put their views – that's the nature of Australian democracy."

Responses to the initial Digital Economy blog trial will be incorporated into DBCDE's Future Directions Paper, due for publication early in 2009. The blog had attracted 107 comment posts as we went to press last night but had already been mocked in some quarters, such as Whirlpool and Australian Personal Computer, for possessing few of the characteristics that define a blog.

TANNER CHAMPIONS REAL DIALOGUE Tanner, whose welcome address constituted the first post on the blog, emphasised the importance of real interaction within the forum. "We are... genuine about wanting to use online consultation to improve government-citizen relationships around public policy," he said. "We want real outcomes from online consultation, not a new channel to distribute a press release."

Petroc Wilton

\$143 million DIAC win for Optus

Optus has landed a \$143 million four-year contract with the Department of Immigration and Citizenship to replace the Department's conventional telephony services with VoIP and a virtualised contact centre.

Having been a telecoms supplier to the Department since 2001, Optus won the tender for the latest contract with a proposal that will also see DIAC's WAN services shifted onto the Optus Evolve network and a dedicated service delivery team assigned to the overhaul. Optus' ICT subsidiary Alphawest will also be involved in the rollout.

“The extension of our relationship with DIAC beyond traditional telephony services is testament to the increased value we provide enterprise customers as they move beyond converged communications,” said Optus enterprise and business group manager John Simon. “This agreement emphasises the combined strength of Optus’ latest generation IP network, Optus Evolve, with Alphawest’s ICT capability to drive increased productivity and collaboration through the use of ICT technologies.”



A Department spokesman yesterday explained the switch to a VoIP net, stating “Over the past three years DIAC has implemented VOIP telephony services in a number of offices as a cost effective and agile telephony solution for new office fit-outs and short term accommodation needs. As part of the new telecommunications services contract, Optus was able to incorporate the existing VOIP solutions into the new generation evolve network (WAN).”

According to the Department, the VOIP solution delivers nationwide five digit extension dialing, Extension portability, and the replacement of PABX systems and several thousand old PABX based phones with new VoIP phones.

“By creating a virtual network, DIAC will have a pool of 200 staff rather than the existing two groups of 100 staff. This will enable calls to be directed to the next available agent regardless of location. Any scheduled learning and development time will be taken from a larger pool of staff, thus having less impact on overall wait times across the network, compared to the current solution.”

Optus rolled out another IP-based contact centre for Medicare Australia last year, and has other similar governmental projects in the works. “We’re in the process of rolling out a 1,500 seat IP telephony solution for the city of Sydney, and we’re also working with some other local councils,” a spokesperson told CommsDay.

- The New Zealand Defence Force (NZDF) has dropped its incumbent network and mobile services providers, Telecom and its Gen-i division, in favour of TelstraClear and Vodafone, reported NBR. “TelstraClear becomes the NZDF’s preferred supplier of wide area networks (that will link army data centres and bases. Vodafone becomes the NZDF’s preferred supplier of mobile services. The business is worth up to NZ\$58 million: The networking contract with Telstra is worth between \$28 million and \$40 million over ten years, and Vodafone’s contract is worth \$20 million over ten years,” NBR said.

Petroc Wilton

Alcatel-Lucent confirmed as CommsDay 2009 Summit platinum sponsor

Communications Day has confirmed Alcatel-Lucent as lead sponsor of its annual CommsDay Summit to be held at Sydney’s Swissotel on March 31 and April 1, 2009.

In 2009, CommsDay Summit will extend its leadership position, inviting CEOs from across the major fixed, mobile and wireless operators to address its plenary sessions. The summit will also feature a line-up of government and regulatory leaders in the sector.



“Communications is a fundamental driver for Australia’s future – and 2009 could potentially herald an exciting proposition for the telecommunications industry. As the world’s largest supplier of fibre network technology, Alcatel-Lucent is looking forward to welcoming this new era,” said Andrew Butterworth, acting managing director, Alcatel-Lucent Australia.

As high speed broadband access now becomes widely accepted as being a key driver of future economic prosperity for Australia, Alcatel-Lucent will bring both global and local expertise to the event. This will include insights into future communications technologies and innovation, as well as opportunities for broad industry which will benefit from the new infrastructure.

With video consumption booming and consumers expecting more in 2009, one of Alcatel-Lucent’s key focuses will be to enhance and innovate the video and TV experience for customers and consumers. This and more will be showcased by Alcatel-Lucent at next year’s 2009 CommsDay Summit.

Telstra strikes gain further momentum

Following an announcement yesterday by the Community and Public Sector Union of a ballot in favour of protected industrial action against Telstra over employee agreements, another union is on course to leap into the breach.

The Communications, Electrical and Plumbing Union revealed that 77% of almost 4,400 workers involved in the ballot cast a vote, and that 90.3% of those voted in favour of industrial action. The proposed actions could include 4-, 24- or 48-hour rolling work stoppages; an unlimited number of indefinite or periodic bans on paid and unpaid overtime, call-backs and management meeting attendance; and an unlimited number of indefinite work stoppages.

“Any industrial action will be squarely aimed at Telstra, not its customers,” said the CEPU. “Our members are being forced to fight for their wages, jobs and conditions. However we will ensure our members will be available to assist with emergency calls and vital services to rural and regional parts of the country, during any prolonged strike action.”

Petroc Wilton

Greens, Libs, lobbyists strike at filter plan

The Federal Government faces mounting opposition to its mandatory ISP filtering plan from both its major Senate rivals. The Greens and Liberals have turned up the heat on the scheme after a filtering ‘expressions of interest’ failed to gain the interest of Telstra, Internode and several other ISPs, while an grassroots online campaign to fight filtering has now raised well over \$40,000.

Greens communications spokesperson Scott Ludlum wrote off the trial as all show. “These internet service providers are sending a clear message to the Government – they don’t think mandatory internet filtering will work and they don’t want to participate in it,” he said.

“It won’t give any meaningful indication of how mandatory internet filtering would work in practice. One of the few Internet Service Providers participating is only doing so to prove to the government that it won’t work.”

iiNet has flagged its involvement despite arguing against ISP filtering, while Exetel, Primus, Unwired and Optus have responded positively to the EOI. The live trial will test filtering of the ACMA blacklist – some 1,300 illegal websites.

But communications minister Stephen Conroy has come under pressure to clarify comments that the filter trial may not actually be live, after penning a letter saying “this will be a closed network test and will not involve actual customers.” Ludlum had said the tests will prove inconclusive if real customers are not involved, but a spokesman for Conroy told CommsDay tests not involving customers will only be for an extended list of 10,000 websites – almost ten times bigger than the ACMA blacklist. The closed network tests are designed to measure the impact of filters on network

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performance for an expanded list, but since the tests will not involve actual users the make-up of the list is said not to be an issue.

Shadow communications minister Nick Minchin also expressed concern at the dual live and closed-network tests. “This just further highlights why there is so much widespread concern and confusion about Labor’s mandatory filtering policy,” he said. “How on earth could you conduct a ‘live’ trial if there are no customers to assess? The Minister also continues to be deliberately vague and cryptic about the definition of unwanted content and now he is unable to clarify how this so-called live trial will be conducted.”

Luke Coleman

Telstra claims report debunks monopoly myth

Telstra has pounced on a new report from ACMA claiming that a snapshot of the industry shows a wealth of competition and no Telstra monopoly.

The latest annual ACMA communications report lists as many as 500 ISPs and 172 licensed carriers competing in the industry, but Telstra’s competitors have questioned how solid competition is when Telstra still reaps the lion’s share of fixed network profits.

Telstra communications director David Quilty used the report as evidence that Telstra had to compete for market share. “There is significant network competition in Australia. Many homes and businesses are passed by an Optus alternative network to which they can directly connect, allowing consumers and businesses to bypass Telstra’s fixed network,” he said.

The report found there are now over 20 wireless broadband networks, 4 national GSM networks, over 500 ISPs (37 of which have over 10,000 users), 18 fibre backhaul owners, 15 spectrum sharing providers and 17 ULL providers – operating from 525 exchanges. It also said cable networks pass 38% of metro homes.

“The real problem here is that SingTel Optus and others choose to rely on Telstra, rather than using and expanding their own networks, because artificially low regulated access charges discourage network investment and network competition. The first casualty of below-cost access pricing is competition,” Quilty said.

But competitors are dubious that the figures equate to Telstra not enjoying a monopoly. “Just ask them ‘what is your fixed line market share?’,” Primus CEO Ravi Bhatia told CommsDay. “Let’s also ask them how many other local loop providers are there in Australia besides Telstra?”

“Telstra is just distracting attention from the fact that it still has huge market power – a simple glance at profitability shows that Telstra still captures 79 % of industry profit,” Optus corporate affairs director Maha Krishnapillai told CommsDay. “Telstra will continue to protect its monopoly profits by aggressively delaying or overbuilding any competitor that might threaten its cosy position.”



Luke Coleman

Next G niggles in Queensland

Software upgrades to Telstra’s Next G network have led to data issues throughout Queensland. Following a number of issues on rival Optus’ own 3G network due to software upgrades, Telstra has been hit by similar issues – leaving customers complaining after Telstra support allegedly said there were no problems.

A spokesman told CommsDay the network issues were not a big problem. “As a consequence of a planned software upgrade to the Next G network, an unexpected fault adversely impacted data speeds at a small number of locations in Queensland last week,” the spokesman said. “Telstra’s established monitoring and performance management promptly identified and isolated this matter. A correction was applied progressively into the network at the affected areas last week and there remain no known performance issues in the region.”

Wollongong Uni to boost research via new network

In a bid to further cement its reputation for research and innovation, the University of Wollongong has struck a deal with Cisco to deploy a new ‘virtualised network’ across its campus.

The deployment, a reportedly multi-million dollar project, will encompass the delivery of gigabit Ethernet, unified communications and video conferencing solutions, plus VoIP telephony for both staff and students and a new unified wireless network. It will also see new Cisco Catalyst 6500 switches rolled out in the data centre and a campus-wide MPLS fabric established.

“As an organisation the University of Wollongong is well established with regard to technology and research,” said the university’s CTO, Joe McIver. “To continue to lead in innovation, we are working with Cisco to create a ‘virtualised network’.” McIver added that research staff had previously emphasised the importance of being able to work closely with colleagues overseas or interstate on collaborative projects, and that video conferencing and online document sharing facilities were expected soon.

A Cisco spokesperson told CommsDay that the upgrade would require a full replacement of the University’s existing data infrastructure and PABX telephony network. With testing at the university’s Innovation Campus already complete, the main part of the overhaul is scheduled for the Christmas holidays. The project is expected to be fully completed by next September.

Petroc Wilton

NZ heading for NBN

The new Prime Minister of New Zealand, John Key, has reassured New Zealanders that his party will fast track a nationwide broadband network. In his first appearance as PM in parliament yesterday, Key emphasised that New Zealand needs to strengthen the economy to ensure future economic growth.

While Key admits that New Zealand has been in recession and economic growth in the New Year is predicted to be low, the National party will be focusing on infrastructure builds as a way of equipping businesses, industries and individuals with the tools to strive ahead.

Among other things, National will focus on accelerating the roll-out of an “ultra-fast” broadband network across New Zealand, said Key.

“The development of this... broadband network will be critically important to New Zealand’s growth prospects, as it will provide New Zealanders with high-speed, real-time internet connections to the world, and it will give rise to new enterprise and innovation,” he said.

“In this area of infrastructure investment, as in others, my government will work constructively with the private sector in order to maximize the impact of public investments,” he said.

Paul Clearwater

iiNet launches SIP trunking to Australian businesses

A new Session Initiation Protocol (SIP) trunking system targeted at Australian small to medium business customers has been launched by iiNet. SIP trunking claims to offer business grade voice over broadband, minimizing costs connected to traditional telephone systems.

iiNet sales and marketing GM Andy McIntyre said that through SIP trunking, customers will be able to save roughly 20-80% on their current service and call costs. This will also guarantee call quality and fault restoration service levels, McIntyre said. According to iiNet customers will be spared from paying rental fees for idle lines because SIP trunking would only charge them for the lines necessary to keep the businesses running.

“The nature of this product means a big education process is needed, not only with the end user but also our agents installing and supporting the product at customer premises. To support this, we will be providing our agents with relevant product information and resources through our reseller portal,” McIntyre said.

SIP trunking also features low line rental rates, direct in dial numbers, local and long-distance calling, 20c per minute mobile calls, no flagfall charges, free internal extension dialing, call detail records, and caller ID.

Kei Contreras

Acision & Seeker Wireless combine

A pioneering Australian mobile technology company has locked in a deal with SPH (Singapore Press Holdings) Search to create a new location-based search marketing solution, Rednano Locate.

Conceptualised and designed by Acision, the new mobile application allows consumers to do a

keyword search on more than 100,000 vendors through SPH directory's business listings. Search results will include location specific information on the establishment and an option to view a map for directions to the selected listing. The application was fashioned using Rednano's extensive content storage and Seeker Wireless' location-based technology.

"With Rednano Locate, users can have localised search results literally at their fingertips anytime, anywhere. Beyond just getting directory information, users can do more: they can view a location map of the subject they are looking for, or directly dial their contact number given," SPH Search CEO Paul Jansen said.

Kei Contreras

SOUTH AUS AIMS FOR PART OF \$100 MILLION DEFENCE SATELLITE SPEND

South Australian small and medium enterprises are being groomed to win a portion of the \$100 million-plus expected to be spent by defence on satellite procurement over the next few years. South Australia's Electronics and ICT Association is working with SME Gateway, an organisation dedicated to growing Australian SMEs, to position South Australian firms to win part of this work. To this end, the two organisations hosted an industry seminar on satellite communications last week, attended by the director general of the satellite and tactical interoperability branch of the Defence Materiel Organisation.

COMTEL SHORTFALL

A renounceable entitlement issue from ComTel has had a shortfall with shareholders taking up approximately 24.6% of the fully paid ordinary shares offered. The rights issue will raise approximately \$9.1 million before issue costs. Approximately 229.9 million shares are to be taken up by the underwriter, Co-Investor Capital Partners.

ISPHONE AIMS FOR EXPANSION

ISPhone has announced the appointment of Barbar Mennah as its new Chief Operating Officer. The company recently moved to new premises nearly doubling its capacity, and is said to have made growing investments in its network infrastructure including a new point of presence in Brisbane. Mennah will oversee all operations as ISPhone seeks an "aggressive" expansion plan in 2009, aiming to further staff numbers and infrastructure investment.

Comment by Ovum analyst David Kennedy



In praise of boredom: utility broadband and its consequences

So far, the debate over the government's FTTN process has focussed on who should build the network. In the absence of a transparent process the "debate" (such as it is) has been reduced to a barrage of propaganda.

But under the surface, a dramatic change in the economics of the industry is occurring, one that will flatten anyone who doesn't adapt. And the final result of this drama will be, paradoxically, to make broadband boring.

It doesn't matter who builds FTTN. Fixed broadband access will soon be a monopoly. Okay, maybe not quite a monopoly. We'll have a little cable competition here and there, and some wireless competition at the low end of the market. But it is clear that FTTN will be the dominant access infrastructure. DSLAM-based competition was only a phase.

The owner of the FTTN network will face the same incentives whoever they are. If they don't grasp these incentives, they'll go broke and be bought out by someone who understands the incentives better. Do not believe stories about kinder, gentler owners.

And as DSLAMs are stranded, the basis of competition will shift up the service stack. The FTTN network won't just provide a vanilla service, because it will probably allow layer 2 access and give access seekers the opportunity to tailor the offering through traffic management.

But I don't think that this offers sufficient value-add to justify the 40% operating margins achievable in the current ULLS-based environment. I would guess that it might justify less than 20%. This

looks more like a utility service than anything else. Broadband is about to become boring.

NEW BASIS FOR COMPETITION: If competitive service providers are going to maintain their current profits, they'll have to do something different. I can see three possible strategies.

First, go for scale in resale of vanilla products to a mass market. Telstra's proposal envisions around 170 points of interconnection nationally, with an average of around 60,000 services on each. Scale operation is certainly possible on this network. But it's no licence to print money, because it's impossible to match the scale of the FTTN owner without offering service everywhere.

Second, go for high value in a niche market, based on tailored broadband products. This is a marketing-intensive strategy, based on close knowledge of the needs of the niche, which would probably be in the SME sector. The value offering can be improved by offering managed services such as specialised data processing and warehousing.

Finally, develop/deploy some specialised or unique applications and/or content on the network.

These strategies point to a very different model of competition, one where the underlying vanilla service is a utility and value creation shifts to the edges of the network. Not every company will make the transition successfully, but I see little alternative. Who seriously wants differentiated electricity or water services? In fact, much of the value of these services is that they are not differentiated, that they are the same everywhere. In other words, that they are boring.

A NEW REGULATORY APPROACH: The 1997 telecommunications legislation envisaged an open market, where a ladder of investment would generate successive waves of infrastructure. Today this Whiggish faith in progress seems a bit absurd. We can claim a fair measure of success in the mobile space, but not in fixed. After years of wrangling, we got competition at the exchange but not in the access network. Even that will be eliminated when FTTN strands DSLAMs, though mobile broadband will chip away at the edges.

SO WHAT'S NEXT? The 1997 legislation was drafted against the background of a furious race between Telstra and Optus to roll out competing cable networks in our major cities. Cable-based telephony was supposed to open up the market. It seemed that fixed infrastructure competition had already arrived, and all that remained was to let in the other players who were queuing up for a slice of the action.

Today we plan to build one, and only one, FTTN network. And if competitive pressure can't provide price discipline, some form of regulation will do the job.

But what form? I predict that as broadband gets boring, and looks more like a utility, the regulatory model will increasingly look like utility regulation. That probably means we are heading towards utility pricing principles like regulated rate of return.

Think about it: isn't the argument about FTTN regulation already being driven by this principle? Isn't RoR already the bottom line? And wasn't the ACCC was hinting at these changed dynamics when it recently canvassed a move away from TSLRIC.

Meanwhile, the 1997 regime plows on as if none of this was happening. I'm normally a cautious type, but hell it's Christmas so I'll make a prediction: the telecommunications regulatory model in this country is a dead man walking, and this FTTN process will finally lay its unquiet soul to rest.

In CommsDay International today

- The industry body that represents the vendor community for Chinese homegrown 3G platform TD-SCDMA has revealed global ambitions for the technology. According to a presentation obtained by CommsDay, the TDIA—TD-SCDMA Industry Alliance—says the technology is ripe for deployment outside China because it allows global 3G operators to take advantage of TDD spectrum which is otherwise lying fallow.
- Macquarie Telecom's Singapore-based Asia unit is bullish about its prospects in 2009 despite the economic downturn.
- An unspecified NTT "service degradation" threw Indian network traffic into disarray early Friday—although the popular GigaOm site initially cast blame on Limelight Networks.
- California-based maker of phone equipment JDS Uniphase has filed a complaint against Tellabs, Ciena and Nortel Networks for allegedly violating JDS' patents by wrongfully using laser chips that can be adjusted to different wavelengths.