

# COMMSDAY INTERNATIONAL

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The telecom capacity industry's daily

## 3DTV: the next big driver for satellite?

Satellite players are banking on 3DTV services as the 'next big thing' to boost demand after seeing a jump in capacity from high definition TV. A panel at PTC said that the demand for high definition TV was likely just the start of a new wave of high-capacity content – with satellite players now able to offer more services to overstretched cable TV providers.

"High definition television is really driving the growth," said SES World Skies CTO Alan Young. "As flat panel displays become more and more commonplace... you need a lot of bandwidth to display pictures that aren't somewhat grainy. That in turn drives the demand for bandwidth, and that drives the demand for our business."

"[That growth] is only going to go faster in the next year to five years," Young said. "3D television can use anywhere between 100% of the bandwidth of high definition... [up to] 200% if you're going to transmit a 'left' and a 'right' image. I think as screen sizes get bigger and resolutions get better, high definition now is probably going to get higher definition."

To back up his case that TV resolutions will only get higher and higher, Young described a wall plaque outside the BBC's London headquarters: "It says, 'This is to commemorate the launch of the world's first high definition television service, April 1936.' What it means is high definition is relative, and I think you're going to find more bandwidth driven by the fact people want higher definition."

Intelsat executive VP Phillip Spector said media companies were already investigating 3D transmission. "In the television space we're seeing demand for high definition, and we're starting to see interest... in 3D as another possible application," he said.

Sky Perfect executive VP from JSAT, Yutaka Nagai said his company had seen HD channels grow from an initial 58 to 85 today, with over 100 channels due from 2012.

**TAKING ON CABLE PLAYERS:** AsiaSat President Peter Jackson said that the demand for high definition content was giving satellite operators a new opportunity to add value to cable TV providers. The company is now in a joint venture to offer high definition DTH [direct-to-home satellite] in Taiwan: "which is surprising because Taiwan is almost 80% or 90% cable. But what's happened is that cable does not have vast HD capability because it's full up with standard definition. They've got to take channels off to put high definition on... we're adding another box on top of the old one – cable's fine, but if you want 50, 60, 100 channels of high definition you've got to put another box in and that's where we see the market."

Alan Young said the situation was similar in the US. "We have a term, 'over the top' and normally that means you're going to use a broadband connection to deliver content over the top of the cable operator, but really over the top is via satellite, that's really been a most efficient way to deliver high capacity content."

Luke Coleman



**3D entertainment such as Avatar might be the next big driver for satellite revenues** →

## PacketExchange to acquire Mzima, more to come?

London-based PacketExchange is set to acquire US network service provider Mzima Networks. The deal will give the merged company extended coverage across Europe, the US and Asia, with CEO Rick Mace telling CommsDay that subsequent acquisitions in the Asia region could soon be on the cards.

Mace said the Mzima acquisition was a perfect fit for PacketExchange which was looking to broaden its US interests, particularly on the west coast. "As we started looking harder at the US we saw it as an opportunity to really bring this bundled service offering to the US... in a more proactive

way and then pushing towards Asia and the Pacific Rim. So we started looking for a US partner that would... compliment us, someone who was very US centric," he said.

"We were a layer 2 company... we wanted somebody who had more expertise in layer 3 services, we found Mzima because they met those characteristics. The thing that brought us closer together quicker is a common strategic interest we had in using peering as a differentiator in services."

Mzima will soon begin to merge its network, customer base and operations into PacketExchange, with Mzima CTO Grant Kirkwood to become CTO of the PacketExchange.

Mace said that PacketExchange's ventures into the Asian market had been driven by customers like Salesforce which needed connectivity in Singapore and Hong Kong, but added that further acquisitions in Asia could extend the company's reach in the region.

"First up is really to combine and pull together the US interests with the European interests, with both companies having some reach into Asia which strengthens when you put them together. Subsequent steps are to acquire a customer base there... we're very interested in companies that maybe just couldn't get the scale they needed to get to but have a presence in that market, or strong regional players that would become even stronger if they combined with a European and US play."

Luke Coleman

## Rogers: pay once for content on any screen

Telcos should be moving to allow users to pay for content once then view it on any platform, according to Rogers Communications deputy chairman and business development executive VP Edward Rogers. Speaking at PTC '10, Rogers said that the company was moving towards a 'pay once, view anywhere' model – but had to work through a tricky content-rights process before it would become reality.

"We want to extend, for our 2.3m customers, the ability to get the content they want on any screen that they'll have access to," Rogers said. "If I pay for CNN I want to pay for it once, if I get more content maybe I'll pay some more, but I don't have to pay for CNN once on wireless, once on TV once on the net."

"So how do you create a one-stop-shop?... It's still being worked on, a lot of folks want to cut out others in the food chain," he said. "Rights is a huge problem, because our vision is you can have any content you want anywhere, and that becomes a problem because [rights holders may] have already pre-sold those rights to a number of other windows. But that will be cleaned up and I think you'll see more and more of companies buying all the content rights for any platform."

"We do a deal with channels or media companies and not just by the cable TV rights, buy the VOD rights, the IP rights and all those rights in a one-stop-shop."



Luke Coleman

## Wholesalers must adapt or die, but threat from Skype downplayed

Wholesale carriers have to adapt or die, according to industry bosses speaking at this year's Pacific Telecommunications Council. Outgoing Bharti Airtel enterprise services president David Nishball said players would have to devise creative business models or risk falling prey to bandwidth commoditization. "Differentiation counts now more than ever," he told attendees.

Nishball (right) said Bharti Airtel was keen on several innovative models, including a shift to flexible contracts enabling customers to buy blocks of capacity that could be claimed on any of its global cable systems on an ad hoc basis. "They can use a little bit here, a little bit there. It gives them a lot more flexibility if they don't know exactly where they're going to need capacity over the next 15 years."

Hutchison Global Communications senior vice president for international business Andrew Kwok echoed the need for flexibility, which he described as asking customers for a "commitment of volume without a commitment of route." He said the concept had been well received by HGC customers so far.

Nishball also described a new model he dubbed IPVNO, which allows customers to park their AS numbers on Bharti IP assets. "An IP player who may have a particular niche market or presence that wants to leverage its own AS number but without needing a big investment in an IP network around the world can actually sit in within our network and have that network work as it's own."

Other solutions include a greater reliance on services, with AT&T executive vice president Kathryn Morrissey pointing to TelePresence and the rise of videoconferencing. This evolution could ironically force a



return to antiquated settlement models. “We used it for voice,” she reflected. “Can we use it now?”

This shift in wholesale models doesn’t mean abandoning voice. “We have to keep our bread and butter as long as possible,” said Deutsche Telekom North America chairman Helmet Angst. Morrissey agreed, playing down the considerable VoIP challenge outlined earlier in the week by TeleGeography. “We still see TDM continuing to grow,” she insisted.

The panelists sought to dismiss Skype as a credible challenge to wholesale markets just days after TeleGeography revealed its 2009 international voice carriage topped 54 billion minutes - an unprecedented chunk of the 406 billion total international voice minutes generated worldwide. “I trust what we’ve done so far,” Angst said, adding carriers would have to think about their pricing schemes. “Everything can’t be free,” he said, acknowledging the premium model had its limitations. “We won’t address the whole market.”

Nishball said Skype was less threatening than it appeared several years ago as IP voice was no longer a direct threat to the wholesale business. Carriers should start looking at all traffic the same way now that voice was just another packet on the network, he said. “On the wholesale side, the sooner we embrace VoIP the better off we are.”

TeliaSonera international carriers Asia sales head Brendon Ives agreed, predicting carriers would make more money providing capacity to Skype than by selling their own voice services. “IP is going to look exactly the same as voice,” he said. That means competing on services rather than price and aiming at specific markets rather than attempting to be all things to all customers. “How can we use the IP network we’ve developed to go into new areas?” he asked. “What do we want to be good at?”

Patrick Neighly

## Plenty of potential for VC in telecoms: Norwest

Forget conventional wisdom – there’s still plenty of room in telecoms for venture capital. “Don’t follow the analysts and Wall Street, because what’s hot now may not be hot in five years,” Norwest Venture Partners’ Vab Goel told PTC attendees.

He said investors should bankroll managed services companies, describing the segment as a “huge opportunity” despite little buzz and said service provider consolidation had created a herd mentality preventing innovative service launches, spinning the focus on raw bandwidth as a mug’s game. “Price is not a winning strategy,” he said. “If you are just selling commodity bandwidth, I don’t even think you can pay for maintenance in a few years.” Goel said focusing on managed services can generate up to 100 times the revenue per Mb. “Do the math, guys.”

Goel dismissed fear of unproven business models, claiming newcomers were required to attempt differentiation. “You can have two or three years’ head start offering some of the services your competitors are not offering,” he said. “Don’t worry about whether they’re (the supplier) going to survive or not. If you think they have a strong product, and you buy it from them, sooner or later they’re going to become a listed company or they’re going to get bought by the preferred vendor you want to buy from.”

Goel admitted venture capital was a gamble that doesn’t always pay off. “We do have a lot of companies that fail,” he said, revealing Norwest had lost “a ton of money” in the defunct C2C cable project. But he said the hits made the endeavor worthwhile and advised investors to back companies with physical product capable of providing a differentiated service. That strategy led to Norwest-backed LifeSize racking up 10,000 videoconferencing customers when Cisco TelePresence was still struggling to pass the 500 mark.

Goel said his Virtela Communications business was following these guidelines, leaning heavily on more than 500 carrier partners to provide global managed services to enterprises. The business chose a network overlay strategy rather than building out its own fiber to avoid what he described as the impossible goal of end-to-end infrastructure. “The key is to offer services,” he emphasized, describing large carriers as “in denial” about the changing marketplace despite the dissolution of old capacity alliances.

The right investment ripples forward through the industry, as demonstrated by Virtela. “Every time Virtela gets a customer, they go to regional and national providers and buy MPLS and data network capacity from them, and connect them all seamlessly for the enterprises. So every time we get a customer, we give data revenue to services providers,” he said. “We pay them money. We don’t compete with them.”

Patrick Neighly



## **US-Caribbean cables upgraded from 2.5Gbps to 320Gbps**

The consortiums behind two cables between the US and the US Virgin Islands have contracted Xtera Communications for massive upgrades.

According to the vendor, the Americas I North and Columbus 2b consortiums have asked it to upgrade the Americas I North Submarine Cable System between Vero Beach, Florida and St. Thomas, USVI; and the Columbus 2b Submarine Cable system between West Palm Beach, Florida and St. Thomas, USVI.

Giovanni Garcia, chairperson of the Americas I North/Columbus 2b Procurement Group, said: "Xtera's technical solution enables a capacity increase of more than 50 times without replacing expensive submerged plant."

Xtera says that the two systems were originally placed in service in 1994 with a single 2.5Gbps channel. Using its SLTE (Submarine Line Terminal Equipment), which incorporates 20Gbps Differential Phase Shift Keying technology, Xtera says the two systems have been upgraded to a design capacity of 320Gbps per fibre pair. Initial lit capacity of the upgraded systems is 120Gbps.

"Selection by the Americas I North and Columbus 2b consortiums reinforces our position as a tier one provider," said Jon Hopper, president and CEO of Xtera Communications. "These cables are some of the very first optically amplified submarine systems, and it was good to see our solutions working so well. This shows that even older cable systems, which pose difficult technical challenges, can be given a new base and Xtera's specialized equipment and services are designed to solve it."

The consortium parties participating in the upgrade are ANTELCOM, AT&T, SETAR, Tricom and Verizon Business.

Tony Chan

## **Level 3 to extend PLDT network from AAG**

PLDT, a member of the AAG submarine cable systems, has signed an agreement with Level 3 to use the latter's "cable landing station connectivity at the AAG system."

The deal now provides "a diverse and scalable extension of the PLDT pan-Asian network to carry voice, data and video traffic in the US," the operators' said.

"As broadband and wireless communications continue to grow, PLDT faces increasing demands for network connectivity and performance," said Genaro C. Sanchez, vice president of International Network Operations for PLDT. "Level 3 offers the global network connectivity and scalability to ensure that we continue to meet our goal of greater efficiency, cost savings and innovation – today and in the years to come."

The operators did not specify the capacity, or the technology behind the deal, but the agreement is sure to include some Internet transit services over Level 3's global backbone.

"In an increasingly connected world, Level 3 provides reliable network infrastructure and services for global carriers to extend their networks around the world," said Andrew Crouch, president of Wholesale Markets for Level 3. "Level 3 is proud to support PLDT as they continue to transform their next generation network and set new standards for global communications."

Tony Chan

## **M1, NSN to start LTE trial in February**

Singapore's MobileOne said it is set to begin an LTE trial in February 2010, in partnership with Nokia Siemens Networks. NSN is providing M1 with its Flexi Multiradio Base Stations as it modernizes M1's 2G network to prepare it for a smooth transition LTE. The LTE trial is said to run for two months.

NSN is also providing its mobile softswitching and subscriber data management core network solutions and its NetAct network management system, as well as network optimization and related maintenance services. As part of the LTE trial, M1 will be showcasing the high speed wireless broadband capabilities of LTE at its flagship store in Paragon on Orchard Road.

"Our network modernization contract with Nokia Siemens Networks represented our first steps in our evolution to LTE. The trial will help pave the way for faster and better quality mobile broadband services in the future. The extensive use of Nokia Siemens Network's proven energy efficient equipment will ensure that we have in place a network that is well able to meet the increasingly demanding environmental standards now and in the future," said M1 chief technical officer Patrick Scodeller.

"LTE will not only enable a rich end-user experience but also pave the way for new business opportunities for service providers. As M1 continues to keep pace with new technology, we believe that the operator is well positioned to gain a competitive edge in this market," said NSN head of the Asia Pacific region Ricky Corker.

## **P1 to expand WiMAX network, gets \$15m loan**

Malaysia's Packet One Networks is set to expand its WiMAX service nationwide after receiving a US\$15 million loan from Malaysia Debt Ventures.

Chief executive officer Michael Lai said the MDV loan would likely be fully utilised this year and would be repaid over 48 months. "The loan will go towards financing our capex for further expansion of our WiMAX network infrastructure as well as related services," he said, adding that the capex for P1 would be at least US\$60 million this year compared with about US\$120 million last year.

"We spent more last year as we needed more capital to build up the networks, sites and facilities," he said.

## **Clearwire may deploy non-WiMAX technologies**

Clearwire may consider competing technologies to WiMax as it builds out its nationwide 4G wireless network, reported CNET News.

In order to compete more aggressively in the future, the firm is reportedly willing to add additional 4G technologies to its network. This will help it compete with other 4G wireless providers, such as Verizon Wireless. Clearwire chief commercial officer Mike Sievert said his company doesn't want to be identified solely as a WiMax carrier. Instead, he said people should think of Clearwire as a mobile broadband company that is open to different types of technology.

"We take a long term view of the market and we do not have a myopic view of a particular flavor of technology," he said. "We are building our network to be future proof. Because after 4G there will be 5G and 6G."

The decision may have been a result of most mobile operators including Verizon Wireless, AT&T, Vodafone, and Telefonica, planning to use a competing technology LTE.

However, Clearwire has no immediate plans to move from WiMax, said Sievert. The company, which has partnered with Sprint, is currently using WiMax to build its network.

LTE allows existing GSM mobile operators to more easily and cost-effectively migrate to the next generation of wireless. But WiMax, which is similar to LTE, was available in the market first. And as a result, its technology is more mature than LTE's.

"WiMax is here and now," Sievert said. "And LTE was not when we began building our network."

*Pamela Perez*

## **MTN expands Texas satellite capacities**

MTN Satellite Communications, a global provider of maritime VSAT communications, has expanded its worldwide presence by opening a new global service center in Houston, Texas.

This is in response to customers' increasing operations in the Gulf of Mexico.

MTN's new Houston global service center will serve as a base for VSAT satellite systems installations and as a global spare parts depot. In addition, the facility enables MTN's team of expert certified technicians to respond more quickly to customers' communication needs with consistent 24/7 technical service and support.

"As customers' operations continue to take them into new regions around the globe, they can count on MTN to be their trusted partner for reliable, global VSAT satellite communications. Opening the new global service center in Houston is a testament to this commitment," said Bradford C. Briggs, GM and SVP at MTN Satellite Communications.

The company now boasts 260 employees with over 70 field technicians.

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