

SPECIAL EDITION FROM PTC'10 IN HAWAII

DATA CENTERS: Demand is outstripping supply

GTT: Ambitious expansion plans for Asia

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The telecom capacity industry's daily

Is video the new voice?

"Traditional voice has become boring," MetaSwitch systems engineering director Mike James has declared at this year's Pacific Telecommunications Council meet in Honolulu. Panelists said voice would become as invisible as color on the Internet - so ubiquitous as to be unnoticed - and predicted carriers would chase the voice revenues to new platforms. "I see a battleground coming on the TV set," James predicted.

Skype technical strategy chief Jonathan Rosenberg concurred. "It's not voice anymore. It's video, too. We've been saying that for awhile, but now it's true." Skype views video as "rich voice" and believes the two are closely linked. "Ultimately, all this technology is about replicating the experience of two people talking face to face."

Voice is likely to become an intrinsic part of the Web experience, perhaps delivered through countless third party applications than a traditional carrier. This throws up a challenge for incumbents but savvy providers will chase the revenue stream, IntelPeer CEO Frank Fawzi told attendees. He said history demonstrated lowered prices drive higher volume, creating a "bigger pot" even if specific providers take a hit.

Rosenberg underlined this scenario by insisting Skype was not a voice company. "The value is essentially in the software," he said, predicting voice could shift to a sort of App Store model where third parties would supply the service piecemeal. But panelists agreed it was difficult to forecast how the voice ecosystem plays out.

Migrating voice to Web widgets and similar plays would accelerate innovation and the delivery of new services, Rosenberg said. "On the Web, when you want to see how something works, you try it," he said. The traditional carrier model is saddled with an immense drag, because operators can spend years getting services to work properly before launching in order to prevent damaging their brand. Rosenberg contrasted this with the App Store, where Apple's brand benefits from the abundance of third party services and developers shoulder the burden of consumer backlash for buggy software.

Embracing this model means "learning as you go along," he said. Consumers are more willing to accept imperfect solutions delivered through the browser, providing the industry with an opportunity to wring value out of novel voice services without strangling innovation.

The evolution of voice from carrier service to third part application is driven at least in part by a generational shift, according to Voxbone CEO Rodrigue Ullens. "There's no point in trying to fight it," he said, explaining that older CIOs' resistance to Skype and similar utilities was being replaced by a younger crowd that embraced new applications in the enterprise.



From left, Skype's Rosenberg, IntelPeer's Fawzi and MetaSwitch's James

Data center sector booming, as supply struggles with demand

Data center demand is vastly outstripping supply, according to industry bosses at this week's Pacific Telecommunications Council meet.

"It's a very healthy business," TelX sales head Bill Kolman told attendees, pointing to a recent study showing a 115% growth curve for demand over the past five years. That figure compares to a 15% increase in supply and portends a market where colocation operators enjoy strong margins.

Kolman said the global colocation and interconnect markets would generate US\$14.3 billion annually within two years, up from US\$8.3 billion two years ago. The cloud segment is poised for even stronger

Patrick Neighly

growth, rocketing to US\$100 billion by 2013 from US\$8 billion in 2008. Kolman said the financial sector served as a bellwether for demand. "At the beginning of the year, many analysts predicted that vertical would suffer. But they still send as many emails!"

Savvis R&D vice president David Shacochis predicted the data center space would mutate with the rise of cloud services. The company's Symphony platform is "available in two different flavors and a couple of different architectures, but it's primarily made from VMware," he said. "What that really starts to speak to is the notion of a hybrid cloud. We're not here to say that we're offering a cloud computing framework that enterprise CIOs can snap their fingers and move things to the cloud. We really feel the right answer now and in the future is going to be hybrid cloud architectures, where certain applications portfolios are standardized in colos or traditional managed environments, and then other burst activities or temporal activities or software development cycle activities can take better advantage of a cloud architecture that's a better fit."

Equinix interconnect vice president Chris Sharp told attendees that every step in the value chain relied on the underlying network provider. The company is especially focused on recent pushes into the mobility and Ethernet exchange segments, with a portal for the latter expected to come online by the second quarter. "Really what that's doing is it's a Layer 2 exchange where we're able to translate a lot of Ethernet services," he said of the company's Ethernet exchange. "If you're a carrier, you have a local market and local facilities. What this allows you to do is interact with an ecosystem of partners to be able to extend your reach in a new market seamlessly."

The mobile push springs out of GRX exchanges. "Really what's evolving around that environment is the GRX is evolving to IPX. What that that means is that you can support a lot more data. There's a tremendous amount of data explosion in handset devices. We're focused on efficiently handing off that traffic to the IP backbone and getting them directly interconnected with content," he said. "You'll see a lot of announcements in the not-too-distant future from Equinix about how we're supporting that ecosystem with giving them very specific exchanges on how to interconnect the wireless powers directly back to the content operators."

Switch & Data marketing vice president Chris Reid presented the results of a data center poll conducted during PTC '10 revealing those with the densest PoPs are likeliest to come out ahead. Just over half of the 126 respondents cited the number of interconnected network providers as the primary influence on their choice of host. Just 5% claimed to make the decision based on price alone, although nearly a quarters expressed concern about the cost to connect to the data center.

A full 60% of respondents said the ability to sell services and expand their portfolios were the primary reason to seek out a hosted services providers. Around one in five cited disaster recovery while 12% were primarily concerned with geographic expansion.

Patrick Neighly

GTT looks to Asia to fuel further growth

Global Telecom and Technology (GTT) is looking to Asia to fuel future growth as it continues along an acquisition trail. With GTT completing its acquisition of WBS Connect last month and announcing an expansive asset-buy from Global Capacity just last week, GTT chief marketing officer Scott Charter said the company still has an appetite for more acquisitions.

"This is going to go in the whole plan of GTT to take themselves from a US\$60m publicly traded company with a goal, over the next 24 months, towards US\$250m in top line revenue," Charter said. "Some of it will be through rapid organic sales because of the fact they bought WBSConnect, GTT now has a global network... now they can leverage some of that to on-net assets around the world, we believe that there's going to be an opportunity for more rapid organic growth. But let's be clear, there's no way you're going to get rapid organic growth from now a US\$125m company with these acquisitions, you're not going to get to US\$250m by sales alone."

Charter said that the company's strategic aim with a future acquisition would be to "potentially get a geographic-diverse addition that would augment our exposure in Asia, for example, or possibly Latin America," adding that an Asian acquisition would open up a whole new range of business opportunities.

"If you look at our maps of installed circuit base, they tend to concentrate in Europe and North America, and then to a lesser degree into Africa. But we don't have anywhere near the exposure we should into Asia, and the way to properly do that is to find a partner in Asia that has a very strong background not only in reach but also in culture," Charter said.

"If we look at potential growth for new IP business, what is the percentage of opportunity in North Amer-



ica versus Asia? Although there's still a lot of volume going on in North America, you have a highly saturated marketplace."

While keeping his cards close to his chest, Charter also hinted at an upcoming deal in the Middle East, simply saying "stay tuned," but noting it would be a project, not an acquisition, in the region.

Luke Coleman

Telecoms companies needed for green innovation

Telecoms companies are set to play a key role in the 'green' tech revolution, according to New York University professor of technology management Mel Horwich. Speaking at PTC '10, Horwich said that environmentally sustainable technology was set to boom in coming decades, adding that telecoms companies would have to be an essential cog in the technological ecosystem.

"Green technology is front and centre going to be a key part of innovation during the next few decades," Horwich said. "I believe we are at the beginning of a green wave of innovation, just as we were, say in 1990, looking at IT. It's pervasive, it affects many different industries, there are policy reasons why we have to improve our capability in green, renewable energy in terms of jobs, security, all kinds of other reasons. It affects many, many sectors and industries."

Using the example of so-called 'smart grids', electricity grids made more efficient by communications network monitoring, Horwich said power companies did not have the expertise to make systems 'greener' on their own. "It's not a utility saying, 'oh, I'd better implement smart grids.' You'd have to work with say an IBM or Infosys or some IT systems integrator. You may have to work with a Cisco or some other networking company in putting it together. There's a lot of software involved in running smart grids so you could have standards issues and a whole bunch of different groups putting standards together," he said.

"The strategy in smart companies is not that they want to do it all themselves. That's impossible... what they want to do is get a bunch of partners together," he said. "I think what we're seeing with smart grids is the beginning of something important... the fact is we're bringing a whole set of technology regimes together for electricity generation, and what came out of it we've never had before."

Luke Coleman

C&W: the milliseconds that matter

Shaving a few milliseconds of transmission routes can make a huge difference to carriage customers, according to Cable & Wireless international carrier services VP Diarmid Massey. Speaking with CommsDay at PTC '10, Massey said that C&W's investment decisions were being driven by customer needs for route diversity and high-reliability services – with low latencies proving essential particularly for financial trading companies.

Massey said that C&W already had investments and partnerships planned for "up and coming" cable systems throughout 2010. "And part of that is the drive we're seeing in the market for more diversity, more reliability, and lower latency. And a lot of that's driven by... low-latency applications," he said. "A lot of that is financial, algorithmic trading-type applications, there's just a lot of high-speed requirements we're seeing out there."

"If you don't get [an electronic trade performed] in a millisecond, you miss it, and it's not worth having," he said. "The industry has an issue with that, which is [why we're] making sure we have the right routes with the right latency for these applications. Historically we've all talked about round-trip delay and latency, but no one specifically cared about was it 100 milliseconds or 110 milliseconds. These applications care and 10 milliseconds makes a difference between trading or not trading. These are all high-value, high speed applications and we need to make sure we have the global network that supports them. That's driving some of the investment decisions we're making now."

THE NETWORK TO THE CLOUD: Massey admits he's "a bit of a cynic on cloud computing," saying most consumer-centric cloud applications were a "return to the old server and dumb terminal architecture of the end of the 80's, where all of the smarts are on a central beast."

"I think there's an awful lot of hype on cloud computing," he said. "I think we use that phrase 'cloud computing' to cover a multitude of sins, but really what we're talking about is centralised architecture again. And all that means to me is, people need networks... I don't think that as a business we need to get into the space where we are providing cloud computing capability, it's more that we are providing high speed networks to [allow] other people's servers to talk to other people's... that's what we do."

Luke Coleman



Bharti Airtel, Limelight sign global CDN pact

Bharti Airtel and Limelight Networks will set up two new CDN POPs in Mumbai and Chennai in a global strategic partnership. The partnership will not only target CDN services in the India market, but also allow Limelight to expand its access into the market using Bharti's IP network in the country, the companies said.

Under the terms of the agreement, Bharti Airtel will be able to offer Indian content producers a solution for delivering rich media and enterprise applications, as well as direct access to consumers accessing the Internet on over 900 last mile networks on Limelight's global CDN platform.

The CDN will offer business customers access to Limelight Networks' 25 delivery centres in key networking hubs around the world. The offering is expected to improve the online experience of a number of high bandwidth applications, such as online movies, e-commerce and online gaming.

Rajan Swaroop executive director of Enterprise Services, Bharti Airtel, said: "The initiative is consistent with our strategy of furthering innovation through industry leading partnerships. All our investments in setting up an international network infrastructure and growing portfolio of services are designed to make Bharti Airtel the communication services partner of choice for global markets. The partnership will help expand our market coverage in the rapidly growing Indian CDN market that is expected to grow to US\$100 million by 2014."

"This exclusive, strategic partnership brings together Airtel's market-leading IP network and deep relationships within the Indian marketplace with our proven content delivery technology and expertise," said George Fraser, vice president, EMEA and Asia, Limelight Networks. "The Asian CDN market is growing at a rate of 32% y-o-y and this partnership will help Limelight Networks lead the growth in one of the fastest growing emerging markets and partner world-class telcos in delivering best in class services."

Tony Chan

XO in trans-Atlantic deal with Hibernia

XO has teamed up with trans-Atlantic cable operator Hibernia to offer high capacity circuits through the US and Europe.

According to the companies, the collaboration will leverage the recent 1.6Tbps nationwide expansion of XO's ultra-long-haul network in the US, Hibernia's trans-Atlantic cables, and XO's European IP network.

This opportunity provides Hibernia Atlantic additional capacity across XO's US network while XO benefits from the strength of Hibernia's transAtlantic cable crossings, designed to avoid highly congested routes, such as around New York and London waterways, according to the companies. With the new deal, Hibernia has extended its US network reach substantially while XO gains further support for its IP operations and peering infrastructure in London, Amsterdam, Frankfurt and Madrid, resulting in an estimated 30% increase in its trans-Atlantic capacity.

"As we further expand our network within the US and globally, we have chosen to collaborate with companies like XO who share our common vision for the highest level of customer support and quality transport services," said Eric Gutshall, EVP of Sales and Marketing for Hibernia Atlantic. "Over the past two years, XO has made substantial investments to enhance its long-haul and metropolitan infrastructure by expanding its network coverage and offering efficient connectivity with services such as its award-winning Ethernet hub; this is the crux of why we have selected XO at this time."

Don MacNeil, vice president of XO Carrier Services Operations added: "By leveraging Hibernia's trans-Atlantic network, XO can now have one of the most secure routes into Europe's top peering exchanges, financial houses and carrier hotels, thereby accessing key enterprise and carrier networks and peering partners globally. We look forward to a positive, growing alliance between both companies in the years to come."

Last year, XO signed a similar deal with Pacific Crossing's PC-1 cable, now under the ownership of NTT Communications, on the trans-Pacific route.

Tony Chan

Rebounding IT services market to grow 9.3% in 2010: IDC

Market research firm IDC says that the IT services market in Asia Pacific excluding Japan will rebound after the dip last year to grow at a rate of 9.3% in 2010.

"IDC expects the industry to rebound to its growth trajectory in 2010, after the drastic impact left by the economic crisis in 2009. IDC predicts the APEJ IT services market to follow the upward incline of the recovery curve to and grow at 9.3%, compared to 6.5% in 2009," the firm said. "The market value is expected to grow to US\$48.7 billion in 2010, driven by a continued demand for outsourcing, particularly since hosted and managed services are gaining prominence in a market where the enterprise continues to focus on remaining competitive."

According to IDC, cost management will remain a key issue for most organisations, but selective investments are being made to take advantage of an anticipated recovery in the coming year. CIOs, the research firm says, will have to align technology road maps and architectures with potentially volatile business demands for IT.

“The financial turmoil in 2009 forced CIOs in the region to evaluate new service delivery and pricing models with a key focus on “de-capitalizing” IT in the face of significant budget constraints,” says Philip Carter, associate research director for IT Services within IDC's Asia/Pacific Practice Group.

“As a result, the financial model of the cloud and ‘everything-as-a-service’ became more attractive. This has set the scene perfectly for the locus of power to shift from traditional enterprise hardware and software vendors to the services players, particularly in cloud services, in 2010. Organizations that can successfully integrate these new models into their existing technology architectures and road maps, and vendors that can develop mindshare with the CIO in this area, will be best placed to ‘ride the recovery wave’ in 2010.”

Tony Chan

Undersea cables could detect tsunami signals

Fiber-optic Internet cables could detect electromagnetic tsunami signals underwater and with relatively simple technology they could serve as a tsunami-warning system for nations that can't afford expensive sensors, according to the National Oceanic and Atmospheric Administration.

A new detailed model of the electrical fields the moving water generates shows that the charged particles in the ocean water interact with Earth's magnetic field to induce voltage of up to 500 millivolts in the cables that ferry Internet traffic around.

“What we argue is that this is such a simple system to set up and start measuring,” said National Oceanic and Atmospheric Administration geomagnetist Manoj Nair, who led the research. “We have a system of submarine cables already existing. The only thing we probably need is a voltmeter, in theory.”

According to the findings, the salt in ocean water makes it a good electrical conductor. Positively charged sodium and negatively charged chlorine ions in the solution are free to move. In a large movement of ocean water, these ions are carried across the Earth's magnetic field creating an electrical field.

Some wealthy countries like the United States can install sea bottom pressure arrays like those used by the Pacific Tsunami Warning Center. These directly detect the motion of large amounts of water. However, not all can afford to install and maintain those arrays, so it could be critical to have a lower-cost alternative.

“We treat this as a novel idea that we're putting forth, but it still needs to be taken seriously and verified by other groups,” Nair cautioned.

Pamela Perez

Top of the wholesale pops

ATLANTIC-ACM announced its 2010 Awards for Global Wholesale Excellence at PTC '10, The awards are based on results of data collected from more than 1,200 individual carrier evaluations for ATLANTIC-ACM's 2010 Global Wholesale Carrier Report Card.

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- Deutsche Telecom: Network Quality
- Global Crossing: Data Value
- Level 3: Data Value
- Sprint: Billing and Voice Value
- Telecom Italia: Sales Reps, Provisioning, Billing and Customer Service

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