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Austar prepared for NBN with spectrum, content

Regional pay TV operator Austar has claimed it is in a plum position for the proposed NBN thanks to its strengths in both content and spectrum.

The company touted its established content aggregation skills during its annual general meeting in Sydney, saying not only is it preparing to deliver new services via a fibre network but is also seeking to leverage its 2.3GHz spectrum holdings for rural and regional wireless broadband delivery.

At the AGM, major shareholder Liberty Global's CTO Balan Nair was elected as an Austar director, and he told CommsDay the company's long-term vision will come closer to reality with an NBN rollout.

Nair said Austar will seek to use a mix of satellite, wireless and fixed broadband where possible to deliver a mix of linear TV, video on demand and online content – and could conceivably go into telephony and broadband retail if conditions were right. “This vision gets realised more effectively by the NBN, for a number of reasons. One, bandwidth is going to be higher, secondly the assumption would be there are not going to be any rate caps in an NBN world,” he said.

“Satellite [would be used] for all your linear channels because it's still extremely efficient. You would use wireless or fixed line broadband for random access to content – so it would solve the video-on-demand component for content.”

Nair said an expected surge in high-definition content will solidify the case for fibre connectivity, which wireless could struggle to deliver. “If you look two to three years out it's going to be more HD-type traffic and you would need to dedicate a good chunk of your broadband pipe to that. If you want to do it simultaneously to two or three TV sets in the house it's going to be very challenging. So that's why it's a great combination with satellite broadcast, plus on-demand over broadband.”

HOPES FOR SPECTRUM HOLDINGS: The company also hopes to see its stagnant 2.3GHz spectrum used – potentially for wireless NBN services. “We'd certainly like to find a partner for that spectrum and the NBN could conceivably use it as well – it would be very effective for them in regional Australia,” Nair said.

The company holds 90GHz of 2.3GHz spectrum, and Austar CEO John Porter is equally keen to see it put to good use. “By rolling out wireless services in the 2.3GHz spectrum, the NBN can quickly expedite a high quality product that will serve to be not only extremely complementary to fibre in the long term, but will more immediately be of huge benefit in addressing the gap that exists in the supply of metropolitan equivalent services to regional Australians,” Porter told the AGM.

But while the spectrum was once slated for WiMAX use in the now-cancelled OPEL project, Nair said LTE is now a more likely technology. “I'm more bullish on LTE,” he said, noting that Chinese firms were pushing for TDD-based LTE. “We would love to ride that bandwagon.”



Luke Coleman

Analysts betting on Vodafone-Hutch approval

Telecoms industry analysts are betting that the Australian Competition and Consumer Commission will approve the merger of Vodafone and Hutchison 3. The regulator had set today as the likely date for a final decision after prior delays, and analysts believe the merger is all but inevitable – but may come with strings attached.

“The key issue is that today's market is unsustainable and will unwind anyway if this merger does not go ahead,” said independent analyst Ben Ramsden, noting the merger would act as “a controlled correction” and avoid uncertain futures for both players. The analyst believes that 3's practice of running at a loss to gain

market share has been a great thing for consumers, but is ultimately unsustainable. “In effect, Hutchison’s charitable business approach is like a drug that the entire Australian mobile customer base is unaware that is it addicted to,” he said. “The merger would fundamentally change the mobile sector from a 40/30/20/10 structure to 40/30/30 where mature competition based on stronger differentiation can flourish.”

“I think it will go ahead, however we have to say the approval will be handed down with a caveat,” said Telsyte analyst Warren Chaisatien. He said the recent announcement from the companies that current pricing plans would not be changed for two years is a sign of the conditions which the ACCC could impose.

“There’s no incentive for either mobile-only operator to keep pricing low – look at the history, these two are traditionally the price leaders in Australian market.”

“From an operational perspective the two year window is not a bad thing for Voda or Hutch. It will take them at least one or two years to get their billing, operations, and systems in order,” Chaisatien said. “One key issue: when it comes to the integration of the two operators, one challenge is how Vodafone, playing the ‘bigger brother’ role in the merger, how can they bring their global infrastructure and branding into the merger without slowing down the innovation or ‘free spirit’ of Hutchison 3?”

Ovum mobile analyst Nathan Burley told CommsDay he would be surprised if the ACCC rejected the merger. “We think for long term sustainability in the mobile market it’s best to have three players – hopefully it goes through for that reason,” he said. “What’s best for the operators is ultimately best for consumers – maybe not in the short term.”

“We believe the merger should go ahead primarily for sustainability,” said IDC analyst Jason Leung. “The market will be better off with a merger to three players than have one collapse or exit out of the market leaving only three players... with the history of the two players and their enhanced back end capabilities (OSS/BSS and IMS), a VHA solution could see some innovative and competitive solutions across both mobile and fixed markets in the consumer space. Price rises are highly unlikely, but a stabilization of prices is.”

Luke Coleman

AAPT aiming high, and undaunted by NBN prospects

AAPT CEO Paul Broad says the firm is narrowing its focus to drive success across its consumer, corporate, and wholesale businesses, eyeing opportunities such as backhaul provision to major carriers like Vodafone and Hutchison. Broad remains unfazed by the implications of an FTTP NBN, believing the network will have to offer end-user access prices several times higher than they are currently – if it is built at all.

Speaking at Telecom Group’s annual briefing to investment analysts in Sydney, Broad said that recent cost cutting initiatives had paid off for AAPT. “Over the last twelve months, we’ve actually been generating free cash at AAPT, which is a big milestone for us... there’s no doubt the cost drives in AAPT have been a cornerstone in creating that value,” he said.

Broad also added that a new, more focused approach for the company was propelling it into new success in the telco space. “We’ve gone away from being all things to all people... our task is to create value; so we do not sell things we don’t create value from. And our network becomes incredibly attractive not just to consumers, but to the other major players; our fastest growing client today is BT,” he said. “Where do you think Vodafone and Hutchison will get their backhaul from?... If our network’s good enough, and we can create the value, it’s a natural home for those types of delivery platforms and partnerships.”



Though still sceptical that the Federal Government would roll out its proposed \$43 billion FTTB NBN, the AAPT CEO was confident that the network would present more of an opportunity than a threat.

“We already have a network sitting on our books, so we have sunk costs... we will buy from an NBN, Telstra, Optus or any other network for off-net bids, and if someone offers us more speed off-net, that’s great,” he said. “I don’t see that, in a sense, damaging us per se unless they’re going to come in at a price point well below us – and simple maths says, you put out \$43 billion, you’re going to be pricing three or four times greater than us.”

“I think that building backhaul into regional networks will be a plus for us, I think having a player other than Telstra... will be a plus for us, and having a regulator which sets prices that apply across the board... will be a plus for us,” he concluded. “I haven’t seen anything so far that makes me think they’re going to damage us dramatically in any sense.”

Petroc Wilton

Research centres: 250Gbps needed by 2017

Australian research centres will be consuming as much as 250Gbps of bandwidth within the next eight years, according to AARNet. The Academic and Research Network operator put forward a submission on regional backhaul for its members (38 Universities and CSIRO), saying scientific applications today already consume phenomenal amounts of bandwidth – a trend which will only increase in coming years.