

## In today's issue:

Utilities & telcos unite for backhaul consortium ... Quigley steps back at Alcatel ... New CEO at People ... Braintree targets bank IP migration ... IPhone doubles customer base ... Macquarie Uni gets Nortel security ... AEEMA digital broadcasting forum ... NZ Commissioner exits ...

# COMMUNICATIONS DAY

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## Silk threads together national broadband backhaul blanket

Silk Telecom has emerged as the lead player in a billion dollar consortium targeting Federal funding to create a national broadband backhaul network.

Comprising power utilities and a range of fixed and wireless telco players, the consortium has already established links with DCITA officials and is now preparing its official response to the Connect Australia EOI due this week. Most members are well advanced in the development of their own broadband facilities and the group is seeking funds to kick-start their interconnection and extension.

Born out of the national UtiliTel alliance, the backbone consortium represents utility network investments in excess of \$1 billion and telecom investment in the order of "several hundreds of millions of dollars," according to UtiliTel patriarch Paul Budde. He estimates the partners have sufficient infrastructure to connect up to 50 towns immediately but require new funds to create links to others as well as into less commercially viable areas.

Confirming the company's lead role in the alliance yesterday, Silk Telecom CEO Simon Perkins said he held high hopes for its "collaborative and consultative" approach and the future of a competitive wholesale backhaul provider in Australia. Silk will effectively front and manage the commercial aspects of the alliance, negotiating interconnect arrangements and coordinating how funding, if secured, is targeted and applied.

"We will front the arrangement to access the DCITA funding and work with the various partners to establish the necessary commercial arrangements. We will take care of the commercial arrangements and therefore also carry the commercial risk," Perkins said. He confirmed that discussions with DCITA were well advanced and officials had been presented with a map of existing infrastructure. "We want to let them decide where they think they need services and then we can put together a funding proposal combining the various facilities we have in that area. I think it's a good approach and should help us make efficient use of these funds," he said.

**INVESTMENT LIKELY:** Well backed by the Hong Kong-based Cheung Kong Group, Silk is likely to plough new funds into establishing a national backbone business, Perkins said. He said it was considerably more advanced and free-moving at a board level than other UtiliTel members.

While primarily a wholesale backhaul concept, the UtiliTel consortium is believed to include some access players and there is an expectation that more companies will come on board. According to Budde the development of backhaul competition is the vital

### UtiliTel's 'ready-to-go' towns\*

Albury	NSW
Bathurst	NSW
Broken Hill	NSW
Glen Innes	NSW
South Coast	NSW
Port Macquarie	NSW
Warnervale	NSW
Mount Gambier	SA
Port Lincoln	SA
Port Augusta	SA
North West	Tas
North Coast	Tas
East Coast	Tas
Townsville	Qld
Cairns	Qld

\* 50 in total

step needed to foster a genuine improvement in access network availability.

“This will be for the first time that we will unshackle (potential) local broadband activities,” he said yesterday. “We have been talking about this for five years. There are dozens of companies who have tried it (most failed) and they are ready to move forward but only if the economic model is there. This alternative wholesale access network, if implemented correctly has this unique opportunity to deliver the access infrastructure needed by these local communities.” Budde added, “the plan gives the Federal Government an unique opportunity to utilise the infrastructure that is already there and put the utilities into play in the telecoms space.”

Both Perkins and Budde expect some consortium members to also apply individually for Connect Australia and suggest that more work is to be done to lock in the necessary alliances for their plan. “There will be local projects put forward by state and local government that will also include utilities,” Budde said. “However, I hope that DCITA will play a facilitating role after the EOI process and try to make links between the various projects. There simply has not been enough time for the various groups to discuss alignments in this initial stage and this clearly is one of the key tasks ahead of us.”

Along with G9, UtiliTel is due to present its plan to a Wholesale Industry Group meeting in Sydney next Tuesday. Mapping and access principals are expected feature high on the agenda while new partners will be urged to lock in their support. Perkins named both Nextgen Networks and PowerTel as two possible additions.

Tim Marshall

## Alcatel & Lucent claim all is well as Quigley steps back

Alcatel and Lucent Technologies claim that they are on track to solidify their merger by the end of the year with initial regulatory hurdles satisfied and the business model and organisation of the combined company now defined.

The companies released a preview of the merged entities re-vamped corporate management structure, revealing that Alcatel President and COO Mike Quigley (pictured) has relinquished his anticipated role as COO of the merged company to head up its science, technology and strategy unit. Lucent CEO Pat Russo remains the CEO of the merged entity with Alcatel CEO Serge Tchuruk becoming non-executive Chairman.

The new company will feature a management committee, headed by Russo. Members of this committee will include Etienne Fouques, Senior Executive Vice President of the Carrier Group; Frank D’Amelio, Senior Executive Vice President Integration and Chief Administrative Officer; Jean-Pascal Beaufret, CFO; Claire Pedini, Senior Vice President, Human Resources and Communication, and Quigley.

**PERSONAL DECISION:** Quigley’s surprising shift was described the company’s as due to “personal reasons”. His newly created role of President, Science Technology & Strategy would be devoted to “assuring that strategic investments align with evolving market opportunities.” Quigley was widely anticipated to be the heir apparent of the new joint venture, tipped to take over the helm from Russo 12-18 months after the new ventures integration. Quigley also sits on the Steering Council which is supervising the integration planning efforts of the merger.

Russo said, “we are approaching this merger excited about the opportunity ahead of us. On day one, the combined company will have both a strong financial base, a leading market position, an enhanced global footprint and an experienced international leadership team.”

Alcatel and Lucent revealed that the merger would result in the loss of about 9,000 jobs in aggregate, slightly more than the 8,800 originally expected. Alcatel integration team leader Christian Reinaudo said the company remained confident that it would achieve the previously announced US\$1.7 billion of cost savings within three years. “We expect about 70% of these savings to be achieved in the first two years post closing” he said.

The combined company will be segmented in Business Groups structured along the global needs of Carrier, Enterprise, and Services. The Carrier Business Groups, headed by Etienne Fouques will consist of: Wireless, headed by Mary Chan, Wireline, headed by Michel Rahier, Conver-



gence, headed by Marc Rouanne. The Enterprise Business Group will be headed by Hubert de Pesquidoux. The Service Business Group will be headed by John Meyer.

The company will have four geographic regions Europe and North, headed by Vince Molinaro, Europe and South, headed by Olivier Picard, North America, headed by Cindy Christy, and Asia-Pacific, headed by Frederic Rose.

Natalie Apostolou

## Stanton named top man at People

Intelsat executive John Stanton (pictured) is returning to Australia to take on the role of CEO of People Telecom, replacing outgoing CEO and founder of the carrier Ryan O'Hare. Stanton will start in his new role on August 7.

O'Hare will remain a non-executive director of the group and is believed to be developing a new telecommunications business venture.

Stanton returns to Australia after six-years offshore working with Intelsat most recently in the UK as Global Sales & Marketing President and Data, Carrier & Internet Business President. Stanton was also Chairman of numerous subsidiaries within the Intelsat group and is a former Chairman of the Intelsat Board of Governors. Intelsat was recently acquired by PanAmSat.



Prior to joining the global satellite company in 1999, Stanton was a well regarded executive at Telstra and OTC. His last position at Telstra was Telstra Payphones & Card Services Managing Director. He also had senior positions covering international carrier relations and satellite and cable investments. Before his career in telecommunications Stanton was also a political journalist for The Australian.

People Chairman Barry Hamilton said Stanton would bring "a depth of skill in business development and growth creation that will enable People Telecom's continued success as a customer-focused, innovative leader in communications services in Australia and beyond."

Natalie Apostolou

## Braintree targets banks with managed IP service

Brisbane IT integrator Braintree Communications is targeting Australian banks and financial institutions with a new managed IP network solution for EFTPOS and ATM devices.

Anticipating a wave of interest in IP systems in the next two years, Braintree aims to offer a full-service solution, including protocol migration hardware, fixed and wireless network access, and both network and project management. It says most institutions now employ Telstra's Digital Data Service for their EFTPOS and ATM needs, and should now be looking for new, cheaper and more flexible alternatives.

Unveiling the new product suite in Sydney this week, Braintree CEO Brad Sands said as telecom carriers decommission legacy networks in coming years, banks will struggle to migrate their systems, and literally thousands of devices, accordingly. He said Braintree aimed to simplify that process while providing banks with reduced cost network solutions. He claims to have negotiated carrier deals allowing to provide DSL links at \$120 per month and wireless GPRS at \$30 per month.

"Our focus for the next two years is to help banks migrate their fleets of EFTPOS and ATM devices from legacy lines to IP networks," Sands said. "Banks can find it difficult to get the products they need at the right cost."

Combined with its range of Axon legacy to IP protocol converters, Sands says the new managed network service will help financial institutions get more out of their legacy ATM and EFTPOS systems. He added that banks will soon be upgrading ATM hardware to support the 'triple DES' encryption protocol and suggests a concurrent IP network upgrade would make sense.

"The great thing about IP services is that they are contestable. Unlike the traditional leased line market, competition has driven down the costs of DSL and GPRS products," Sands said. "Our customers benefit from price competition and we can bundle hardware, carriage, network management and project management into one managed service offer and present it on one monthly bill."

Tim Marshall

## ISPhone doubles enterprise VoIP business

ISPhone Australasia has doubled its wholesale VoIP reseller and customer base in the last two months, strong growth leading to the appointment of new sales and support management staff this week.

ISPhone Managing Director Gavin McDougal announced yesterday that the company now has 40 reseller partners and over 200 end-user customers utilising its white-label small and medium enterprise VoIP solutions. The milestone comes just six months after official launch and amid significantly increasing competition in the SME IP voice solutions market.

According to McDougal yesterday, “we are experiencing a real surge in reseller demand. SMEs are recognising the value of VoIP and starting to understand the need for a business-grade solution. They won’t stand for a ‘dressed up’ consumer or SoHo solution any more – they know that they need a service that will be robust enough to support their business needs.”

ISPhone has announced three new appointments this week, including former Attache reseller manager Sean Maloney as Channel Sales Manager. Sam Liang and Justen Hess, both specialist engineers, have joined the Network Support team.

McDougal said, “the ISPhone business model – a white labelled, fully supported business grade solution – is proving popular with resellers across Australia. As the demand for VoIP increases, resellers are turning to ISPhone as a trusted supplier of a high quality service.”

Tim Marshall

## Macquarie Uni deploys Nortel security system

Nortel is deploying a \$1 million network security solution for Macquarie University after an audit of the university’s existing systems revealed multiple weaknesses in its existing infrastructure. The solution, which will be deployed by Nortel and its channel partner 3D Networks, will replace multiple separate firewalls and ad-hoc security gateways with a network of secure routers connected to a central firewall for all incoming and outgoing traffic.

Macquarie University infrastructure services manager Peter Hole said the university aimed to protect its intellectual property, both research-based and commercial. “Macquarie is world renown as a research institution, and we store a large amount of sensitive research and commercially viable data on our network. With the technology from Nortel, we’re protecting our reputation as much as our users,” he said.

Macquarie University issued a tender for a new security system earlier in the year with the requirement that it doesn’t impact system availability, is highly scalable as the network expands, is quick to react to new threats, and can detect and react to damaging and non-damaging illegitimate traffic like music and video downloads.

“Considering we support more than 30,000 students, all of whom have equal access to the network, we have the dual challenge of creating an environment that fosters experimentation and learning while protecting against unauthorised traffic originating from our users,” Hole said.

Natalie Apostolou

## New forum to address digital broadcasting

The Australian Electrical and Electronic Manufacturers’ Association has established a new forum addressing the specific needs of digital television and radio product suppliers dubbed the Digital Suppliers Industry Forum. Membership is being sought from major global manufacturers to small Australian based suppliers of digital broadcasting products and services.

AEEMA Chief Executive Angus Robinson said the emerging segment was

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demanding a coordinated approach in addressing the planning and implementation issues related to digital television and radio in Australia. He added that the government's proposed Digital Action Plan relating to analogue switch-over would be an immediate focus for the new forum. AEEMA is currently holding a series of meetings with the major consumer electronics suppliers to gauge the level of support.

Interim Forum Chair Ross Henderson said that many of the Digital Action Plan initiatives suggested by Communications Minister Helen Coonan would require a coordinated approach by digital television suppliers acting on a number of fronts including testing and conformance, labeling and marketing.

Henderson said the group would be seeking a role in the development of digital radio in Australia and would provide a link for the digital suppliers to AEEMA's Connected Home Forum and form an important pillar of AEEMA's ICT Australia division.

Natalie Apostolou

## **Commissioner Webb to exit in March**

New Zealand Telecommunications Commissioner Douglas Webb will exit the job when his term expires in March 2007. Webb was appointed in 2002 on a five-year term.

Many in the industry came out in support of Webb earlier this year, looking for experience and stability as new regulations unfold. This was despite reservations about Webb's early recommendation not to unbundle the local loop.

Webb says he never had any intention of making the job a long term career. "This was a natural time to tell the government they'd need to plan [for a replacement]," he said.

It is the first time the position will be re-filled and the government is expected to conduct an extended public, and likely international, search. This will follow a process laid down in the State Services Commission guidelines.

NZ Communications Minister David Cunliffe complimented Webb on his work as Commissioner. "As the first Commissioner, Mr Webb has had the additional and difficult jobs of defining the Commissioner role, developing regulatory processes, building relationships and setting sector expectations – and I'm sure the industry would concur that he has done an excellent job in this regard."

Richard Wood

## **NEW BUSINESS MARKETS BOSS AT VODAFONE**

Vodafone Australia has lost another executive with the exit of Business Markets General Manager Mark Iles. It is understood that Iles has taken a role at an IT company. Vodafone has promoted Victoria and Tasmania General Manager Edward Goff to replace Iles. Goff will lead a team marketing Vodafone mobile voice, email and data solutions to Australian business customers. He joined Vodafone from the National Australia Bank where he was Business Development and Strategy General Manager for Financial Services Australia. Prior to this, he held several domestic and international executive positions at Price WaterHouse Coopers and Bright Station.

## **AUSTRALIAN SPAM FALLING?**

New Millennium Solutions claims its email filtering systems have led to dramatic fall in spam sent from Australia. A survey of NMS customers found a 50% reduction in pest email originated from Australia over the past nine months. It claims that spam originating from Australian sources fell from 9% of all spam received in October 2005, to 6.42% in February this year, to only 4.26% in the two weeks to June 17. NMS credits its TotalBlock system, which asks first-time email senders to verify their details, for the change. The survey found the US to be the main spam culprit accounting for about 25.19% of all spam recorded. Spam from China fell significantly in the four months to June: from 16.75% of the total to 10.04% in the latest survey. South Koreans were the third most prolific spam-senders, with volumes rising from 4.45% in February to 5.79%. Other significant culprits in the latest survey were spammers in the UK, Poland, Brazil and Spain, each with more than 3% of the total. France, Germany and Japan each sent more than 2% of the total.