ACCC: Wants more data on CBD WLR connections

TELEHEALTH: Trials in remote Western Australia

BULLETPROOF: Pay-as-you-go for Amazon services

COMMENT
NetFlix won't be coming to Australia because it gains by staying at home

COMMUNICATIONS DAY

14 OCTOBER 2013 What's happening today in telecom business, policy & technology ISSUE 4542

Conroy concedes NBN forecasts "overly ambitious"

Former communications minister Stephen Conroy has conceded that the forecasts for the NBN rollout under the previous government were "overly ambitious," overestimating the abilities of the construction industry.

But he has also begun attempts to pre-emptively pass the buck to current minister Malcolm Turnbull for any future deviation from the forecasts in NBN Co's latest corporate plan.

Conroy appeared relaxed in his first public speech after his own resignation in June and his party's defeat in the September federal election. He spoke at the inaugural Australian Computer Society Telecommunications Address in Sydney, co-hosted by the ACS and the Telecommunications Society of Australia.

Asked what he thought Labor did wrong on the NBN, Conroy said that in hindsight his party had wrongly estimated "the capacity of the construction industry to rise to the challenge." He also acknowledged the difficulties posed by some of the decisions made, such as the pledge to deliver fibre right to the apartments of the 34% of Australians living in multiple-dwelling units, and the original approach to greenfields. "Around the construction area, the models that [NBN Co] pursued in a couple of areas – which were impacted by decisions we took along the way – would be things I'd look at and want to have, if I could look back in time, more of an understanding of," he said.

So given the chance to go back, would Conroy basically just have revised his rollout forecasts? "The [forecasts] were always ambitious; we wanted to get going," he said. "Would we have been so aggressive if we'd have realised how tough it was for the company?... I think that was an area where we were overly ambitious."

Conroy also admitted that it was "undeniable that NBN Co has failed to meet the targets set for June 2013 in either the first or second corporate plan," and noted that Turnbull had foreshadowed further reductions to the June 2014 forecast because of the suspension of Telstra's remediation program.

But of the five major components of the NBN project – fibre, satellite and wireless access networks, plus transit network and IT systems – Conroy said that only the fibre access network was "significantly late," blaming the construction industry. "That said, on the relative scale of calamity that could befall a project of this size, you'd have to say on balance that the NBN Co project has been well managed – if you looked at the totality, not just how many leads have been put into how many homes over the last three years," he said.

SETTING UP THE BLAME GAME: The senator was quick to put Turnbull in the frame for any further delays – suggesting the start point for comparison should now be NBN Co's own most recent corporate plan. "NBN Co has always stated that there would be a ramp-up in construction activity; the biggest threat to that ramp-up will be the extent of any delay while Mr. Turnbull's new board goes through its reviews," said Conroy.

"I can understand and empathise with those who are disappointed with the progress of the fibre rollout. But let's be clear; any further delays to the rollout beyond the schedule in the revised [corporate] plan that has now been submitted to Mr. Turnbull... will be a consequence of his policies, and his change in policy agenda."

While a leaked draft of that most recent plan insists that the network will be completed on time and on budget, the short-term forecasts in each revision of the NBN Co corporate plan released so far have proven to be optimistic, with actual rollout numbers falling well shy of target each time.

Conroy also brushed off reported criticism from ejected NBN Co director Brad Orgill over political interference in the NBN, and rejected any suggestion that the ALP should have taken a different path regarding a full NBN cost-benefit analysis. "Look, we had a cost-benefit debate up hill and down dale; the hypocrisy of the Coalition has now shown, they're not having a cost-benefit analysis. This is complete bullshit," he said.

The current government has pledged to commission an independent review to analyse the "economic and social costs and benefits including both direct and indirect effects arising from the availability of broadband of differing properties via various technologies," conducted at arm's length from any previous NBN activities and tasked to report within six months.

Following the speech, the ACS awarded Conroy, a patron of the organisation, with a freshly minted telecoms medal to recognise his "passion and courage."

Conroy also spoke at a private industry lunch in Melbourne last week where it is believed he said he did not want the shadow communications spokesman role but endorsed MP Michelle Rowland—a former industry lawyer– for the task and indicated he would prosecute the ALP's case in Senate Estimates hearings.

Petroc Wilton

ACCC calls for fresh evidence on CBD exemptions

Conflicting data presented to the Australian Competition and Consumer Commission as part of its fixed line services review is preventing the regulator from making a final decision on certain exemptions in CBD areas.

The ACCC has now called for fresh market information from Telstra and access seekers that operate in the CBD areas of Sydney, Melbourne, Brisbane, Adelaide and Perth. In particular it needs to know the number of services in operation at 16 specific exchange areas.

The ACCC is considering CBD exemptions on wholesale line rentals and local carriage service as part of its current declaration inquiry for the fixed-line services. The regulator had previously removed the exemptions in non-CBD areas back in 2011, and access seekers believe the same reasoning should now be used for CBD areas.

Macquarie Telecom, AAPT and iiNet had previously provided a commissioned report from Frontier Economics that claimed the WLR exemptions could be costing access seekers more than $4 million in extra charges. In a letter to the ACCC signed by the three companies' regulatory heads, they said that competition was not effective and evidenced by the fact that access seekers currently pay significantly more for the WLR service in CBD areas than they do in non-CBD areas.

However in its new request for information, the ACCC said that it had received "a number of conflicting submissions" in response to its discussion paper on whether the CBD exemptions should be removed.

"The ACCC does not consider that any of the submissions have provided sufficient evidence to make a final decision on this issue at this time," ACCC GM for access operations and pricing Robert Wright wrote in a letter to carriers.

"To assist it in analysing the implications of maintaining or removing the CBD exemptions, the

ACCC is requesting factual information relevant to the current state of competition in the CBD areas. We are seeking this information from Telstra and a number of access seekers," the regulator said.

However, carriers only have a short time to provide the data, with submissions due this Friday at close of business.

Geoff Long

Telehealth trials to kick off in remote Western Australia

Gold Coast-based telehealth service Telehealth Networks will run a trial of its cloud-based service in remote communities over the next six months, starting in Western Australia.

Telehealth Networks CEO Ramana Panda, who is also a practising GP and skin cancer specialist, said the service had already been beneficial in a number of rural areas. He has done trials in conjunction with a number of major Queensland hospitals as well as with vendor Huawei.

According to Panda, the key to successful telehealth systems is to make them available over standard wireless and satellite networks, with the large, dedicated systems not accessible from many of the remote communities he is aiming at.

Panda developed the service based on his needs as a practising GP and said it was important that it can run from a standard PC or mobile device. He also said that including scheduling – which allowed him to see when medical specialist were available – had been crucial.

"I know from being at the coalface what's needed, and the cost savings are not the only advantage. There are also indirect benefits such as being able to run the service from someone's home who can't get around easily," he said.

The Telehealth system uses as little as 100 to 120kbps of bandwidth and has applications for both Android and iPhone devices. It also offers secure connections – an important differentiator from conferencing over popular internet services – and can connect into the major hospital systems using standard videoconferencing protocols.

The next test will be to offer the services in a number of Aboriginal communities in remote Western Australia. Telehealth Networks is currently training some of the nurses in the remote areas and will gradually introduce the system in the next six months via free trials.

OECD REPORT: Meanwhile, a new report from the OECD has backed initiatives that can test new ways of delivering healthcare. It said that the future sustainability of health systems will depend on how well governments are able to anticipate and respond to efficiency and quality of care challenges.

According to the report, new possibilities in using mobiles and the Internet to address healthcare challenges have recently opened up. "The potential of mobile devices, services and applications to support self-management, behavioural modification and participatory healthcare is greater than ever before," stated the report, entitled 'ICTs and the Health Sector: Towards Smarter Health and Wellness Models'.

It also noted that one of the main hurdles is likely to be dealing with the accelerating accumulation of patient data – all of which must be mined, stored securely and accurately, and converted to meaningful information at the point of care.

The OECD noted that in order to fully exploit the new smart approaches, privacy and usability issues will also have to be carefully considered.

Geoff Long

Bulletproof unveils pay-as-you-go AWS support service

Australian cloud provider Bulletproof has launched what it is calling Australia's first pay-as-you-go support service for Amazon Web Services.

The Managed AWS On Demand offering will be available from this month and provide customers with access to Bulletproof's 24x7 support specialists. Users will receive no ongoing monthly charge on top of their existing AWS bill.

"Bulletproof's new pay-as-you-go model allows companies to gain scalable support to ensure the success of cloud-hosted campaigns. It's an Australian solution for Australian companies and will bring managed services in line with the cloud-based consumption model," said Bulletproof chief customer officer Mark Randall.

The On Demand support can be used for both short and long-term website and critical campaign hosting, eCommerce and application hosting. Randall said that for short-term projects, its "utility-style" billing option will allow access support for best practice architecture and deployment services, while acting as a safety net for internal IT teams to manage crisis situations during long-term projects.

David Edwards

DC security spend stuck in the past: Imperva

While datacentre security spend is on the increase across Australia, many companies are still pouring their cash into security controls that were relevant 10 years ago.

That's according to Imperva's newly appointed regional sales director for the Pacific, Jason Burn. The new recruit, most recently charged with establishing a new software division and channel partner programme at IBM's ANZ security solutions arm, takes over from Kane Lightowler, who has moved to the newly created role of APAC and Japan director of strategic accounts.

Burn told CommsDay that network controls such as IPX, which would normally be put in front of the network layer to stop an attack, are mainly about "prevention rather than reaction." "And these controls have been around for the last 10 years or so. The problems today from a security perspective have certainly moved to a lot more of different [places], such as the application layer. So people are still spending money, a lot of money, on these types of controls... and on anti-virus and anti-malware solutions... but they're not really diverting any of their spend to where the attacks are being made today – in the applications and data security space," he said.

Burn said that organisations need to rebalance their datacentre security spend in order to address today's attacks, which are "really now just all about the data." By way of example, he said that distributed denial of service attacks are now seeing "up to 100G of traffic being pounded at particular applications."

"Layer 7 DDoS protection, that's really where the attacks are lying these days. But I think some of the telcos are starting to realise this... the likes of Vodafone have invested in our technology – and we're doing a trial at Optus at the moment around... DDoS mitigation and web application all wrapped into the one product," he said.

Burn said that organisations need to understand that cyber-attacks these days are done less for the "notoriety" and more in an attempt to extort or blackmail an organisation. "This is because data has a monetary value," he said.

"And so the sophistication of the attacks have grown, but the sophistication of security controls still sits at that old layer," he said. "Organisations will need to invest in not only bettering and re-balancing their controls, but... when they get attacked or defaced, they'll need to put a plan in place to mitigate those attacks – and they need to look sooner rather than later because it will happen."

David Edwards

ASX, NSX see no evidence Chorus will go broke: Coalition for Fair Internet Pricing

Both the Australian and New Zealand stock exchange see no evidence to support NZ Prime Minister John Key's assertion that Chorus will go broke if the government's "copper tax" is not introduced, according to the Coalition for Fair Internet Pricing.

Last month, Key said that if the Commerce Commission's copper pricing recommendation stands there's a chance that Chorus will go broke, in which case "the UFB won't be rolled out." The coalition subsequently asked both stock exchanges to investigate why Chorus had made no disclosure to the market about any insolvency risk, given it would have to under listing rules.

"On Friday 4 October, the ASX advised the coalition it had reviewed the matter but 'has not formed the view ... that there is, or is likely to be, a false market in [Chorus]'s securities'. It advised: 'If you do not see a market announcement about the issues you have raised, you should assume either that our investigation has concluded that there was no breach of the Listing Rules or, if there was, it has been dealt with to our satisfaction on a confidential basis'," the coalition said.

"[On] Wednesday 9 October, the NZX also advised that it "has no reason to challenge [Chorus]'s view that it remains in compliance with its continuous disclosure obligations under the NZSX Listing Rules".

Spokeswoman for the coalition, Consumer CEO Sue Chetwin, called on the government to withdraw its proposal to override the Commission's proposal on copper pricing. "There is no reason at all for Kiwi households and businesses to pay a dollar more for copper broadband and voice services than the Commerce Commission says is fair," she said. "There is no threat to Chorus's solvency and no threat to the roll-out of Ultra-Fast Broadband. Chorus should simply be told to get on with the job."

David Edwards

INZ OK's new level of internet domain names

Internet New Zealand has approved a policy proposal from the Domain Name Commission to allow names to be registered at the second level in the .nz domain name space.

The approval will allow people and organisations to register [theirname].nz instead of [theirname].co.nz, or [theirname].net.nz. No changes are being made to existing domain levels, which will continue to be available; people will still be able to register new domains in the current second level categories.

The final proposal to make this change to the .nz domain name space was reached after two rounds of consultation starting May 2012, analysis of public opinion, and extensive discussion with interested parties. A final policy implementing the proposal will be subject to public consultation in 2014.

InternetNZ president Dr Frank March said the move aligns the .nz domain name space with a majority of other top level domains that already allow registrations directly at the second level.

"A major principle for us is that the choice for registrants should be maintained and expanded, this move will provide a useful expansion" he added.

David Edwards

Mobile ARPU at US$1 "likely" by 2020: Ericsson

The average revenue per user on mobile networks could fall as low as US$1 by the year 2020, according to an executive insight from Ericsson.

The number will be shocking for most in the mobile industry today, but Ericsson CTO for North America Vish Nandlall was quick to point out that he was no longer talking about ARPU in the traditional sense.

"The shift from mobile telephony to mobile compute has irreversibly shifted our attentions and our wallets away from undifferentiated voice, text and data services to the billions of individual apps encompassing all user needs," he said in article on GigaOm. "This 'few' to 'many' application economy drives pricing pressure, resulting in a $1-ARPU-per-service revenue foundation. That service unit could take the form of a Nike wellness application or it could be a production-line sensor connected to a General Electric industrial control system. Whether serving human or machine, the value of a service is being driving down to a dollar."

Nandlall called this the $1 ARPU economy, which he said would demand an end-to-end rethink of the telecoms infrastructure in order to sustain profitability.

Not surprisingly, Nandlall pointed to cloud computing, software defined networking, advancements in application development, and advanced networking – i.e. 5G, as key factors that will determine the success of the telecoms industry going forward.

Cloud to drive efficiencies in telco operating environments, SDN to optimise and automate networks, open network APIs to facilitate application development, and 5G to support a massive increase (1000x) in traffic.

"The mobile industry is undergoing a dramatic rethinking of business foundations and supporting technologies. In many ways, technologies such as cloud, software-defined networking and 5G result in a 'software is eating the network' end game," he wrote. "This in turn will promote opportunities that are much larger than just selling voice and data access. There is a possibility of vibrant ecosystems of users and experiences that can match the strong network effects enjoyed by over-the-top providers. The 2020 telecom network will enable service providers to create a network marketplace of services, and deliver the vision of a networked society."

Tony Chan

The handover-free mobile network?

SK Telecom continues to push the limits of its LTE network, this time implementing in collaboration with Ericsson a key LTE-Advanced feature that allows for what the company calls the "handover-free cell." According to SKT, handover between mobile cells causes both voice and data transmission degradation. By getting rid of the "handover" process between cells – when a handset moves from one network cell to another – the companies were able to improve transmission rate by 1.5x to 2x, and increase total cell system capacity by 5% to 10% in a trial held earlier this year.

The key technology behind the handover-free cell is Transmission Mode 9, or TM-9, a core LTE-Advanced feature, the companies said. TM-9 defines the transmission between mobile devices and base stations.

The handover-free cell works "through adaptive coordination between base station and mobile terminal, depending on the terminal location. When a terminal is located in a cell edge, multiple base stations adjacent to the terminal jointly transmit the same signal to it, thus removing the need for inter-cell handover," SKT said.

The handover-free feature is part of SKT's "SUPER Cell" strategy, which aims to accelerate the evolution of mobile networks following the company's launch of LTE-Advanced services in June. The operator was arguably the first operator in the world to commercialise LTE-Advanced's Carrier Aggregation feature as well as supporting technologies such as enhanced Inter-Cell Interference Coordination and Coordinated Multi-Point antennas.

The Korea operator has been one of the most aggressive pursuers of advanced mobile technologies in the past year. Since it commercialised LTE-A – and mobile HD Voice – SKT has engaged with multiple equipment vendors to advance LTE.

Most recently, SKT formed an alliance with Intel to further a concept called vRAN, which aims to use off-the-shelf computing platforms to realise "virtualised next-generation intelligent base stations." Earlier, SKT successfully trialled Nokia Solutions and Networks' Liquid Application concept, which places compute and storage resources inside base stations to optimise application and content performance. SKT also has an R&D MoU with Rohde & Schwarz to develop active antenna systems.

Tony Chan

NTT Com wins major deal to migrate Yamaha Motor to the cloud

NTT Communications has won a deal to migrate all the ICT systems of Yamaha Motor to its cloud computing platform starting 2014. As part of the deal, NTT Com will provide its Enterprise Cloud and Arcstar Universal One global network services to create "a highly robust and scalable cloud platform" to host all of Yamaha Motor's ICT systems.

According to the companies, Yamaha Motor is looking to migrate its entire ICT platform, including mission-critical systems handling production, procurement, product development, human resources and finance operations, onto the cloud to "strengthen business continuity and slash ICT costs."

Yamaha Motor's mission-critical systems consist of some 700 servers accessible to its 140 group companies in 30 countries and regions. Today, the majority of the systems are operated in-house within the Tokai region of central Japan, a region prone to earthquakes and other natural disasters. NTT was chosen in part for its "large number of redundant data centres positioned in locations where natural disaster risks are low," the companies said.

Tony Chan

NSA revelations drive EFF from GNI

The Electronic Frontier Foundation has pulled out its long-standing membership in the Global Network Initiative – the non-profit organisation advocating freedom of expression and privacy in the ICT sector – citing a "fundamental breakdown in confidence" following revelations of widespread online spying by America's National Security Agency.

EFF has been a civil society member of the GNI since the latter's foundation in 2008. However, the Foundation has now said that it "can no longer sign its name on joint statements knowing now that GNI's corporate members have been blocked from sharing crucial information about how the US government has meddled with these companies' security practices through programs such as PRISM and BULLRUN."

"We know that many within the industry do not like or approve of such government interference, and GNI has, in statements, made it clear that member companies want permission from the US government to engage in greater transparency," said EFF's international director Danny O'Brien and international freedom of expression director Jillian York, in a letter to GNI leadership. "However, until serious reforms of the US surveillance programs are in place, we no longer feel comfortable participating in the GNI process when we are not privy to the serious compromises GNI corporate members may be forced to make. Nor do we currently believe that audits of corporate practice, no matter how independent, will uncover the insecurities produced by the US government's – and potentially other governments' – behaviour when operating clandestinely in the name of national security."

Petroc Wilton

M2M SERVICES TO HIT US$31BN ON 4BN CONNECTIONS BY 2017

Revenue from the global machine-to-machine market will more than double between 2012 and 2017, according to Infonetics Research. The M2M segment will generate US$31 billion by 2017, up from US$15 billion in 2012. The number of M2M connections will increase from 1.4 billion to 4 billion worldwide during the corresponding period, the researchers said. The automotive, transport, and logistics sector made up a third of total M2M service revenue in 2012, driven by vehicle tracking, navigation, and delivery applications. North America and Europe together accounted for 72% of the total market in 2012.

ON THIS DAY 10 YEARS AGO: FROM THE COMMSDAY 2003 ARCHIVES

The big four American cellular vendors – Motorola, Nortel, Lucent and Qualcomm – joined the CDMA Development Group in opposing Telstra's Hong Kong cellular unit CSL's push to deploy extended GSM services over its legacy TDMA spectrum holdings in the special administrative region… NZ Wi-Fi provider Woosh Wireless was poised to finalise a deal with Telecom New Zealand, allowing Wi-Fi customers to interconnect with Telecom's New Zealand network… Texas wireless broadband developer Navini Networks said it had completed the Balmain trial of its rollout for Unwired Australia and was on track to start deployment in the fourth quarter.

COMMENT BY ANDREW COLLEY

Netflix is not coming… no way, no how

On the whole, the narrative that bubbles up from the collective editorial mind setting the agenda for reporting on Australia's media industry maps pretty closely to reality.

However, in recent reportage of expansion plans of popular US online movie streaming service Netflix, it has begun to stray wildly.

Without criticism the national press seems to have accepted the notion that the company will open its doors in Australia almost as a truism.

For instance, last August in an article entitled 'Seven, Nine mull plan to stave off Netflix', the Australian Financial Review wrote: "Online video services such as Netflix and Hulu have become increasingly popular in the United States, with many executives predicting it is only a matter of time before a similar offering is launched here."

Similarly, last September The Australian wrote this of Nine Entertainment's planned IPO: "A plan to launch a subscription-based online video streaming service provides evidence that Nine is thinking about new revenue streams, and how to protect its business from the threat of US streaming giants Netflix and Hulu."

Compare that to what one highly experienced Pay TV industry points out: "Netflix is not coming to Australia. They're not almost here and they're not on the way here. They're just not coming."

Well, sort of. The reasoning, in a nutshell, was this: "They're already here".

Netflix doesn't turn its nose up at Australian credit cards anymore (it used to require a more complex payment system) and apparently thousands of us are already using virtual private networks to bork the streaming service's Geo-IP blocking.

To be fair, speculation about Netflix opening its doors in Australia hit a peak when it registered its name in the .com.au domain space. However, for organisations of Netflix's size protecting the brand in this way is fairly standard procedure.

What sense would there be in Netflix taking on the expense of establishing new content delivery systems here? What possible economic advantage would it gain by legally exposing itself to hefty content licensing fees for Australia? After all, it can continue to use its US rights to draw revenue here so why pay more?

"For Australian customers Netflix is making 100 per cent margin because there's no incremental content cost for them and they're using their best library of content," says the Pay TV industry source. And, if they were try to replicate those content deals in Australia, they would be lucky to get to 50 per cent of the library they offer in the US – because locally much of it is tied up in exclusive deals with free-to-airs and local pay TV players.

In other words, the enemy is no longer at the local pay TV industry's gate; it has long breached the city walls by stealth, found a secret tunnel to the gold reserves and it is content with the spoils of smaller guerrilla raids as a trade off for not attracting too much attention from the royal guards.

And any offer Netflix launched here could never be as enticingly priced and featured as its US offering.

The local free-to-air networks and pay TV providers knows this and they're not happy. Behind the scenes they're putting pressure on Hollywood to make Nextflix stop accepting Australian credit cards, enter the market on an equal footing or leave altogether.

Arguably, a media narrative that speculates that Netflix plans to open in Australia could throw the media off the scent of the real story easing pressure on Hollywood to reign in Netflix.

Either way the fight is getting bigger everyday and local players like Foxtel will continue to question the value of their "exclusive" content deals with Hollywood.