

CHANGE AT BT
CEO Ben Verwaayen
steps down, replaced by
Ian Livingston

SINGAPORE NBN
Government places
emphasis on pricing of-
fer in picking NBN opco

CISCO ROUTER
Sydney team played key
role in new ASR1000
router development

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Telstra US cable landing heralds new Australian bandwidth boom

International capacity flowing into Australia is set to explode with up to six submarine cable projects planning commissions or upgrades over the next 18 months.

Tomorrow, Telstra and technology partner Alcatel-Lucent will land the Sydney end of a 9,000 km cable to Hawaii, pitting itself against rivals Southern Cross (currently performing capacity upgrades), Pipe Networks (which just announced a second cable to New Zealand), Australia-Japan Cable (completing upgrades this month) and the potential for a new cable connecting Western Australia to Asia.

The new Telstra cable has a potential capacity of up to 1.28 terabits per second, which Telstra says could carry 160,000 concurrent high definition television channels at full capacity. While the cable will be landed in Sydney tomorrow, further work is required to connect to the Hawaiian landing.

From Hawaii, Telstra says the cable will interconnect with the new Asia America Gateway cable and other existing cables to access the US mainland. The cable is expected to be operational by year's end.

Alcatel-Lucent began laying the cable earlier this year after the project was originally announced in March 2007.

GLUT UNLIKELY: CommsDay spoke with Telstra Wholesale chief Kate McKenzie on board Alcatel-Lucent's 'Ile de Sein' ship in Sydney yesterday, where she said a new bandwidth bubble was unlikely despite the flurry of cable activity. "Historically we've seen [capacity gluts] happen. I think the situation's quite different now because last time we saw a glut in capacity eight or so years ago; there really weren't the applications out there. Now I think we can much more confidently project that the bandwidth will be used up," she said.

McKenzie admitted that increased supply of capacity would affect carriage prices, but said she was "very confident" Telstra would be able to utilise the cable for its own capacity needs as well as securing wholesale customers. "Obviously supply and demand has an impact on the economics surrounding all of this... these are investments that are not without risk, time will tell if people have made the right calls. A lot of these cables are spoken about, how many of them actually translate into a ship laying cables remains to be seen."

Last week, Southern Cross Cable completed the first stage of a capacity upgrade, which is set to see the network deliver 860Gbps by year's end. Southern Cross, owned by Telecom NZ (50%), SingTel-Optus (40%) and Verizon Business (10%) will lose Telstra as its biggest customer once its own cable is complete.

Meanwhile, Pipe Networks' Sydney to Guam PPC-1 cable will begin horizontal directional drilling to land the cable in Sydney next month, while Pipe yesterday announced the PPC-2 cable



with Kordia, which will connect Sydney to New Zealand. PPC-2 is set to have a minimum capacity of 1.28 terabits and will connect to PPC-1 off Sydney as east-coast rival Australia-Japan Cable completes an upgrade planned to boost capacity by 160Gbps, giving a total of 240Gbps installed between Australia, Guam and Japan.

Along with Telstra, Southern Cross, AJC and two Pipe cables, Google is also likely to massively boost capacity to Australia. Following confirmation that it is in a consortium to build a US-Japan cable, Google CEO Eric Schmidt recently hinted to CommsDay that the company is investigating a branch that may connect to Australia bound cables at Hawaii and Guam, known as "Unity South."

Yesterday, McKenzie said she was "very confident" Telstra would see healthy ROI from the cable. "We could probably justify [it] just based on our own estimate of the capacity we're going to require for the retail parts of the business, additional capacity we can sell in the wholesale market just adds to our ability... to make a decent return on investment. Sure, other people will make their own calls and their own assessments; it's a competitive market out there."

Luke Coleman