

After 100 Days in the job Telstra Wholesale GMD Paul Geason reflects on the future of wholesaling in an NBN Co world.

Let me put the issue of regulatory reform and potential further 'separation' of Telstra to one side and contemplate the other public announcement on 15 September 2009, and its impact on the telecommunications industry and Telstra Wholesale.

I am referring to the presentation by NBN Co CEO, Mike Quigley, provided to the Communications Alliance NBN Forum in Brisbane where he outlined what the new NBN Co will deliver to the industry.

The Quigley vision is to build a simple layer 2 bit-stream fibre link from the exchange to the home which will not be end-user ready voice, internet or video. He also said NBN Co would not participate in retail markets.

So what are the implications for Telstra Wholesale in this NBN Co world?

Many have been thinking that there will be only one wholesaler and it will be NBN Co and all retail service providers will be buying the same service from them directly.

That may be OK if you are a full Service Provider and your business model is to combine the NBN Co layer 2 bit-stream service with your infrastructure, systems and resources to manage all other aspects of delivering an end-to-end working service.

But that's not what every retail service provider wants, or needs.

Some Service Providers want a network provider to deliver an end-to-end retail service – not just the last mile. They want to purchase backhaul, traffic management, aggregation, authentication, voice interconnection, IP capacity and maybe even applications and content - while they focus on customer service and marketing.

Others want to manage parts of their network – say content, points of presence, IP capacity and intercapital transmission – but want a partner to assist with voice switching and interconnect.

End-users and consumers don't really care about these network infrastructure details. They care about the applications and services carried over those networks and whether they work seamlessly and on-demand all of the time.

After all, end-users don't see any difference between a router and a server, they just want their PC to work when they turn it on.

Fundamentally the NBN is a next generation access network – one link in the supply chain, and there's quite a few of us in the industry who will face the challenges and opportunities of: engineering aggregation and provision of core networks; content distribution platforms, and; customer management systems.

These drivers provide Telstra Wholesale with a fantastic opportunity to transform itself from a traditional high-volume product wholesaler to a next generation

communications product wholesaler and managed solutions provider, leveraging our experience, knowledge of networks and management systems.

There is little doubt – in the new NBN Co world – wholesaling will be a critical part of the market structure.

Of course, I'm not going to be the only wholesaler going after opportunities in this market. Other players like Optus, AAPT and Pipe Networks will be competing in the wholesale space as well, just as they are today. And there will be new wholesalers that don't even exist today.

I am sure there are potential new entrants, watching from the sidelines: System Integrators, Media companies and Content Providers for example, eyeing off the opportunities that a layer 2 bit-stream service to the home represents and not just at the network level, but at the top of the food chain, at the software and application layer.

The world under NBN Co sets the stage for a whole new world of innovation but the key differentiator in this space will be Customer Service.

Which is why the industry needs to work together

Mike Quigley has urged the industry to participate in the Communications Alliance working groups and I agree with him 100%.

As supporters of the NBN vision, Telstra thinks it is important to provide our input via the prescribed process and actively contribute to the development of our industry as it evolves through the implementation of the NBN.

The industry needs to ensure there is interoperability with and NBN so all players can innovate and add their own value over the top of the NBN and that the pricing policies support a rational 'user-pays' model.

Customer service will be a major source of differentiation in a world with NBN and so to the most important part of this changing industry – the customer. At Telstra Wholesale we are no different to any other part of Telstra.

Customers of Telstra Wholesale are customers of Telstra:

- We value that relationship;
- We consider it a privilege to serve in contestable markets, and
- We are acutely focused and driven in Telstra Wholesale to enhancing the experience our customers have when purchasing our services.

We are putting the customer first and at the centre of everything that we do and we are creating an intensity around customer service like never before.

We want all our employees to eat, breathe and sleep customers 24/7 and I have set aggressive targets for improvement across the wholesale division. Every part of the wholesale business has customer satisfaction targets which are tied to the overall

business plan. Customer Satisfaction has been weaved into the fabric of this wholesale business.

While the NBN is worked out I will continue to serve my wholesale customers needs. I will continue to be focused on providing solutions that are valued by the wholesale marketplace.

No matter what eventuates in the current process with the Federal Government, as I look ahead, I see the existence of the NBN as an opportunity for Telstra Wholesale to provide a suite of next generation wholesale products and managed network solutions for Service Providers.

Extract from the keynote address “*The future of wholesaling – it’s all about the customer*” delivered by Telstra Wholesale GMD Paul Geason, at the Comms Day Melbourne Congress on 13 October, 2009.