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ACCC rejects Telstra's $30 per month ULLS price

The ACCC has issued a final decision to reject Telstra's access undertaking proposing a price of $30 per month for the unconditioned local loop service in metropolitan areas.

The charge covers Band 2 (metropolitan areas) and applies to about 70 percent of Telstra's 10 million lines and is substantially above the currently price of $16.75 which the ACCC has been mandating when called in to arbitrate disputes.

The ACCC concluded that Telstra's proposed price was unlikely to promote competition in the broadband and telephony markets and would discourage investment in telecommunications infrastructure. The ACCC also considered that a $30 monthly charge would result in Telstra recovering more than was necessary to promote its legitimate business interest in providing this service. And it noted that Telstra's proposed monthly charge was significantly above estimates derived from benchmarking against comparator countries.

Since 2004, Telstra has submitted four undertaking applications - one was withdrawn and with this current decision, three have now been rejected by the ACCC. Telstra appealed both the earlier decisions to the Australian Competition Tribunal which affirmed the ACCC's decision.

It remains to be seen whether Telstra will manifest the more conciliatory stance on regulation that has been evident of late and accept the ACCC's decision Andrew Sheridan, general manager, regulatory affairs at Optus said: "We challenge Telstra to accept the umpire's decision by not appealing this latest decision from the ACCC and to demonstrate through action its new 'conciliatory' approach to government and regulation.

The ACCC particularly noted that it had already rejected Telstra's August 2006 undertaking where Telstra had proposed a uniform $30 per month price for all areas in Australia. The ACCC said "it [is] surprising that Telstra chose to submit an undertaking proposing a $30 price for metropolitan areas - a price, in effect, significantly higher than that which had been rejected in 2006."

The final decision is in line with the ACCC's draft rejection issued on 13 November 2008. It followed the ACCC setting final indicative ULLS prices for 2008-09 earlier in the year. These prices, to apply from 1 July 2008 to 31 July 2009, were increased slightly over the ACCC's previous determination. The CBD (band 1) indicative price rose from $6.20 to $6.60, metro (band 2) from $14.30 to $16.00 and band 3 from $28.50 to $31.30. The ACCC said the increase reflected the rise in interest rates and input costs. No price was determined for band 4 as there had been no demand for this service.

Telstra's pricing was derived from its TEA pricing model which has been the subject of much controversy. Telstra claimed that its proposed monthly charge could be supported by the results of the TEA model under any reasonable set of inputs. The ACCC said, however that "When the TEA model is run with other parameter values, the resulting range of monthly charge estimates are significantly less than $30. This leaves the ACCC with significant doubt as to whether the proposed monthly charge of $30 is reasonable."

Telstra's $30 price, had it been accepted, would have been short lived and would likely have been followed by demands for a significantly higher price. Telstra proposed it be increased to about $48 using the TEA model either through commercial negotiation, arbitration or Telstra lodging another undertaking.

AAPT gears up for more resellers with Infonova Version 6

AAPT has upgraded its core Infonova BSS to version 6 saying it will facilitate the delivery of its services 'white-labelled' through multiple resellers. AAPT is full of praise for the technology, but it wasn't always like that.

AAPT has had a five year involvement with the Infonova technology and general manager, technology,

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David Yuile, said the most recent upgrade had been "a seamless experience and yet another example of great transformational achievements delivered by AAPT, BearingPoint Australia [the prime contractor and parent company of Infonova] and Infonova and underpins our finalist position for the TMF Excellence Award 2009." Yuile added: "The upgrade itself provides AAPT with the option to broaden our market focus to tackle new market segments through new retailers with their own brands and channels."

According to Infonova, Infonova Release 6 enables multiple retail and wholesale businesses to be supported on a single platform and for each of these entities to have full access to the full order-to-cash suite of features available with the Infonova solution and be able to offer triple and multi play services with their own branding and pricing including AAPT's ADSL2+ network.

"Each wholesaler or retailer will have full control over their customers, products, billing and branding," Infonova claimed. "This upgrade enables AAPT to extensively re-use and expose the platform capabilities to new retail operators. Turning on a new retail operator is only a matter of mouse clicks."

According to the case study submitted jointly by AAPT and BearingPoint to TMF for the award application, "In 2004, AAPT engaged in a transformation exercise to improve its competitive positioning and to deal with cost and falling profits by improving back-office IT systems to support a seamless 'quote-to-cash' experience for customers.

"The initial approach focused on integrating many of the existing systems. In parallel, BearingPoint presented some strategic options that would be achievable through using the Infonova Next Generation BSS solution...With the realisation that Infonova's BSS could deliver the functionality to automate the order to cash customer experience, BearingPoint were initially engaged to deploy an Infonova point solution to solve wholesale back-office transaction management issues.

"The success in this initial project led to the main Infonova BSS implementation that enables AAPT's consumer business to offer and bill customers highly complex triple-play bundles on a self-serviced basis on the latest end-to-end quote to cash Infonova BSS platform."

The case study lists specific benefits as being reducing consumer customer sign-up time from a typical 25-40 minutes down to three minutes; total staff across the consumer business being significantly reduced; the number of billing systems reduced from five to one and the number of call centre applications from 80 to a few; outsourcing of some call centre operations made much easier due to the highly intuitive Infonova BSS Web interface.

At last year's Telemanagement Forum in Nice Paul Reynolds, CEO of AAPT's parent company, Telecom NZ, was talking up Infonova big time, saying "In a year we have migrated from all customers on legacy spaghetti to 50 percent on a self service low-cost platform. We have migrated from 2000 pricing plans to 17. We have raised the figure for customers buying more than one service from us from 45 percent to 75 percent. Our online sales have risen from one percent to 20 percent with the availability of an easy to use self-service portal and we have moved from weeks to provision new services to days. 30 percent of customer service online has gone to 50 percent on line. That is massive progress in just 12 months."

Major teething troubles

However that was the first real good news for the project, then said by AAPT to have cost $100m. In the early stage of the rollout, AAPT managed to get customers seriously offside and received lots of bad press when confused and disgruntled customers overwhelmed its call centres. Broad, admitted at an investor briefing that the company had tried to do too many things at once and that its attempt to migrate large numbers of customers had resulted in call centre overload."

AAPT's CIO throughout much of this process, Bob Hennessey, left AAPT in mid 2008 to join BearingPoint and was quoted describing the AAPT implementation as a "highly successful business transformation project."

Earlier this month the TM Forum named AAPT as one of six finalists for its Excellence Awards due to be announced in Nice on May 6th. According to Infonova, "AAPT was nominated due to the successful back-office technology transformation of its consumer business, implemented by management consulting firm, BearingPoint Australia and realised using TMF Best Practice models and Infonova's proven front and back office BSS, which itself also incorporates key TMF standards." Forty case studies were submitted and these were whittled down to leave the six finalists.

Infonova gets second Aussie customer

In March Infonova announced that Australian managed services company Buroserv had signed an agreement to implement Release 6 of Infonova's BSS platform to provide specialised white label back-office and front office solutions to the telecommunications industry. Buroserv whose managing director is former Commander Communications COO Lakshman Mawalagedera, provides a range of white label products and services to service telecommunications providers.

ANALYSIS

Challenges to the regulation of voice and content in the NGN

This is the second in a series of short papers outlining some of the policy implications of content regulation in an NGN environment.

A key question which arises in the context of the emergence of NGNs is whether a voice application service ought properly be regarded as a content service. At the time of enacting the Telecommunications Act, the policy basis for defining a new category of 'service providers' (as opposed to carriers) was to foster competition in the telecommunications industry. It was envisaged that this would be achieved by creating a technologically-neutral legislative framework, supported by telecommunications-specific competition provisions in the TPA.

However, the new sub-category of service providers, being content service providers, was also given a broad ambit, so as to avoid the unintended consequence of not applying to new services as they emerge. It would seem fair to say that the notion of a separation of the transport and applications layers of communications services was probably not in the contemplation of the draftsman of the Telecommunications Act.

However, on one view, a content service may include a voice communication service which, due to technological developments, is capable of being separated from carriage and may therefore be described as 'any other online service'; that is, a 'content service' within the meaning of that term in the Telecommunications Act.

However, the question remains as to the purpose and utility of regulating voice telephony services (and potentially other basic communications services) in this manner. Even if it is possible to regulate such services as content services, is there any point in doing so?

It would seem that it will probably not greatly matter in the short-term, as the emphasis will continue to be on traditional voice telephony as an integral component of a carriage service. However, as we move closer to an NGN environment, policy makers will need to consider whether a separate category of basic communications service provider is warranted, for instance, as an adjunct to the standard telephone service (STS) (or its future NGN equivalent).

Challenges to the STS

As we move closer to an NGN environment, policymakers will need to consider the policy implications of basic communications services (such as the 'standard telephone service') being provided in a different manner and by someone other than a traditional carriage service provider. Against this backdrop, one particular issue is whether a 'voice application service' might be regarded as a content service and the regulatory ramifications thereof.

The current regulatory regime is adequately framed to cope with a diverse range of basic communications services, including those which have recently come into existence (such as peer-to-peer voice over internet protocol) and those which appear likely to emerge in an NGN environment. For example: the STS is defined in technologically-neutral terms, the minister may cause a declaration to be made which extends the STS to additional purpose or which specifies the characteristics of the STS, including performance characteristics. In short, the breadth and flexibility of the definition of the STS lends itself to maintaining the existing policy basis for the STS as we head towards an NGN environment.

Importantly, in making a recommendation to the Governor-General that the STS be extended to include additional purposes, the minister must have regard to whether a carriage service for that purpose can be supplied using the same infrastructure as is, at that time, being used by universal service providers to supply a STS for voice telephony. In other words, the STS is intended to be (and remain) a ubiquitous (or near-ubiquitous) service.

Voice communications services perform a fundamental and enduring social function. However, the STS as we know it today will be challenged by NGNs. The NGN allows for greater propagation of different types of voice services, such as VoIP, VoDSL, peer-to-peer communications, with correspondingly different technical standards, QoS, price and features. The general consensus seems to be that "voice services" will become but one of many applications to be delivered over a ubiquitous transport platform (i.e. the NGN).

The next paper in this series will examine possible changes to the STS as a result of NGNs

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NBN WATCH

A roundup of news and views on the National Broadband Network and associated regulatory reforms that aims to capture the zeitgeist of the ongoing debate with selective quotes from a wide range of sources. Suggestions for inclusion welcome, to stuart@exchange.com.au.

"NBN will cost $200 per month" myth unbusted

"Since our announcements [of the $43b NBN], there have been wild claims that consumers will have to pay over $200 per month in order to make the National Broadband Network viable. Let me take this opportunity to dispel a few myths on this issue. The NBN will be Australia's first truly national wholesale-only network. No retail company will be able to control the network in its own interests. Why is this important for consumers and the prices they will pay? Well, because, the discipline of genuine competitive pressure in the market drives lower prices, innovation and greater choice of different services and price points. It means companies have to fight hard to win and retain your business, or else you can switch providers. It means companies will likely offer a range of plans and price points to suit the needs of different individuals and businesses." - *Stephen Conroy addressing the National Press Club and, despite is myth-dispelling promise, failing to give any convincing numbers-based reason why NBN services won't cost $200 per month.*

In search of two million Australians in the FTTP exclusion zone

"Communications Minister Stephen Conroy has failed to answer when he will release coverage maps showing where the more than two million Australians, who will get broadband connections almost 10 times slower than everybody else under his planned $43 billion debt splurge reside...The minister has already made it perfectly clear that more than 500,000 Australians living in towns of around 1000 or less people will not get fibre to the premise, but he must now come clean on where the other 1.5 million are located." - *Shadow communications minister, Nick Minchin.*

BRIEFS

Westcon ANZ MD promoted to regional role

Westcon Group, a global distributor of networking, convergence, security and mobility products, has named the managing director of its Australian and New Zealand operations, Wendy O'Keeffe, as executive vice president, Asia-Pacific. She joined the company in 2001. She will report to Weston president and CEO, Dean Douglas. Westcon maintains offices in several countries in the region and is planning an imminent expansion into Vietnam. Through its Westcon, Comstor and Voda One businesses Westcon sells products and services to resellers, systems integrators and service providers. Vendors represented include Cisco, Nortel, Avaya and Polycom. Westcon was recently named as Cisco's first global distribution partner: a move designed to provide both companies with a single contractual vehicle from which to manage global, regional and local business activities with common terms and conditions (ExD 20 Apr).

NEC names strategic manager to drive SME SaaS offering

NEC Australia has appointed Simon Olive as strategic business manager for Applications Net, its SaaS offering directed at SME, launched in November 2008. His initial focus will be on providing training and lead generation initiatives to support the channel community in Australia and more broadly across South East Asia. He joins NEC from a project management role with Accenture.

3Com names new regional programme director

3Com Corporation has appointed Murray Holzworth to the position of regional programme director for Asia Pacific. He will be based in 3Com's Brisbane office and was previously Queensland state manager at 3Com Australia. Before joining 3Com he was a senior business development manager at CITEC.

The paperless office has finally arrived

Melbourne company Tracknology - a mobile data software company specialising in field workforce solutions, mobile data capture, sales force automation and GPS tracking - claims to have migrated its entire operation to BlackBerry smartphones and to have become a truly paperless office. "As of the end of March, no paperwork is being generated by Tracknology, not even business cards," the company claimed. "[Our] laser printer hasn't been powered up since early December, 2008." All Tracknology staff use Tracknology's mobile workforce applications and web-enabled systems to complete their day-to-day tasks, generating and accessing documents or materials they need electronically through wireless technologies.