

WHAT NEXTGEN DID NEXT

Peter Harrison, General Manager of Nextgen Networks talks with Strategic Path

- Any organization with multiple, dispersed operational locations can benefit from using VPLS technology
- VPLS as a self learning network provides more customer freedom than alternative WAN network technologies
- Approximately one third of new sites connecting to Nextgen Networks are choosing VPLS

Strategic Path (SP): Nextgen's resurgence over the past couple of years has really been quite a remarkable reinvention. What's been the driving force behind your reinvention?

Peter Harrison (PH): Nextgen's resurgence is the result of a few simple factors: our chosen market is undergoing rapid growth; we invested in new technology that allows us to offer cost-effective services of very high quality; and we have assembled an excellent team of industry professionals.

It's not every day that you are able to acquire a virtually brand new, nationwide, optical fibre network at a small fraction of its original build cost. We have subsequently tried to make the most of our opportunities by continuing to innovate as a specialist data carrier, most notably with Virtual Private LAN service (launched in 2006) and our Ethernet over SDH product.

Being a member of the Leighton Group is a huge advantage in this. We have ready access to growth capital and access to Leighton's management expertise.

SP: You've recently announced a number of high-profile hirings (including PowerTel's former COO). Is this indicating somewhat of an evolution (or revolution) at management level?

PH: Our ability to recruit high profile employees is an acknowledgement of the tremendous potential for Nextgen to be a market leader in the delivery of premium data services. Good people want to come and work here because they recognise the opportunity we have to innovate and succeed.

Employing quality staff is a key strategic focus for us. Our inherent value as a carrier is underpinned by the quality and experience of our staff. As a relatively small and dynamic challenger, we have the flexibility to incorporate new staff into appropriate positions and evolve our organisational structure accordingly.

SP: What are your expectations for the ConnectSEQ project?

PH: Nextgen is a consortium partner to the exciting

ConnectSEQ project which aims to deliver 18 councils representing one in seven Australians a 100-fold increase in broadband speeds to at least 50Mbit/s.

Being chosen as a consortium member for the core network contracts is a significant endorsement of the quality of Nextgen services and the reputation we enjoy in the marketplace.

Nextgen strongly advocates Open, Layered service delivery and fully supports ConnectSEQ's proposed Structural Separation between wholesale carriage, access and service components. By standardising infrastructure interfaces, it is possible to provide real competitive advantages to the consumer, support strong retail competition and significantly reduce the impact of last mile technology changes.

SP: How is Nextgen countering criticisms that VPLS is "trouble waiting to happen" with no standard and delivering greater benefits to service providers than customers?

PH: VPLS is a technology that Nextgen introduced to Australia so it is unsurprising that some people might feel threatened by this and try to downplay its genuine advantages. International experience shows that VPLS provides great benefits to customer and yes, there are benefits for carriers too.

The whole premise of VPLS is that it provides more customer freedom than any of the alternative WAN network technologies. It does this by providing a fundamentally self-learning network that is very familiar to corporate IT departments: Ethernet. Nextgen enhances that freedom by bundling in (at no cost) transparent VLANS, QOS and core path redundancy..

Customers needing to add or move sites can do so easily. The customer can perform any network changes, such as IP addressing, VLAN use or equipment replacements without involving the carrier and the sometimes-associated delays, coordination overheads and mistakes. This reduces the complexity of managing the WAN for our customers and also the maintenance load on the carrier.

You mention the lack of standards yet VPLS has been designed from the start to be compliant with the E-LAN service definitions and standards of the Metro Ethernet Forum. Moreover, VPLS has been part of the IETF standards stream since 2002, with the current proposed standard RFC 4762.

SP: To date you've been limited in the number of case studies demonstrating your VPLS offering – are you finding it a difficult sell?

PH: I would class the VPLS product launch as a resounding

success. Our core business to date is wholesale data carriage and that has been very successful. VPLS is an expansionary offering for Nextgen but we are fully committed to executing the opportunity it offers us for vertical and horizontal market growth.

I have laid out an aggressive set of targets, against which we are tracking well. As a specialist wholesale of high-speed national bandwidth entering the corporate data market, we had to develop a whole new sales team, supporting operational processes and close relationships with a range of System Integrators.

From our launch in April 2006, VPLS already represents 10 percent of our current revenue and that is growing each month. About one third of all new sites connected to our network are ordered under the VPLS product. We have also now homed in on the right pricing level and the market is responding accordingly.

SP: What is the profile of your ideal VPLS customer and what “pain points” or opportunities do customers respond to?

PH: Any organization with multiple, dispersed operational locations can benefit from using VPLS technology. The ideal customer for a Nextgen National VPLS solution has a presence in several state capitals with a dozen larger offices and up to 50 smaller offices.

Such a customer has a significant number of office relocations and relatively high inter-state bandwidth needs. The “pain” of coordinating changes with their existing IP-VPN carrier is a significant distraction to IT operations. This customer is looking to restructure their network for administrative and security benefits using VLANS. They have a significant internal telephone communications need and are looking for a network with inherent QOS to support internal VoIP and possibly video conferencing.

Another interesting “pain point” we have addressed is in invoice reconciliation. Our simple invoicing with a single line item per site, no extra charges for interstate bandwidth, QOS or VLANS and with a customer defined name hits home with customers.

SP: How is the Interoperability Testing Centre being taken up by customers?

PH: Our ITC is another example of Nextgen’s innovation in the premium data services market. It takes the next step towards improved product flexibility and customer service.

Interoperability is a key strength of our VPLS product. We work hard at developing strongly type-approved connections with the widest range of third-party access-tail providers. Our interoperability Testing Centre is crucial to our ability to perform this function, and the largest customer of this centre is our VPLS engineering and architectures group.

We find the typical external customer choosing to use the Interoperability Testing Centre is the large-scale wholesale customer with very specialist needs.

SP: What’s next on your horizon? Are you anticipating remaining a niche services company or are you setting your sights on a broader presence?

PH: Nextgen is positioning itself as a premium data services carrier for the carrier, government, system integrator and corporate markets. We have a proactive program of product enhancements and additions scheduled for 2007/2008 but at this stage there is n intention to broaden into the full-services carrier or integrator markets.

It is our objective to be positioned as an innovative supplier of premium data services. We want to be a genuine challenger for market share in what is clearly a growth industry.

PETER HARRISON is General Manager of Nextgen with accountability for the strategic, operational and commercial business. He has 27 years telecommunications experience, including as MD of Telstra’s Customer Premises Equipment business and as General Manager of Reef Networks.