

HKCONNECT2008 “A Telecom Networking Event”

Telecommunication companies from all over the world have gathered in Hong Kong this Wednesday and Thursday to share their perspectives on telecommunications development on the 4th ‘HKCONNECT’. The event has been held in Hong Kong by HKCOLO, the Neutral Colocation provider in Asia. The Senior Vice-President of HKCOLO, Mr. William Wai said, “Participants multiply each year and we have over 280 attendees this year. Exciting topics include: Mobile Broadband, Colocation Links, Future of Network Communication Future of the Chinese Market and more.”

HKCOLO is recognized as a Neutral Colocation provider in the telecommunications industry, as they do not compete in telecommunication business. They provide clients with colocation service and a platform to conduct business. Mr. Wai said, “Most general telecommunication providers are able to provide colocation service. However, as they are also involved in telecommunication business, conflicts of interest happen. That is the main reason carrier companies choose a neutral colocation provider.”

Colocation providers do not hold many international events. Ancotel of Germany held their first international telecommunication fair last year. The scale is similar to Hong Kong. Telx from New York have more experience in holding events. They have approximately 1,000 participants each time but there are also many mobile phone vendors. “The event in Hong Kong is free of charge as long as you are a HKCOLO direct serving client. HKCOLO earned goodwill in the organization, telecommunications companies gained business opportunities and Hong Kong retained its role as a telecommunication hub.”

Neutral Colocation Centre Outshining Others

The biggest selling point of Neutral Colocation Centre is the word ‘Neutral’ as this could attract different kinds of clients. HKCOLO, which was established at the time when Hong Kong telecommunication market opened up in 1999, now has more than 280 different telecommunication companies using their colocation space in Sino Favor Building, Chai Wan. The number of companies that chooses to use their service increases annually. Clients have increased over 5% between August 2007 and October 2008. Their clients include: submarine cable operators, traditional switch voice carriers, digital data service provider, VoIP services providers, IP connection providers, retailers, wholesalers, transnational provider, EFTNS, FTNS, MVNO etc.

Mr. Wai said, “When a client chooses to use the service, they seldom terminate it. It is simply because lots of carrier companies use the same colocation here, they can get interconnections with different carriers easily. It is a convenient place to have business opportunities and we also actively help to match up carriers. The hurdle to start up a colocation business in is high,

say approximately investment at HKD 15 million, and we have attained critical mass in our clients. The chance of having another competitor is very slim. We also established strategic partnership with the only regional colocation providers in Europe and America further cementing our market position.”

Some of the Telecommunication Companies which have attended the Hong Kong fair this year are quite outstanding:

Russian Telecommunication Company Connects Europe and Asia

Rostelecom: A Russian state-operated telecommunication company. It is the only telecommunication company that spans Europe and Asia. Mr. Wai said, “In the past, if one wanted to make a call to Europe from Asia, the call needed first to be transferred to North America, then transferred from west coast to east coast through land cable and arrived Europe via submarine cable at last. The time delay of a call conversation would be as long as 0.4 seconds with high background noise and low frequency of a successful connection. However, we can use TEA (Transit Europe-Asia) now. Through a short cut from Asia to Europe via Russia. The time delay can be shortened into 3 milliseconds at a 5 times premium.”

Goldbridge Telecom: A Chinese telecommunication solution and value-added service provider. Its full-set service suits new companies. If you want to start a telecommunication business but do not have the facilities, you may choose to use their service. They can lease to you equipments, provide a connection service and to manage billing. Mr. Wai said, “It is just like a telecommunication hotel. You can use it as soon as you have rented it. It provides convenience to small and medium-sized carrier companies while large companies can have instant access to market.”

Business Comes from Philippine Household Workers

PLDT HK LTD is an oversea branch of PLDT GLOBAL Inc, a subsidiary company of PLDT in the Philippines. It started in 2001. Nowadays most long-distance calls from Hong Kong to the Philippines and North America are being handled by this company. Mr. Wai said, “Before 2004, they are in wholesale business, supplying the \$30-\$50 phone card companies. Their business had since gone very well. Later on, they became a distributor of call cards. They are well liked by the Filipino workers and have only one main competitor, namely PCCW.”

GIG A Representative Work of Blue Ocean Strategy

Telecommunication companies must spend money in laying cables. GIG (Glass in Gas) is a technique from Europe. It makes use of gas pipes in laying fiber cables. It saves money at the same time it increases value. It fulfills Blue Ocean Strategy requirements. Towngas has foreseen the chance of this technique in 1998, therefore a subsidiary company, Towngas Telecom, is set up. Its target clients are those with the high speed connection requirements. Their service has been provided to the government, education and medical sectors in 2005-06 and mainland China in 2007. Commercial development and marketing manager Ngai Heng

Wah said, "We have used the gas pipe network using the GIG technique. Since then, over 80% of data centers are covered in a few years. We will not be able to do this with other techniques." Base on his analysis, GIG is environmental friendly and ideal for big cities:

1. It is environmental friendly and time saving: no need to dig up a large part of the road but only dig at the 2 ends of the route. It saves capitals and lowers disturbance. It is most suitable in busy streets where construction will cause a lot of inconvenience.
2. Benefit of being deep under road surface: ordinary cables are laid on the first level under the ground level. As the traffic in Hong Kong is always very busy and there are lots of constructions works with heavy vehicles going over constantly, these external factors cannot be ignored. Because of this reason and the stringent safety requirement, gas pipes are deep down under surface. Good Protection and less effected by what happens on top of the road, external factors become negligible.
3. Short construction time: application for laying a general cable takes much time to approve. Sometimes over a year. Application for a GIG construction is simple and approval comes much quicker.

Terminology: Colocation Centre

Purpose-oriented managed data centre space for clients. Clients save money from setting up their equipment for service while getting all other support service at a fee.

A neutral colocation provider do not compete in anyway in telecommunication business.

They match up companies to create business opportunities for their clients.

Photo

Wai Heng Cheung, William the Senior Vice-President of HKCOLO, said, "Over 70% of long-distance call and telecommunications in Hong Kong are routed within our colocation centre."

John Dowd, Commercial Development Vice-President of Fibernet Telecom, said, "Data Center connection definitely has its value. According to the Metcalfe law, a telecommunication network's value quadruple the number of its connections.'

Vsevolod Korzhaev, specialist of international IP and Data Sales in Rostelecom, said,"TEA owns 25 submarine cable systems, 150 network carriers connecting Europe, Asia and North America. They have to handle more than 1.3 billion minutes of voice traffic every month and over 20 thousand TB data flow every year."

Rene Olsen, Director of Partner Relations of Telenor, said, "Refer to the information from Wireless Intelligence of the 4th season of 2007, Telenor ranked 7 among international telecommunication companies. Telenor have USD159 million turnover in the first 5 months of 2008, an increase of 7.22 times from 2002."