

SEA telcos plan terabit link to the US

There's a new club cable coming to Asia. Its mission: to give **escalating** broadband Internet traffic in Southeast Asia a direct link to the US.

Billed as the Asia-America Gateway and spearheaded by incumbent telco Telekom Malaysia, the 20,000-km sub-sea fiber cable is planned to link Malaysia, Hong Kong, the Philippines, Singapore, Thailand, Brunei Darussalam and Vietnam to the US West coast, with stops in Guam and Hawaii. Telekom signed an MoU in early June with Reach, PLDT, StarHub, CAT Telecom, AiTi and VNPT to form a consortium to build the cable, which is due for completion in early 2008. No financial details were given about the cost.

The AAG will come with a minimum design capacity of 1.28 Tbps, which the signatories are going to need as broadband traffic – particularly VoIP and video – take off in the next few years, says Telekom Malaysia COO Baharum Salleh.

"We're expecting high-capacity growth because of broadband, and even with a capacity upgrade, APCN-2's capacity will be exhausted in a few years," Salleh says. "We see 20% annual traffic growth for Malaysia alone. By 2008, we won't have enough capacity to connect to the US."

Salleh adds that while there are other routing options for SEA, such as the recently completed SEA-ME-WE-4 cable, that means sending traffic west, which creates latency issues for traffic bound for the US.

"We need to reduce latency for our corporate customers, who have stringent QoS requirements," Salleh explains. "Also, a direct link to the US means that we don't have to route our traffic through China or Japan first."

Playing catch up

The project is a significant one on several levels, according to Telegeography analyst Alan Mauldin, not least because seven markets represented in the consortium are experiencing surges in bandwidth traffic with comparatively limited international bandwidth and no direct US connectivity.

"The countries that are involved in this consortium are ones that largely did not get connected through Asia Netcom's EAC or C2C or the Flag/Reach North Asia Loop," Mauldin told *Telecom Asia*. "So there are fewer high-capacity cables connecting most of the countries involved."

Mauldin adds that the AAG will bring more badly needed diversity to trans-Pacific capacity. "There are only two cables in the Northern Pacific [VSNL

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Transpacific and PC-1] that are actively selling capacity, both of which are Japan-US," he says. "Having an alternate route is attractive to many carriers seeking to avoid routing all their capacity via Japan."

Indeed, Telekom's Salleh says the AAG is designed to extend its capacity to other locations in Asia, Australia, Africa and Europe.

One overhanging question is the issue of bandwidth pricing, which is still declining on many routes. And AAG is not the only planned new trans-Pacific route with terabit-level capacity – VSNL Transpacific and China Telecom's recently announced Trans Pacific Express cable are also in the works.

TM's Salleh says the AAG

has the advantage of being a club cable, which means its seven partners will be delivering traffic immediately. He also points out that, unlike six or seven years ago when cable systems were planned for traffic booms that never materialized, this time the demand is real.

"The demand for bandwidth is great enough to drive the volumes to make up the difference, especially as demand for triple-play services and VoIP rises," he says. "A few years ago, you were selling bandwidth in terms of E1s, but now even Tier 2 customers will ask for at least an STM-1. For the bigger customers, we're talking about selling STM-64s now, not STM-16s."

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– John C. Tanner