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Editor: Stan Beer

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VOCUS SALE IS BACK ON THE TABLE WITH AGL



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CommsWire/Telecommunications Editor: Stan Beer

Staff writers: Peter Dinham, Alex Zaharov-Reutt, Sam Varghese. Columnist: John de Ridder

Advertising: CEO and Editor in Chief, Andrew Matler: andrew.matler@itwire.com • Tel: 0412 390 000

ENERGY FIRM AGL SEEKS TO ACQUIRE VOCUS FOR \$3 BILLION

Vocus Communications has received another takeover offer, this time from local energy provider AGL Energy, which has made a bid to buy all the shares in the company for \$4.85 a share, meaning that the total bid would come to a shade over \$3 billion.

AGL made an offer to buy Vocus in May but backed out on the last day of the month when the terms of due diligence could not be agreed.

Last week, Swedish equity firm EQT Infrastructure [pulled out](#) of a bid for Vocus that valued the company at \$3.3 billion or \$5.25 a share.

In an announcement to the ASX on Tuesday, Vocus chief executive Kevin Russell said: "After last week's announcement that discussions with EQT Infrastructure had ceased, AGL returned with a non-binding and indicative proposal to acquire Vocus for \$4.85 per share.

"There is a clear market opportunity for Vocus, which is generating significant interest in our business and our assets. We are focused on executing our turnaround strategy and delivering the opportunity in front of us.

"However, we have been clear that the board will always act in the best interests of our shareholders to engage with credible parties that bring forward proposals that are worthy of further consideration.

Vocus said the indicative proposal was subject to completion of a four-week period of exclusive due diligence to AGL's satisfaction; unanimous recommendation from the Vocus Board; and entry into a mutually acceptable scheme implementation agreement.

"Any scheme implementation agreement would also be subject to a number of further conditions, including shareholder, court and regulatory approvals," the announcement said.

AGL said in a statement: "AGL's interest in Vocus is consistent with AGL's strategy to meet the needs of increasingly connected customers as energy and data value streams converge and the traditional energy sector transforms – and aligned with AGL's capabilities in integrating and managing complex assets and customer portfolios.

"AGL believes acquiring Vocus may be an optimal way of executing this strategy, creating material shareholder value and driving customer loyalty while providing access to a market-leading integrated broadband fibre asset base and creating considerable additional options for long-term growth."

Vocus has appointed UBS as its financial adviser and Allens as its legal adviser.

Sam Varghese

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US GIVES STRONG HINT THAT HUAWEI A PAWN IN TRADE DEAL

An official in the Trump administration has given a strong hint that the strictures placed on the Chinese telecommunications equipment vendor Huawei Technologies by Washington are all part of a gambit to help the US strike a trade deal with China.

Reuters [reported](#) Treasury Secretary Steve Mnuchin as saying on Sunday that President Donald Trump might ease the restrictions that the US has imposed on Huawei if there was progress in sorting out the ongoing trade war with China.



If that did not happen, then Mnuchin said the the tariffs that have been imposed on China would remain in order to cut the US deficit.

In May, Trump himself [hinted](#) at the same thing. Trump told reporters at the White House on 23 May: "Huawei is something that is very dangerous. You look at what they've done from a security standpoint, a military standpoint. Very dangerous."

But despite that, he added, the odds were good that the US and China would reach a deal to end the escalating row and "it's possible that Huawei would be included in a trade deal."

On 16 May, the US [imposed a ban](#) on Huawei and 68 of its affiliates, preventing the company from importing components from American companies without government approval. Some of the affiliates are in other countries like Canada, Japan, Brazil, the UK, Singapore and others.

On 20 May, Google [announced](#) it was cutting off Huawei's access to future updates of Google's Android and Google Play Store. On 21 May, the US Commerce Department [eased](#) some restrictions, allowing Huawei to maintain and update existing networks and handsets.

Trump also put in place [a ban](#) on the use of equipment from Huawei and its fellow Chinese firm, ZTE, within the US but that would not have much effect on either firm as the US uses very little equipment from either company.

Mnuchin said: "I think what the president is saying is, if we move forward on trade, that perhaps he'll be willing to do certain things on Huawei if he gets comfort from China on that and certain guarantees. But these are national security issues.

"If China wants to move forward with the deal, we're prepared to move forward on the terms we've done. If China doesn't want to move forward, then President Trump is perfectly happy to move forward with tariffs to rebalance the relationship."

Sam Varghese



John de Ridder

Telecommunications Economist

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NZ REGULATOR WARNS ISP MYREPUBLIC OVER TELECOMS LEVY

New Zealand's Commerce Commission, has issued Internet provider MyRepublic with a formal warning after it failed to meet its statutory obligations to provide information needed by the regulator to allocate the Telecommunications Development Levy.

The \$50 million TDL is paid by larger telecommunications firms and is used by the NZ Government to pay for telecommunications infrastructure, including the relay service for the deaf and hearing-impaired, broadband for rural areas and improvements to 111 emergency calling services.



And under the Telecommunications Act, liable companies must provide the Commission with audited financial information that the Commission can use to apportion the levy.

Telecommunications Commissioner Dr Stephen Gale said MyRepublic failed to provide accurate financial information, and an auditor's report, within the statutory timeframe.

The information MyRepublic eventually provided did not meet the specified requirements.

"The efficiency and integrity of the TDL allocation depends on liable companies providing complete and accurate information to ensure the levy is split in the correct proportions," Dr Gale said.

"Where one company doesn't meet its obligations, it can affect all the others that have."

As outlined in the warning letter, the Commission decided to issue a warning as MyRepublic has previously been compliant.

MyRepublic was liable for the TDL for the first time in 2017/18 and the Commission said its conduct was otherwise not serious.

The auditor assurance it provided in December 2018 was sufficient for the Commission to make the liability allocation determination in a way that did not affect other liable companies.

The Commission said it would take this warning into account if MyRepublic engaged in the same or similar conduct in the future.

Peter Dinham

5G UPTAKE IS EVEN FASTER THAN EXPECTED, SAYS ERICSSON

Ericsson forecasts an extra 400 million enhanced mobile broadband subscriptions by the end of 2024 in the wake of “rapid early momentum and enthusiasm” for 5G.

In the June 2019 edition of its [Mobility Report](#) forecasts, the Swedish telecommunications equipment vendor forecasts 1.9 billion 5G subscriptions – up from 1.5 billion forecasted in the November 2018 edition – an increase of almost 27%.



According to Ericsson other forecasts have also increased notably as a result of the rapid 5G uptake.

5G coverage is forecast to reach 45% of the world's population by end of 2024 – and could surge to 65% as spectrum sharing technology enables 5G deployments on LTE frequency bands.

Ericsson notes that communication service providers in several markets have switched on 5G following the

launch of 5G-compatible smartphones.

This included Telstra, which launched Australia's first 5G network, with the first 5G consumer devices available last month.

“As 5G devices increasingly become available and more 5G networks go live, over 10 million 5G subscriptions are projected worldwide by the end of 2019,” Ericsson adds.

Fredrik Jejdling, executive vice president and head of networks, Ericsson, says: “5G is definitely taking off and at a rapid pace. This reflects the service providers’ and consumers’ enthusiasm for the technology.”

“5G will have a positive impact on people's lives and businesses, realising gains beyond the IoT and the Fourth Industrial Revolution.

“However, the full benefits of 5G can only be reaped with the establishment of a solid ecosystem in which technology, regulatory, security, and industry partners all have a part to play,” Jejdling says.

Ericsson also reports that total mobile data traffic continued to soar globally in Q1 2019, up 82% year-on-year, and predicted to reach 131EB per month by the end of 2024, “at which time 35% is projected to be over 5G networks.”

“As per recent trends, most of this increase will originate from video traffic. Video traffic in mobile networks is forecast to grow by around 34% annually up to 2024 to account for nearly three-quarters of all mobile data traffic, from approximately 60% back in 2018,” Ericsson says.

The Ericsson report also features articles written by service providers, including Telstra, on how operators can “manage the ever-growing demand for data and video while maintaining consumer experience, particularly for live content streaming with LTE Broadcast (LTE-B).”

Ericsson says LTE-B technology was switched on nationally across the Telstra mobile network on July 11, 2018 as part of an end-to-end service streaming live Australian Football League (AFL) and games.

In the first 3 months of the new service, Telstra broadcasted more than 50 AFL games and related live events, resulting in 43,000 streams to broadcast users which equated to 4,700 hours of consumed video.

“Telstra has observed that LTE-B users watch a stream more than 25 percent longer than viewers watching the same content on a non LTE-B enabled device.

“LTE-B also improves the video and audio experience for customers watching live content.”

Emilio Romeo, Head of Ericsson, Australia & New Zealand, says: “We are very impressed by the momentum being generated by markets deploying 5G and are proud to be working with leading operators, including here in Australia, to launch the first 5G networks around the world.

“As network capabilities continue to grow, consumers are demanding enhanced forms of experiences; 360-degree video and AR/VR applications will become commonplace. Implementation and uptake of such technologies will only grow as 5G is rolled out, and compatible devices are successively introduced.

“As demand for data continues to grow, we have continued to work together with operators to better manage the ever-growing demand for data and video while maintaining consumer experiences, especially around live content streaming, one instance of which is on accelerating the LTE-B ecosystem with Telstra in Australia.”

Ericsson also notes that there are 1 billion cellular IoT connections globally, a figure that it says is expected to rise to 4.1 billion by the end of 2024 - of which 45% are represented by Massive IoT.

Peter Dinham

FURTHER REGULATION NOT NEEDED FOR NZ TELCO SERVICES

New Zealand competition regulator, The Commerce Commission, says further regulatory intervention is not currently needed for the country's telco services backhaul.

Releasing its finding of an enquiry into backhaul services, the Commission said it is satisfied that while further regulatory intervention is not necessary at this time, it will continue to monitor backhaul prices and terms.

Under the backhaul arrangements, telecommunications retailers pay New Zealand's largest telco, Chorus, and the other local fibre companies to handle internet traffic between homes or businesses and suburban exchanges.

The retailers also buy 'backhaul' from a range of network providers to carry the traffic between the suburban exchanges and the retailers' international gateways and content servers – and mobile operators buy backhaul from cell sites to their gateways and servers.

Telecommunications Commissioner Dr Stephen Gale said that the Commission had found that the backhaul market is "generally competitive except in some provincial areas where Chorus is the only provider and some links are more expensive".

"On these links Chorus has chosen to use a regulated pricing formula set by benchmarking in 2008. The relevant links are longer and carry less traffic but we expected that updated cost benchmarks would now be lower," Dr Gale said.

"Even so, we don't propose to regulate at this point. Firstly, the higher backhaul charges are having only a minor effect on nationwide retail broadband prices.

"Secondly the Ministry of Business, Innovation and Employment will publish a suite of new fibre regulations this year under Part 6 of the Telecommunications Act. The new regulations may bring some of the relevant backhaul services under Chorus' overall revenue cap, come January 2022."

The Commission said it had also found several anomalies and errors in Chorus' backhaul service offerings – and Chorus has now announced that it will review its backhaul portfolio.

"We will consider the need for new regulated backhaul services in a review that we are required to undertake some time before 2025," Dr Gale said.

"The timing of the review will depend on the coverage of the new Part 6.

Peter Dinham

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For editorial, contact, Stan Beer, CommsWire Editor: 0418 516 720 | stan.beer@itwire.com

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