



## Goodbye Yipes, Hello Reliance Globalcom!

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You would think becoming part of a large service provider such as one with the reach of Indian-based Reliance Communications would come with a host of challenges and opportunities.

John Scanlon, CEO of the newly formed Reliance Globalcom, the new business services venture developed through the conglomerate's acquisition of Yipes Enterprise Services, admits the obvious challenges of different cultures and regions exist, but he's also confident the alliance will help extend the company's capabilities to an even broader audience.

What's making Scanlon salivate over being part of a large company such as Reliance is its global network assets and reach, a key asset being its FLAG Telecom undersea cable system. After suffering years of fictional demand, the submarine cabling market seems to be on the upswing with the rise of new cabling ventures such as Trans Pacific Express and other related projects.

Upon completion, FLAG's new submarine network system will span more than 115,000 km. Last September, Reliance FLAG awarded Fujitsu the first two segments of its NGN cable system: Asia (covering India to Hong Kong) and Mediterranean (Egypt to France) in addition to segments in the Pacific (Japan and U.S West Coast) and East Africa (India and Kenya).

"It's important for us because our enterprise accounts are anxious to reach places in those regions of the world, particularly given the growth the world economy and our enterprise customers are seeing," Scanlon says. "The infrastructure is there, so we just need to take our service kit and layer it on top—that's a big push of ours this year."

Scanlon adds there are a number of global network synergies between Yipes and FLAG. Both were Juniper-based networks so there are similarities in the way the infrastructures are deployed.

"We're leveraging relationships FLAG and Reliance already had with a lower cost of capital, placing those on top of an existing and expanding infrastructure," he says. "All of those elements coming together make it a real nice capability for us to expand our service platform."

### **Year of expansion**

Throughout 2008, parent company Reliance Communications plans to invest US\$200m in its Ethernet network, an investment that will double the amount of U.S.-based POPs.

In the upgrade process, Reliance Globalcom plans to introduce new capabilities and acquire new fiber network assets.

"The access to capital and the purchasing power of the Reliance family really allows us to expand," Scanlon says. "North America is just a tremendous market opportunity. Industry analyst studies show the market size of frame relay, ATM and private line are massive multibillion industries."

Besides the United States, Reliance Globalcom will begin a phased rollout of managed Ethernet services throughout Europe, the Middle East, Asia and India—all leveraging the Reliance FLAG network.

### ***A partnership approach***

While there is some overlap between the old Yipes and FLAG Telecom in the obvious Asia-Pacific and European regions (i.e., Japan, Hong Kong and the UK), the emphasis throughout 2008 will be on emerging markets the two providers currently don't reach. Reliance Globalcom will expand its Ethernet service reach via two primary methods: its own enterprise group's capabilities and through its carrier partners.

Scanlon emphasizes that even as part of a larger carrier, establishing pre-Metro Ethernet Forum standard Ethernet network-to-network interconnection (E-NNI) arrangements will be key to expanding Ethernet service.

Taking what it calls an "access agnostic" approach, Reliance Globalcom can deliver its Ethernet service over any fiber- or copper-based network access type (e.g., T1, E1, DS3, OC-3). To date, Reliance Globalcom has established NNI arrangements with the likes of Asia Netcom, COLT, interroute and KPN.

"It's important for us, and we have done a lot of work with network-to-network interfaces," Scanlon says. "Our sense is that with or without a standard... we have built key relationships with foreign partners beyond the NNI to support an enterprise account."

Of course, it helps that FLAG Telecom also has a wide-ranging set of wholesale provider relationships. "What's also interesting about this relationship now is that FLAG has been selling to them as a service provider," Scanlon explains. "Now, we have these relationships on two levels: one as a service provider to these global enterprises as well as a service relationship with a seamless service offering to a global enterprise."

### ***All about applications***

Since its inception as Yipes and as one of the early Ethernet service providers, Reliance Globalcom has seen Ethernet grow from what was basically a WAN service experiment to a well-accepted, carrier-grade enterprise service.

With various industry segments, such as the financial and legal industries, continuing to expand globally, there's a growing expectation to have their Ethernet service available wherever they are.

"If we start at the macroeconomic level, clearly the changes in emerging markets are driving a lot of our customers' behavior and the opportunities they see. [It's the same] in developed countries where they can compete effectively," he says. "Our customers want to be able to compete in emerging markets and other foreign locations and that's what drives them there to offer services and products."

Even though there will still be pockets with frame relay and ATM services, it's clear Ethernet is becoming the network service du jour. A case in point is the legal CIO. If the legal CIO wants to open a new office in Asia, he faces some basic challenges to extending the reach of internal services:

- How that office can be added to the current global infrastructure with minimal pain; and
- How fast that particular market will grow and what its needs will be when applications are delivered over the global network.

"They must have something that can scale as that market develops," Scanlon says. "It's their own growth driven by their need for applications support in remote locations and ultimately the need for the right network that fits their business. That's why they chose Ethernet."

But connectivity and access are surely only one part of the overall equation. Where does Reliance Globalcom go next?

Along with expanding its current metro and WAN Ethernet product sets, Reliance Globalcom will continue to build out not only new offerings such as virtual private line service but also expand its class of service and multicast capabilities to drive content for financial exchange customers.

"It's really not Ethernet per se," Scanlon says. "I like to think of it as the service capabilities Ethernet enables."

Content delivery, for one, is a big focus. This is not necessarily broadcast content, but rather more proprietary content designed for a specific audience such as training or video deposition.

"If the content you're distributing has a closed community and it's important you maintain access control (who sees that data) as opposed to the ubiquity and sometimes lack of security in the public network, [you] come to a service provider like Reliance Globalcom," Scanlon says. "[You] say, 'I have this class of customer purchasing and acquiring this content and it needs to be delivered with this SLA over this footprint.'"

One of the questions often posed to the Yipes executive team was why Reliance, a large conglomerate with various assets in telecom and other unrelated industries, would want to buy a small fish like Yipes.

"You sit there as Reliance and say, 'I have this tremendous customer base in India, this massive undersea cable system I acquired quite intelligently while it was still in bankruptcy, and what I need is a service capability to layer over the top of that and be able to provide services to the fastest growing and lucrative markets in the world—the corporate enterprise business,'" Scanlon says. "Irrespective of our size, we can scale that capability, but you can't start over on the innovation and head start we had with that focus serving the corporate enterprise."

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