



Two of India's telcos invest in their future to serve carriers and enterprises

Tata Communications and Reliance Globalcom make their mark globally

by Ek Heng, Asia-Pacific Correspondent

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Two of India's telcos, Tata Communications (TataCom) and Reliance Communications (RCom), coincidentally took the first steps to grow their business beyond local shores in 2004.

While VNSL was then launched as an international arm which has since been renamed TataCom, RCom's journey began with its acquisition of Flag Telecom, followed subsequently by the setting up of Reliance Globalcom (RGCom). Both telcos have benefited from the infrastructure investments and development of services catering to the higher value-added communication needs and managed service required by carriers and enterprises.

With investments in place for their own global submarine cable networks, the telcos are further investing in data centers and point-of-presence as well as co-location of facilities and communication nodes to extend their offer of IP backbone, Ethernet and Internet, together with a host of valued-added services.

Price war, margin pressures in domestic market

Their decision to diversify and avoid putting all the eggs in the basket, thereby carving a niche for themselves globally, could not have been better timed as current developments in the Indian telecom market show. Local media abound with reports about the severe margin pressures faced by local telcos in an ongoing price war, despite India being the fastest growing market worldwide with a telecom base exceeding 500 million by end September 2009.

In the words of Sunil Joshi, president, TataCom Enterprise Business, Emerging Markets reported in a recent NetEvents meeting: "We have multiple lines of business to de-risk ourselves in how to engage. Touching on its track record as the 'the world's largest wholesaler of voice' he said the revenue generated provide cash flow to operate its business and invest in other areas of growth. Apart from 60,000 km submarine cables spanning the globe to complement its comprehensive local wired network, it has also made strategic investments in South Africa, Sri Lanka, Nepal and China.

Changing revenue sources in line with strategy

TataCom's products and services cover wireless, fixed-line, broadband, enterprise and wholesale activities. To support its comprehensive services, the telco works with partners who are industry leaders, an example being in Internet security where it commits to being able to detect distributed denial of service within 15 minutes of its occurrence and providing solutions to mitigate the attack in 30 minutes.

TataCom's goal to be 'increasingly global with emphasis on emerging markets' is reflected in its financial results between 2006 and 2009. Domestic revenue, that is, from India, accounted for four-fifth of its revenue with remainder derived from the rest-of-the world in 2006. However, in 2009, the geographic revenues have changed to slightly more than half from rest-of-the-world, while India's share dropped to one-fifth, with other emerging markets accounting for the remainder.

Growing from strength to strength

RGCom has taken a similar track in securing a global submarine network totalling 65,000 km upon which it has built extensive supporting facilities for communications and managed services for the carrier and enterprise markets.

A business unit of RCom, it has developed network management capability in over 230 countries and territories through over 700 carrier partners globally. The carrier and enterprise markets it targets demand high quality of services and the ability to harness leading edge communications technology.

As such, RGCom works with various niche partners, who are in the forefront of technology, tapping their expertise, products and services, besides continuing to invest in facilities and offering innovation solutions to its customers.

RGCom, for example, was one of the first provider of global Virtual Private LAN system (VPLS), according to its vice-president, Asia Pacific, Fabrizio Civitarese. It currently operates the world's largest single-source WAN VPLS spanning 17 countries and 48 cities.

Apart from managing business-critical network solutions, RGCom helps to address the complex communication requirements of businesses and partners for more than 2,100 enterprises, 200 carriers and 2 million consumers, he added.