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Nextgen first with NBN wholesale

By [James Hutchinson](#) on Jun 14, 2011 2:22 PM (2 days ago)
Filed under [Telco/ISP](#)

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"James rough modelling indicates a minimum of around \$70 - \$80/mbit/month for a national CVC and around \$40 - \$50/mbit for a regional CVC assuming all 121 POI were served by a backhaul network. ..."

By [Rossyduck](#)

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Aggregates NBN access, backhaul at 90 points of presence.

Fibre backhaul provider Nextgen networks has trumped the likes of Optus and Telstra in becoming first to announce sub-wholesale products under the National Broadband Network.

The Leighton subsidiary's "NBN Connect" service was launched today with access to the four interim points of interconnect used by NBN Co for first release mainland sites and greenfield developments.

The product would eventually provide access to all 121 points of interconnect flagged by NBN Co for the national network. Retail service providers would connect to Nextgen at one of 90 points of presence it holds at private and large data centres nationally for a "patch and go" connection to the network.

The company said it would provide four tiers of service for a mix of aggregated access to NBN Co's connectivity virtual circuit and Nextgen's own Layer 2 fibre backhaul, which includes the 6000 kilometres of fibre rolled out under the Federal Government's \$250 million Regional Broadband Blackspot Program.

The provider has established trials involving the five initial mainland sites, signing up Townsville-based regional provider Internet Solutions as its first customer.

Internet Solutions director Roger King told *iTnews* the company wanted to put their "foot in the door" on NBN services, with a longer view of pinpointing the points of interconnect to best serve regional users. The company would potentially move to purchasing NBN virtual circuit access directly in future.

The wholesale divisions of Telstra and Optus have both flagged discussions with NBN Co to provide similar aggregation services based on their existing backhaul networks. Both are yet to provide timeframes around when they will begin offering services.

A Telstra Wholesale spokesperson said discussions were continuing with both NBN Co and customers.

An Optus spokesperson did not respond to requests at time of writing.

The integration of a second wholesale layer on top of NBN Co (the sub-wholesale model) is expected to allay fears smaller service providers would be unable to afford or compete under the NBN.

In March, Internode managing director Simon Hackett [warned NBN Co's cost model could kill off service providers](#) smaller than 250,000 customers, with further fees from sub-wholesalers such as Nextgen further driving a cost gap between large and small providers.

"Optus and Telstra Wholesale are the only paths through which smaller national players will exist in the NBN world," he said at the *Commsday* Summit.

"The middlemen will be more deeply entrenched than ever because there will be nowhere else [for small-to-medium ISPs] to go."

Nextgen networks managing director Phil Sykes said the wholesale market would continue to change as NBN Co moved toward the business-as-usual and eventual live state of the network.

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"The wholesale definition is evolving; we are in discussions to understand the various aspects of NBN Co's wholesale offering, we're also putting on the table ideas on how that can be improved or enhanced, operational aspects, some pricing aspects," he said.

"Our belief is that making it easy to connect to the entire NBN footprint will give regional service providers the opportunity to expand their business. They might focus in their state but once those barriers are taken away, the opportunity for a regional service provider whether it be business or residential to expand their region to new markets is really what we're focusing on."

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- Rossyduck**
Jun 14, 2011 6:06 PM

James - would love to see the port/ traffic charges for the backhaul component. Would you be able to publish them in a follow up article ?

Would they include the NBN Co circuit charges - i.e. Nextgen wholesale them to the retailer or would the retailer need to separately contract with NBN Co for that portion of the network.
- James Hutchinson**
Jun 14, 2011 11:00 PM

Would definitely love to Rossyduck, though I doubt these will be finalised until we get closer to commercial services in October from NBN Co.

From what Phil said, an ISP's requirement to purchase NBN Co's circuit charges would based on what tier offering they went with Nextgen - the company could either aggregate both in an integrated bundle or leave it to the ISP to purchase the circuit access it deems necessary.
- gottobesaid**
Jun 15, 2011 8:37 AM

Interesting that Nextgen is in contract with NBN to provide part of the existing nextgens network as the link in the nbn chain Eg; NBN shares fibre that nextgen was already laying, that will teach the snobs of Telstra and Optis form initially refusing to help NBN.
- Rossyduck**
Jun 15, 2011 9:02 AM

James rough modelling indicates a minimum of around \$70 - \$80/mbit/ month for a national CVC and around \$40 - \$50/mbit for a regional CVC assuming all 121 POI were served by a backhaul network. This would be a minimum charge based on standardised backhaul costs - at this sort of pricng the retail price that will need to be charged by the smaller players, especially once you add on NBN Co AVC charges is expected to be prohibitive. I would hope you can go into this and try and determine what the typical consumer price would be - maybe a survey of ISP's ? . A lot of us contend it will be ridiculously high - that needs to come out before we proceed too much further down the particular track of disassembling current providers (removing the copper).

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