



REDCOM: PACIFIC MORE THAN JUST BUSINESS

REDCOM, a United States company, believes customers are important and particularly so in the Pacific. REDCOM's involvement in the Pacific started in 1982 in American Samoa. Since then, it has expanded to other countries in the region.

REDCOM's Charles DeRoller, Director International Sales and Marketing, spoke with **ISLANDS BUSINESS**. Here's what he said:

What is REDCOM's involvement in the Pacific?

"REDCOM's equipment and business philosophy are ideal for the Pacific Islands. Our first installation in the Pacific was a REDCOM MDX in American Samoa in 1982, and since then REDCOM products have expanded throughout the Pacific. REDCOM is also a founding member of Pacific Islands Telecommunications Association (PITA)—we're the only supplier that is a founding member. Since then, we've been well ingrained into Pacific telecommunications. It's more than just business. Over the years, many of us have established strong interpersonal relationships with our customers and that means a lot to us."



Charles DeRoller...long-term relationship.

What about new technologies such as VoIP, 3G?

"Voice over IP (VoIP) and associated services are disruptive technologies that have changed the landscape of communications, sometimes for the good and sometimes with unanticipated results.

"Prior to 1999, the world relied on a handful of established communications suppliers, one of which is REDCOM, that provided proven, reliable platforms. With VoIP, that's changed. Many incumbent suppliers have exited the market and, with that, the vast experience and focus on reliability have largely been retired. Keep in mind that the newest services such as VoIP, IMS, and 3G are under constant development—they are far from mature. That means these services are costly, of questionable reliability, and likely to require much more maintenance.

"Whereas the legacy platforms could be expected to perform admirably for 10 or more years (for example, a number of REDCOM MDXs are still operational while approaching 20 years of age), the newer platforms can't promise that—the technol-

ogy changes are coming too fast. For example, look at the rollout costs associated with first GSM, then 2G, now 3G. There is also the issue of training and local maintenance for the newer technologies. This all boils down to higher investment costs, along with shocking recurring maintenance and upgrade costs.

"Pacific communications carriers have been (like most of the world) conservative in the adoption of the Next Generation technologies—and for good reasons. A fault or failure can have a national effect, and waiting for an overseas expert to fix it can cause a significant service outage. That too ultimately carries a high risk of lost revenue. 'Five-Nines' reliability is great, but reliability takes on a whole new meaning in the Pacific. That's why one of REDCOM's NGN platforms, the HDX, is designed not only to exceed 'five-nines' reliability, but dispenses with fans, filters, and air conditioning requirements as well.

"That's not to say VoIP isn't valuable, it certainly is, particularly on satellite links where substantial money can be saved. And, all subscribers want 3G mobiles. But new technologies

have to be incorporated by design, properly implemented, and used where most appropriate for each region."

What about the new competition in the Pacific?

"Competition in the telecommunications service provider market in the Pacific isn't like in the USA or Australia. It's a national issue, one which governments would be well heeded to pay attention to. Incumbent national carriers traditionally focused on reliability, long-term TCO, and Universal Service. The good thing is that competition forces incumbent carriers to improve internal operations.

"The bad thing about competition is that it's often coming from overseas. This often results in turning attention away from Universal Service and TCO. It also results in reduced staff, and with it local skills. Financially, competition reduces income to the incumbent, and with that the funds to invest into new services and service areas. It also reduces import duties, corporate taxes and personal income taxes paid to the government. Where is the competition's profit go-

ing? What portion of the staff is local, and how many are from overseas? Who controls the decisions on when, where, and how to provide service? While in the short-term competition makes the population happy, in the long-term it can have devastating repercussions at the national level.

"Ultimately, it comes down to having a firm, fair, and holistic regulatory environment that makes it fair to all competitors, and ensures a survivable service plan for the long-term. This regulatory environment, incidentally, is experiencing substantial disagreement in the USA and is far from perfect, so it will be a real challenge in the Pacific."

How has REDCOM adapted to the changing telecom environment?

"REDCOM continues to invest significant resources each year into R&D of the newest technologies. We focus on what specific needs our customers have, not on bleeding edge technologies or experimental programs. REDCOM's platforms provide realistic services that can realise a true return on investment by retaining carriers' past investments.

"One of our primary focuses is the interoperability with existing equipment. REDCOM's SLICE 2100, for example, is a complete NGN Class 4/5, international/media gateway softswitch all in a package only 4.4cm high—yet it still includes integrated legacy interfaces such as T1/E1. We believe carriers should consider the move to Next Generation Networks as a migration, not a wholesale replacement.

"On the business side, our focus remains as it always has on reliability, long-term TCO savings, and strong interpersonal relationships. This must be the best approach, since business is going well, and in fact REDCOM is progressing with a 2,000 square meter facilities expansion. We're involved with Pacific carriers for the long-term. Their success is our success and we do everything we can to ensure it stays that way."

Tell us about REDCOM

"REDCOM is a privately held design and manufacturing firm based in New York state. All REDCOM equipment is made in the USA. Our technical focus is high-reliability communications, particularly switches and softswitches which are the heart of the communications network. Our core solutions include the HDX for drop-in replacement of existing switching equipment (while providing Next Generation Network services), the SLICE 2100 for IP-centric true NGN architectures, and the Scalable Operator Platform to replace the toll operator services with modern features and interfaces. REDCOM's business focus is on long-term savings based on the total cost of ownership (TCO). We are also strong believers in business ethics and long-term relationships." 