

## *NXTComm 2008 Hot topics:*

What was consistently **“hot”** at NxtComm 2008? The attendees...because Las Vegas averaged highs of 105° F (40° C) throughout the conference. But although the heat may have been the most consistent theme this year, there were some far more interesting and much less oppressive topics at this show...which surprised a number of vendors due to its relative non-emphasis on 100G.

The following are some interesting themes we noted at the show this year, followed by Telecom Strategy Partners' synopses of our opinions on some of the key announcements made there.

### **Key Themes**

**Operators think it is time to scale Ethernet services -- more profitably.**

Startups like Ethos, Soapstone, and Gridpoint have jumped on the opportunity to try and help operators make more efficient use of carrier Ethernet transport bandwidth to drive greater profitability.

**The market is increasingly “all about” new service revenues.**

Operators know they can only squeeze so much cost out of the network, and also know that flat rate pricing models are a factor they are going to have to contend with for the foreseeable future. Ciena has some interesting positioning of its ability to help them. The company believes the hardware-centric, service-specific nature of existing networks is being challenged by the growth in virtualization and software-as-a-service (SaaS) in the enterprise as well as by the explosion in Internet video traffic and mobile broadband devices. And Ciena is trying to capitalize on this by announcing its new strategy for Service-Driven Networks.

### The service router market heats up almost as much as Las Vegas:

Ericsson gives Redback the key strategic mission of becoming number 2 in the router market, and the funding to try and make it happen. Ericsson rolls out the SM480 at NxtComm, its first entry, while Alcatel-Lucent announced the integration of PBB and VPLS technologies with the aim to increase the scale and reach of carrier Ethernet VPN services. The solution is available as a **software addition** to the 7750 SR, 7710 SR and 7450 ESS products in the vendor's IP/MPLS service router portfolio.

### With the access bottleneck broken open, scaling the core gains importance:

This has led to a lot of development of 40G and talk of 100G this year, with Nortel and Infinera taking the most aggressive stances on technology innovation. Infinera announces more scalability at 10G and the use of 4x10G as an alternative to native 40G while it works on its own native 40G transmission - and borrows concepts like Raman amplification, 25 GHz channel spacing, and optical bypass from the intellectual property that it acquired which once belonged to Corvis while introducing new passive PICs to reduce cost and footprint.

### Choices in access abound, but sometimes it is better to "buy" than to "make":

ADVA announces an EFM product to provide Ethernet over bonded copper access, but chooses to OEMed Hatteras technology rather than build. EFM can be a useful tool in the access toolkit, but so far has sold more broadly than deep into most networks...frequently serving in a "triple-A role" as an "available access alternative" rather than as an access technology of choice making OEMing the technology an attractive alternative.

### **Reports of pseudowire's death were greatly exaggerated:**

The need to support multiple generations of radio equipment for years to come, the legacy installed base of L2 data services, and desire for converged transport have created opportunity for pseudowire access and aggregation gateways, as well as the integration of PWE3 support onto service routers. Some vendors with cellular radio had predicted the demise of these platforms due to availability of Ethernet transport interfaces for 3G and 2G equipment - but pricing, difficulties in integrating the technology in the same shelf, and problems that this introduces in terms of field operations maintenance and repair of transport equipment potentially interfering with radio infrastructure do not seem poised to make Ethernet interfaces for the installed base of 3G and 2G in any position to eliminate the opportunity for PWE3 - at least not in 2008.

### **There will be a long legacy of legacy cellular technologies, despite the hype:**

Those eager to urge on the rapid onset of 4G need to remember how long it has taken 3G to grow toward a 20% share of the market. 4G builds are going to be a long process, and many questions remain to be solved concerning how the access network is going to be built.

### **WiMAX gains interest as the backhaul opportunity without "legacy baggage."**

Many vendors tried to jump on the mobile backhaul opportunity last year, but quickly found the complexity and expertise required to be high. But WiMAX is more frequently a Greenfield opportunity for Carrier Ethernet and Packet/Optical Transport - making it an increasingly popular target with vendors relatively new to the backhaul space like Ciena.

### **The macro wave of Ethernet microwave:**

Microwave is hot. As operators look to displace legacy analog systems, there will be a reevaluation due to the rapid evolution of access alternatives, potential changes in mobile access architectures, and growing bandwidth requirements. But the integration of L2 fabric and cross connect capabilities, stronger support for Ethernet, introduction of adaptive modulation techniques, and utility of

microwave will help it maintain a strong role in networks going forward...despite the specialized operations requirements.

**MPLS gains mindshare in the wake of BT, but PBT-TE still has a role:**

BT's reported decision to back away from giving PBT-TE its originally intended major role in the 21CN build had many attendees talking about the technology potentially being restricted to a more limited role in point-to-point access.

That made MPLS proponents like Alcatel-Lucent and Redback only too happy.

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Chapel Hill, NC USA: +1 (919) 932-5465 Paris, France +33 (0)6 77 84 38 16 - <http://www.telecomstrategypartners.com>