

## From CallPlus RFI Response

### Outdoor Public Space WiFi Network for Auckland City CBD and CBD Fringes

#### 1.0 Executive Summary

Executive Summary from Malcolm Dick, Executive Chairman, CallPlus Limited:

I have just returned from Singapore, China and Japan.

In Singapore, the newspaper editorials were complaining that they were lagging further behind Hong Kong in terms of broadband and how this could cost them their leadership as an Asian commerce hub.

Singapore only has 70% of households on broadband they lamented, and they were only offering speeds of 100Megabits/sec compared to Hong Kong's near ubiquitous uptake and now speeds of 1,000 Megabits/sec.

The only bright spot was their government-funded free WiFi network which now had 485,000 subscribers after only 4 months of operation. Apparently even the major hotels with pay WiFi services were asking for in-building installations as they were losing customers to hotels who offered the free service.

At the same time, I received Auckland City's RFI for an Auckland CBD and fringe WiFi network, including the claim *'Four hours ahead of Singapore...and Years ahead of the game...'*

As an Aucklander who returned to Auckland some years ago to raise my family, I can only despair at the poor infrastructure we have here and the lack of initiative on the development of something that will ultimately be accepted as having been as important as the development of roads, telephony and electricity. As the Chairman of Slingshot, I know that we actually have a trickle of customers who cancel their service citing "Broadband in NZ sucks – going to live overseas".

As an experienced business person in telecommunications services I can see that the concept proposed – while well-intentioned – will not come close to providing a world-class WiFi network. Building WiFi networks of the sort proposed are simply not a viable commercial project. I have looked at business models to deploy one for several years now, and there are always better projects to attract any spare capital that we have, with lower risk.

Auckland City are only offering something they should be giving free to any network operator who wishes to build public WiFi services. This RFI implies that they will be doing an exclusive deal with one operator and thus further inhibit the development of broadband in Auckland.

I believe it is time for Auckland City to take the initiative and fund the development of a proper WiFi network in Auckland. As an Aucklander who doesn't want his kids to bugger off overseas permanently, I would like to

propose a different structure that is a donation of infrastructure by CallPlus, and a donation of establishment costs by Auckland City.

Here is what I am proposing:

- That the council pays a one-time contribution of \$2,500 per fixed WiFi access point, with the minimum number of access points being 250, and the target number being 1,000. So the total Auckland City budget will be a maximum of \$2.5 million, plus any costs associated with site leases and power supply. CallPlus will deliver working access points for this contribution.
- That CallPlus builds this network and operates it on a commercial basis for a guaranteed period of five years, under a negotiated service level agreement which would cover performance and reliability criteria.
- CallPlus will meet all other operating costs including Local, National and International backhaul, servers, staff and other equipment necessary to manage and maintain the network.
- The network would be offered to other Service Providers on commercial terms in the manner suggested in the Auckland City RFI
- The Council builds an Auckland City portal that will be provided free, and will allow any business that is important to Auckland City to have a free link to their websites. We envisage that this will be grouped into services such as:
  - Restaurants
  - Travel
  - Entertainment
  - Tourist welcome
  - Council services
  - Emergency
  - Shopping
  - Etc
- This portal could be offered to any business that is an Auckland City ratepayer, and other businesses and services that are NZ-local and important to Auckland City. Access through this portal to any of these businesses will be provided free, with some restrictions on bulk downloads and video streaming etc.
- The backhaul network will be based on a mixture of the use of WiMax operating in our licensed 3.5GHz spectrum, and other technologies that are available such as fibre, microwave and xDSL.
- The network may be supplemented by small, self-install WiMax/WiFi access points that would be provided (to Auckland City, or anyone wanting to add coverage to the network in their area of operation) for \$800 each.
- At the end of the 5 year period we would review the service from a commercial point of view and negotiate with Auckland City for its continuation.

My concern with Auckland City continuing down their indicated path, is that they are unlikely to obtain a contractual commitment from anyone to roll out a 1,000-strong Access Point network within a given timeframe. If I am proven wrong then CallPlus will gladly support such an initiative.

You will see from the news article on the Singapore WiFi network (Appendix 1), that they are investing \$NZ83million for a 5,000 access point network (\$16,600 per access point) and providing a fully free service for at least 2 years. Our challenge will be to keep up with this determination to use technology for advancement.

### **1.1 Benefits of this approach**

Firstly, this will provide a world-class WiFi network for Auckland City immediately. No ifs, no buts.

The overall cost will be a fraction of your budget for infrastructure projects.

There is no risk that Auckland City will have a cost blowout or large ongoing and unforeseen costs.

All the commercial risk will be taken by CallPlus.

It will be seen as a very positive initiative by the Auckland business community.

***Malcolm Dick***  
***Executive Chairman, CallPlus Limited***