Directing the traffic

PHENOMENAL GROWTH IN ASIA HELPED NTT AMERICA TO STAY STRONG DURING THE TELECOMS DOWNTURN, BUT THE BUSINESS IS EXPANDING FAR FROM ITS TRADITIONAL HOME. **MATTHEW WHALLEY** REPORTS

NTT America, a wholly owned subsidiary of Nippon Telegraph and Telephone Communications (NTT), has been able to leverage its presence in Asia but its global IP network is helping it to deliver transport services across Asia, north America, Europe and increasingly south America.

"The US still provides a bridge for the internet so providers like to connect to the US, whether it is content that originates here or connections to other networks. In many cases at a wholesale level, NTT America provides that bridge to many different customers," says Chris Davis, senior product manager at NTT America.

With NTT America's global IP network organised horizontally across NTT Communications, the subsidiary benefits from a global team devoted to the network that spans far beyond the US market. The network is architected and operated by a single team that helps provide NTT's various subsidiaries with international connectivity. For NTT America, the network facilitates its IP transport business.

"IP transit is NTT America's bread and butter product, it's a big part of what will help the company grow. In plain and simple terms, growth is coming from businesses and people using the internet more and more every day to run their lives," says Michael Wheeler, senior director sales and business development at NTT America. "Growth extends from individuals and businesses leveraging the tools from an applications perspective. NTT America is agnostic to those applications. Only when we have customers that have concerns about latency or path of traffic do those things enter our radar. We truly provide the wholesale connectivity to large telco ISPs and Fortune 1000 business customers. That is really what drives the network usage for the company."

GROWING VOLUMES

NTT America has quietly been growing its traffic volumes around the world steadily over the last 10 years.

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SENIOR DIRECTOR, SALES AND BUSINESS DEVELOPMENT, NTT AMERICA

"Traffic from Asia to the US and Europe has been picking up over the last five years or so. NTT America's Asian focus in many ways isolated the company from the telecoms downturn. Since then Asia has been growing at a pretty hectic pace, NTT America currently has a 150Gb of lit IP capacity between the US and Asia. We expect to hit over 200Gb by January 2008," says Dorian Kim, director of IP engineering. "A lot of growth is fuelled by the broadband penetration in Asia. Japan has nearly seven million fibre-to-the-home customers – that number is still growing and that means more traffic for NTT America to service. There are other traffic drivers Asia, like Korea, Taiwan, Hong Kong where NTT has a market presence."

Kim notes that other parts of the business are growing just as quickly and in some cases even faster, with the overall proportion of Asian traffic actually having gone down slightly since its peak at the tail end of the telecoms bust. NTT America has seen the overall percentage breakdown of network traffic stabilise. Kim says: "In the last 12 months network traffic growth rate has been 259%. That growth isn't limited to one region. It is fairly widespread across NTT America's three continental regions of the Americas, Europe and Asia."

The south American market is also emerging as a key growth market for NTT America. Sao Paulo has the largest Japanese population of any city outside Japan and NTT America is well positioned

to service this unique demographic. NTT America is using its PoPs in Miami, New York, Dallas and Los Angeles to deliver services to the south American market. Its US presence acts as a bridge for traffic from Asia to Europe and most recently south America. The global network with ever increasing capacity demands across the Pacific allows NTT America to compete even though it is most likely the least recognisable of the top tier players.

In Forrester Research's report, *Global WAN Services, Q2 2007*, NTT Communications charts as a company that is 'equal parts reliability and expertise': "Companies that are expanding their operations in the Asia-Pac region will get top-tier service delivery and support from NTT Communications. It has many decades of experience providing global WAN services to a demanding clientele that includes the largest Japanese and many Asian multinational companies (MNC), and it has an excellent track record for customer satisfaction and retention among north American and European MNCs as well as among Asian companies. NTT Communications has best-in-class SLA penalty pay-outs and problem escalation and remediation, and has among the best overall sales capabilities for international MPLS services."

STABLE AND CONSISTENT

Wheeler notes that stability is one of NTT America's key differentiators. He says: "NTT Communications is a $100 billion a year company. Our stability and consistency is a major selling point to the Fortune 1000 class of customer."

Brownlee Thomas, analyst at Forrester Research, says: "Increasingly, multinational companies are buying telecom services on a geographic basis instead of single-sourcing. This is partly due to marketplace volatility and also to the gradual maturing of the underlying IP technologies including MPLS – which hit mainstream adoption by enterprises including MNCs in 2006. The future of NTT America rests on its ability to support Asia-Pacific based MNCs in the north American marketplace and US-based MNCs in the Asia-Pacific region."

As China and India emerge as major economic powers, having a reliable provider that knows the Asian market is becoming increasingly important to US and European companies. In the future, NTT America is certain to see increased interest from European and US companies.

Wheeler says: "NTT America has a strong history in Asia and it can certainly leverage relationships when they are needed. A lot of US-based customers come to us and say, 'We have these services in the US but we also need to buy a service in Hong Kong and Singapore and Beijing. How can you help us?'. That's a fairly regular thing." ∎

KEY FACTS

> **History:** NTT America was established in November 1987 as a wholly owned subsidiary of Nippon Telegraph and Telephone Corporation (NTT). With the reorganisation of NTT and the formation of a new global service provider, NTT Communications Corporation (NTT Com), on July 1, 1999, NTT America was repositioned as a leading sales and marketing company of global communications services at the NTT Communications Group.

Headquartered in New York with branch offices spread across the United States, NTT America is leading the north American sales and marketing effort of NTT Communications Group. NTT America provides corporate customers with one-stop business communications solutions combining private network services, global IP network services, and enterprise hosting services. The NTT Communications Global IP Network is part of NTT America.

> **Current Ownership:** NTT America is a wholly-owned subsidiary of Nippon Telegraph and Telephone Corporation, which is listed on the Japan, London and New York stock exchanges.

> **CEO:** Tetsuro Yamaguchi

> **Revenues:** NTT America and the global IP network business unit do not publish financial figures. NTT Communications earned non-consolidated revenues exceeding $9.5 billion (¥1 trillion) in fiscal 2006 ended March 31, 2007.

> **Customers:** NTT America's customers include PTTs, ILECs, DSL and cable modem aggregators, ISPs, broadband providers, content developers, rich and streaming media providers, carrier hotels, co-location providers, and web hosting organisations.

> **Network:** The NTT Communications Global IP Network provides high-volume data transport with a range of carrier-strength bandwidth options. NTT Communications is continually upgrading its operation by improving hardware, integrating new products, and implementing breakthrough technologies. At its core is the global tier-one IP network with direct paths, routing options, and private peering points which utilises a single autonomous system number (AS 2914) allowing for a ubiquitous route view worldwide.

NTT Communication's global IP network covers Asia, Oceania (including Australia), Europe and north America. The NTT Communications Global IP Network was built to move internet traffic at the highest speeds. The network currently operates with 4.3Tbps total backbone capacity, 705Gbps peering capacity, 150Gbps trans-Pacific capacity (200+Gbps trans-Pacific in early 2008), IPv6 and IPv4 multicast native everywhere, and a last 12-month traffic growth rate of 259%.

Products and Services: NTT America provides end-to-end network and IT solutions for multinational corporations. With its service portfolio inclusive of managed network, global IP network and enterprise hosting service capability, NTT America provides solutions and customer service for companies across the globe. The network provides global tier one IP transit up to 10GigE, IPv6 and a content delivery network as well as CPE resale and managed router service, managed security services and managed network services. ∎