

# COMMUNICATIONS DAY

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What's happening today in ANZ telecoms

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## Andy Penn only earns fractionally more than Allen Lew: CEO salary survey

Telstra CEO Andy Penn may cop flak from unions and some shareholders for his annual compensation rate but CommsDay can today reveal that in 2019 he earned only fractionally more than his counterpart at Optus, Allen Lew.

Our 2019 CEO salary survey shows that Lew earned \$4.86m in total paid out compensation in the last Singapore financial year, just behind Penn's \$5.12m in the last Australian financial year. CommsDay sourced Lew's compensation data from Singaporean filings.

To be fair, Penn earns higher fixed compensation – \$2.37m to \$1.56m – but Lew did better with the variable incentive side of his package.

The position of third highest-paid CEO depends on what accounting construct is used. Nominally, TPG's David Teoh ranks here with total compensation of \$3.09m, including a \$1.61m fixed salary, but an argument could be made that Vocus' CEO Kevin Russell deserves that position.

Vocus expresses Russell's compensation in two ways in its remuneration report. There is an "actual" construct that expresses what he physically took home, at \$1.12m, and an "accounting" construct which expresses what he earned in 2019 in the way of long term incentives but will not physically receive until later years, at \$3.22m. That latter figure places Russell ahead of Teoh.

The head of InfraCo, the infrastructure unit of Telstra that is being spun out, Brendon Riley earns \$2.69m, with about half that representing his fixed compensation.

The next highest-paid CEO is Amaysim's Peter O'Connell with \$2.61m, which earned the ire of its shareholders when they voted down the firm's remuneration report at its recent AGM.

Macquarie Telecom Group CEO David Tudehope comes next with \$1.23m, just ahead of brother Aidan on \$1.12m who runs Macquarie's extensive hosting unit.

Of other listed telcos examined by this survey, MNF's Rene Sugo earns \$549k, Superloop's Drew Kelton \$500,000 and OTW's Michael Omeros \$456,783.

VHA was not considered for this survey as it does not report key management data,

### What telco CEOs earned in FY2019

- 1: Telstra's Andy Penn 5.119m
- 2: Optus' Allen Lew 4.858m
- 3: Vocus' Kevin Russell (accounting) 3.229m
- 4: TPG's David Teoh 3.091m
- 5: InfraCo's Brendan Riley 2.689m
- 6: Amaysim's Peter O'Connell 2.606m
- 7: Macquarie Telecom Group's David Tudehope 1.234m
- 8: Macquarie Government & Hosting's Aidan Tudehope 1.124m
- 9: Vocus' Kevin Russell (actual) 1.126m
- 10: MNF's Rene Sugo 0.549m
- 11: Superloop's Drew Kelton 0.500m
- 12: OTW's Michael Omeros \$0.456m

while we have excluded some other CEOs because they have not worked for an entire financial year.

One does not have to be a CEO to be in the \$1m club. Key Telstra executives such as Michael Ackland, Alex Badenoch, David Burns, Michael Ebid, Nikos Katinikas all earn over \$1m, as do TPG executives Craig Levy and Stephen Banfield as well as Vocus' Mark Callander and Mark Wratten.

Grahame Lynch

## **Simon Dux to replace Navy-bound Geoff Long as CommsDay editor**

Geoff Long is to leave his post of CommsDay chief editor for the Royal Australian Navy and will be replaced next week by Simon Dux, a former editor with Total Telecom and Communications Week International.



After seven years with CommsDay in a fulltime role and an association with the publication dating back to the early 2000s, Geoff (right) is moving to a senior public affairs role at the RAN.

Simon has a background in telecommunications journalism and public affairs dating back to 1992. He has spent most of his working career in the UK, most recently a 13-year stint at BT. In various roles there, he was the head of BT's internal employee communications, the head of comms for the CTO as well as the head of wholesale and technical media relations.



Prior to this, Simon (right) spent over ten years in telecom journalism, culminating as executive editor of Total Telecom at EMAP. This grew out of Communications Week International. He was previously the editor of Communicate, the UK's dominant telecom magazine in the late 90s.

Simon is based in Sydney and can be emailed at [simon@commsdaymail.com](mailto:simon@commsdaymail.com).

## **Carriers call for more threat information sharing with government agencies**

Proposed partnerships and collaboration on cyber security between carriers and government are not emerging, with carriers frustrated that government agencies are not forthcoming with critical information, according to industry group Communications Alliance.

In a submission to the Department of Home Affairs 2020 Cyber Security Strategy review, Communications Alliance said that it agreed with the Home Affairs discussion paper that close two-way cooperation and sharing of threat information between government agencies and industry players will be critical to a successful approach to cyber security. However, it said such partnerships have until now been more in theory than in practise.

Drawing on carrier experience with the Telecommunications Sector Security Reforms, the group noted that the TSSR Act expresses a legislative intent for a collaborative, bilateral sharing process around the notification regime that the TSSR introduces. The intent of such sharing of information would allow carriers, where appropriate, to

alter the way they design, protect and manage their networks.

“Unfortunately, carriers feel that this bilateral sharing of threat information has not eventuated. Twelve months after the legislation came into force, carriers report that they have still not been briefed on the specific weaknesses in their networks or specific threats to the communications sector – if such exist – that agencies would consider elevating the risk for cyber and national security,” the submission noted.

“This lack of sharing of existing threat information causes practical issues as carriers find it more difficult and/or costly to protect their networks and facilities, as required by the law. Existing forums, such as the ASIO Business and Government Liaison Unit (BGLU) and the Trusted Information Sharing Network (TISN), while being referenced in the TSSR material provided by the Critical Infrastructure Centre, have not enhanced their role of information sharing specific to the telecommunications sector.”

Communications Alliance recommended that government consider creating a legal framework of the kind proposed in the US Cyber Intelligence Sharing and Protection Act. This legislation creates protection and immunities for the sharing in good faith of cyber intelligence and CA said it would be an advance on the informal arrangements in place for the Trusted Information Sharing Network (TISN), which do not allow for a sufficiently timely exchange of information.

“Information sharing of this nature is overdue and is necessary to ensure consistent high-level protection of critical infrastructure. However, under any approach (legislated or informal) the benefits, communication channels and scope (terms of reference) of information sharing must be clear to all stakeholders to ensure their ongoing engagement and commitment to established processes,” the alliance stated.

**CONFUSED SECURITY LANDSCAPE:** Meanwhile, the Communications Alliance also pointed to “an almost bewildering matrix” of Government departments and agencies with an interest in, or portfolio responsibilities, relating to cyber security. It said these departments/agencies cover a large array of security-related issues and address a multitude of different stakeholders, including telecommunications network operators, businesses across all sectors and the general public.

The industry body suggested that a better coordination of the current spread of agencies and programs and more focussed spending on a single national point of access would be likely to result in a more effective approach to cyber security.

“It would also serve to address what must be an enormous and, at times, inefficient coordination burden on the involved departments and agencies.”

“This is not to say that all cyber-related functions ought to come under a ‘single roof’ as it will be important to retain appropriate checks and balances in a potential consolidation process. However, it seems that a streamlining of organisations, functions and processes would be useful.”

Communications Alliance also noted that there a number of regional and global fora that engage with cyber security and that are relevant to Australia's strategic interests. However, it said it is not always clear whether Australia engages in all of these groupings.

“We would also like to see a comprehensive and structured consultation process to assist preparing positions that are put forward at regional or global fora,” it said in its submission.

Geoff Long

## **Render Networks wins new fibre design business in the US**

Melbourne-based Render Networks, which provides a software platform for the design and construction of fibre networks, has made further inroads into the US market with a new customer win in Springfield, Missouri.

Render was co-founded by Dan Flemming, NBN Co's former head of construction between 2010 and 2013. The company has since cut its teeth on NBN Co work as well as contracts from other network infrastructure players including Chorus, Downing and Kordia.

Its latest win in the United States is with City Utilities of Springfield in conjunction with Las Vegas-based TBG Network Services. The two companies are using Render Networks' work management software to enable construction crews to deliver fiber faster at a reduced cost.

The Springfield, Missouri project, which is being overseen by TBG Network Services, will upgrade Internet capabilities through the expansion of around 1600km of new fiber, passing more than 105,000 households and businesses.

Render anticipates additional contract wins as the Federal Communications Commission and state governments continue to underwrite the expansion of fiber broadband.

Render Networks CEO Sam Pratt, said: "World-class broadband like that being deployed in Springfield is a game-changer for communities across America. As this project demonstrates, there's an increasing appetite across the country to think differently about how these networks can harness technology throughout construction and drive new levels of efficiency."

Render's technology simplifies and digitises work in the field so that construction crews can deploy fiber quicker and cheaper.

The company is working with TBG Network Services, City Utilities, and Biarri Networks in delivering the connectivity for the latest project. TBG president Thomas Reiman anticipates that Render's participation in the fiber network expansion will introduce operational efficiencies.

"While respecting the metrics inherent in any fiber network build, the Render platform introduces an innovative approach that addresses logistical complexities typically associated with projects of this scale," he said.

The Springfield project follows Render's previous involvement in the rollout of more than 8,000km of fiber to deliver gigabit broadband to 30,000 premises in rural Arkansas.

Render Networks has its US headquarters in Denver, Colorado.

Geoff Long

## **Mate looks to offer travel SIMs, phone service**

Mate Telecom is preparing to offer both home phone service and travel SIMs in 2020 as it enters its fourth year of operation.

The Sydney based reseller, possibly the only telco in the world to be run and managed by identical twins, currently offers both NBN and mobile services.

The firm revealed the planned service introduction in an annual wrap-up message

to tech media, where it itemised the industry awards it won this year.

These include 2019 Service Champions at The Customer Service Team of the Year Awards best place to work, 2019 Western Sydney Awards for Outstanding Employer of Choice; best product, WhistleOut's Best Fixed Wireless Plan for 2019; and honouring David Fazio, co-founder of MATE, as one of Australia's top entrepreneurs, 2019 Top10 Dynamic Entrepreneurs Award. Fazio's twin Mark is the other co-founder.

In a Smart Company interview in April, Mate claimed to have increased its annual revenue run rate to \$30m from zero in three years.

Mate's unique selling points revolve around its "zero contract" promise and its 100% use of Australian call centres.



Grahame Lynch

## **Kordia New Zealand, CCL sign on to Azure peering service**

Kordia New Zealand and Spark's CCL are now providing customers access to Microsoft's Azure Peering Service, improving the performance from their Microsoft services thanks to optimal routing between the end-user into, and across, the Microsoft Global Network.

Kordia has joined CDC, NextDC and Equinix in establishing Azure ExpressRoute private connections.

The Azure Peering Service is a collaboration with service providers to provide highly reliable and optimised internet connectivity to Microsoft services. Kordia head of product Murray Goodman, says: "by directly peering our network with Microsoft, in addition to providing private Microsoft Azure ExpressRoute interconnects in New Zealand and Australia, our customers are assured that the service they choose has met stringent interoperability tests and provides the best performance possible."

Peering suits customers looking for an internet-first network strategy when accessing SaaS services such as Microsoft Office 365 or other SaaS services running on Azure.

"Azure Peering Service is the ideal internet solution for those organisations seeking additional connectivity options beyond ExpressRoute, which is provided over a private connection," he added.

Direct Peering provides high availability, low latency and performance reporting. Goodman said the service achieves redundancy via Microsoft interconnections at geographically diverse locations.

Simon Dux

## **Spark Sport sets records for live streaming during Rugby World Cup**

Spark Sport has revealed that 40% of users streamed the Rugby World Cup on their mobiles, which the New Zealand telco offered for the first time.

Nearly six million hours of Rugby World Cup content were streamed on Spark Sport including one-million hours of on-demand content. Spark said by the end of the tournament Kiwis had taken up more than 200,000 Rugby World Cup subscriptions.

The sport app was available across 11 different device types and on average consumers watched the Rugby on at least two devices.

Around one in five consumers contacted Spark Sport's channels for help during the world cup, with two thirds of these during the first ten days of the tournament. Spark Sport head Jeff Latch said he was thrilled the majority of users had a positive experience on the streaming platform.

"While we acknowledge that not every New Zealander had the perfect experience on Spark Sport, we believe that the efforts that we made to get each customer's individual in-home issue resolved went above and beyond what you would normally expect from a streaming provider," he said.

"Hundreds of thousands of New Zealanders have now experienced the choice and flexibility that comes with live sports streaming – and are well set up to stream again in future."

Spark is planning to stream the F1 season, six to seven live NBA games a week, the European Rugby Champion's Cup, 75 premier league games in December, the Australian Golf Open and 2020/21 New Zealand Cricket season.

And the most watched game? The All Blacks vs Ireland Rugby World Cup quarter final won this with 212,000 live and on-demand streams.

Monica O'Shea

## **Vodafone launches accelerator program with Bank of NZ**

Vodafone New Zealand has entered into a partnership with the Bank of New Zealand to deliver a joint business accelerator program that will aim to scale and grow start-ups that have digital offerings for small and medium enterprises.

The 'Vodafone xone Partner Series', a revamped version of the 'Vodafone xone programme', will select three to five start-ups and put them through an intensive three-month programme.

According to Vodafone NZ CEO Jason Paris, since running the first programme in 2016 the carrier has supported 29 start-ups.

"We are incredibly proud of the successes that have come out of Vodafone xone, the New Zealand businesses that have gone on to take their products and services global, win awards and build thriving enterprises," Paris said.

"Vodafone and Bank of New Zealand are coming together to find the best digital solutions aimed at helping our SME customers connect, grow and thrive in our digital world."

The partnership builds on its existing relationship inked in August when Vodafone selected BNZ as one of its three co-creation partners it is working with to launch 5G services in December this year.

"We have a very strong relationship with Vodafone built on mutual trust and respect, shared vision in customer focus and a real drive to grow NZ Inc," said BNZ CEO Angie Mentis.

“At BNZ we absolutely know that SMEs are the backbone of New Zealand and we’re delighted to be aligning with Vodafone on this important initiative to really accelerate the growth of early stage businesses and connect them with the markets that matter to them.”

Applications for the xone partner series are now open for the January intake until the end of this month. A shortlist of applicants will then be invited to pitch to a combined panel of experts from Vodafone and BNZ and successful businesses will be announced before Christmas.

Jessica Taulaga

## **NZ gov’t to hold month-long campaign for national emergency mobile alert test**

The New Zealand government will hold a month-long advertising campaign ahead of its national emergency mobile alert trial on Sunday 24 November between 6pm and 7pm.

The alerts can be broadcast to all capable phones from targeted cell towers but will only be sent to those that are affected by serious hazards and if there is a serious threat to life, health, property. However for test purposes it goes to all phones.

The emergency mobile alert campaign will run from 17-24 November across TV, radio and online mediums including social media, to raise awareness of the test and inform people of the different ways to stay informed.

According to the Ministry of Civil Defence and Emergency Management, it expects over four million mobile phones to be capable of receiving the test alert. It also noted that individuals will not be able to opt-out of receiving alerts or tests.

The New Zealand government is also working with the health and visitor sectors to ensure hospitals, rest homes and tourists are aware of the test.

A form will be available on the Civil Defence website for people to provide feedback when the trial is over.

Jessica Taulaga

## **License to supply Huawei coming soon: US DoC**

US Commerce Secretary Wilbur Ross said the US government will soon formally hand out licenses to US technology firms looking to supply to Huawei.

According to Ross in an interview with Bloomberg, the US Department of Commerce has received 260 applications from US companies looking for permission to supply Huawei after it was placed on an ‘entity list,’ which barred US firms from doing business with the Chinese firm.

Being on the ‘list’ means that any US company looking to do business with Huawei needs an official license from the US government. Previous reports suggest that major US technology firms, including Google, Intel, Qualcomm and others, have applied to the DoC for licenses to supply Huawei.

Those licenses are “forthcoming very shortly,” Ross said, adding that the number of applications was “more than we would’ve thought.”

Despite being on the blacklist, Huawei was granted two 90-day temporary permits to continue sourcing select technology goods from its US suppliers as part of the US

government's efforts to prevent disruption to US firms and telcos. The permit will set to expire on 19 November.

While Huawei has suffered some impacts due to the US sanction, such as having to launch its flagship smartphone Mate 30 without the full version of Google's Android operating system, Huawei continues to grow its business. For the first 9 months of 2019, Huawei reported a 24.4% year-on-year revenue growth.

**EURO GDP:** Meanwhile, Huawei released a new report outlining its contribution to the European economy. According to the report authored by Oxford Economics, Huawei contributed a total of €12.8 billion to Europe's GDP in 2018, either directly or through the supply chain. The company also delivered some 169,700 jobs across Europe and was responsible for €5.6 billion in taxes, including €1.8 billion that it paid directly, the report said.

"Huawei's direct contribution to European GDP of €2.5 billion in 2018 is more than double what it was back in 2014, representing annual growth of 19% per year in real terms," Huawei said. "Over the same period, the total employment supported by Huawei rose by an average of 13% a year, and the total tax revenue it generated by 17% a year."

Tony Chan

## **Nokia partners to commercialise "disruptive," non-core tech to market**

Nokia has entered into a partnership with Innventure, a company specialising in bringing new technologies to market. The collaboration, spearheaded by Nokia Technologies – the patent licensing arm of Nokia – will focus on commercialising what Nokia referred to as "disruptive" technologies that are "beyond" its core business but developed by its Nokia Bell Labs unit.

The two firms will kick off the collaboration with a satellite communications technology called 'adaptive bandwidth management,' which "improves bandwidth utilisation, security and resilience of satellite systems."

"Nokia continues to explore new ways to help others benefit from Nokia innovations, while creating value from our industry leading portfolio of technologies and innovation," Nokia Technologies president Jenni Lukander said. "Innventure's approach has strong potential to further develop selected Nokia innovations on a commercial level." Under the terms of the initiative deal, Innventure will acquire the rights to the ABM technology from Nokia and be responsible for further development and commercialisation of the technology. No commercial terms were released.

Nokia is Innventure's third multinational technology partner for the latter's "unique" commercialisation platform.

Tony Chan

### **CORRECTION RE CIRRUS AND MINDEROO**

Yesterday's lead story said Andrew Forrest's "foundation" Minderoo was investing in Cirrus Communications. The nomenclature was incorrect. Minderoo Group is investing in Cirrus. Minderoo supports a namesake foundation with which Tony Grist—part of the new Cirrus investor group—serves as a director but the foundation, specifically, is not investing in Cirrus, the group is.

## OVERNIGHT TELECOM STOCK PRICES (ASX)

Companies	Code	Last	\$ +/-	Bid	Offer	Open	High	Low	Volume
Telstra	TLS	3.500	▼ -0.020	3.490	3.510	3.520	3.525	3.485	9,993,206
TPG	TPM	6.480	▼ -0.030	6.450	6.590	6.500	6.580	6.470	539,909
Vocus	VOC	3.380	0.000	3.370	3.400	3.390	3.440	3.360	728,780
Spark	SPK	4.150	▼ -0.050	4.120	4.200	4.210	4.210	4.140	543,382
Chorus	CNU	5.030	▲ 0.030	5.000	5.080	5.050	5.050	4.965	307,485
Hutchison Australia	HTA	0.120	▲ 0.005	0.115	0.120	0.120	0.120	0.120	71,676
Amaysim	AYS	0.420	▲ 0.040	0.405	0.420	0.385	0.420	0.385	403,782
Macquarie Telecom	MAQ	23.380	0.000	23.150	23.380	23.380	23.380	23.370	926
MyNetFone Group	MNF	5.360	▲ 0.060	5.340	5.360	5.240	5.390	5.220	165,084
Megaport	MP1	8.360	▼ -0.160	8.330	8.390	8.400	8.690	8.280	295,825
Superloop	SLC	1.055	▼ -0.010	1.050	1.075	1.050	1.070	1.050	914,340
Over The Wire	OTW	4.600	▼ -0.120	4.550	4.700	4.700	4.700	4.600	2,325
OptiComm	OPC	4.000	▼ -0.020	3.920	4.070	4.010	4.010	3.970	38,100
Spirit Telecom	ST1	0.225	0.000	0.225	0.230	0.225	0.225	0.225	26,899
NextDC	NXT	6.450	▼ -0.130	6.430	6.550	6.620	6.630	6.450	743,036
Speedcast	SDA	0.930	▼ -0.065	0.925	0.945	0.995	0.995	0.927	4,065,890
5G Networks	5GN	0.730	▲ 0.030	0.730	0.740	0.710	0.740	0.690	338,449
Uniti Wireless	UWL	1.510	▼ -0.035	1.500	1.545	1.510	1.535	1.500	245,804
Vonex	VN8	0.100	0.000	0.095	0.105	0.105	0.105	0.100	226,806
Field Solutions Group	FSG	0.026	0.000	0.020	0.027	0.026	0.026	0.026	5,746

## 2009: TEN YEARS AGO IN COMMSDAY

NewsCorp chairman Rupert Murdoch hinted at power plays within Foxtel during a quarterly earnings call... high-profile former Optus exec Paul Fletcher began electioneering for the federal seat of Bradfield – with the national broadband network his first target... NZ Telecom's results for Q1 2010 saw analysts and commentators scrutinise one item in particular: the performance of the incumbent's new WCDMA network.

### About Communications Day (including the Line of NZ)

Communications Day is the telecommunications news authority of Australia, New Zealand and Singapore. Published daily since August 1994, CommsDay is expertly written and edited by a team of industry writers with a combined 115 years experience in technology reporting across Australia, NZ, Asia, the United States and Europe. CommsDay is available by subscription only and read by up to 10,000 industry executives as well as policymakers and parliamentarians every week day.

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