Out-of-Band Demand Drivers for In-Band Resources: *ASNs and Telecom Policy*

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Packet Clearing House

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Core Business/Ownership Evolving...

KC's "Core Innovators"	Soon…	EPS($)	MKTCAP($B)
MCIW	(MCIW-**VZ**)	-11.22	6.5
SPRNT/NXTL	(SPRNT/**NXTL**)	-0.31	69
VERIO/NTT	(VERIO/**NTT**)	1.98	71.6
LEVEL3	???	-0.74	1.9
SBC/T	(**SBC**/AT&T)	1.41	78
QWEST	???	-0.45	7.7
COGENT	???	-7.42	0.2
GLBC	(**CNC**/**STT**)	-13.84	0.3
SAVVIS	???	-0.90	0.12
ABOVENET	???	-1.25	19.3B
WILTEL	???	n/a	n/a
TELEGLOBE	(TG/**VSNL**)	-0.74	0.2
C&W	???	0.70	4.7B
TWTELCOM	???	-1.12	1.0
(TWARNER)	???	0.48	82
XO	???	-2.18	0.4

How might this matter?

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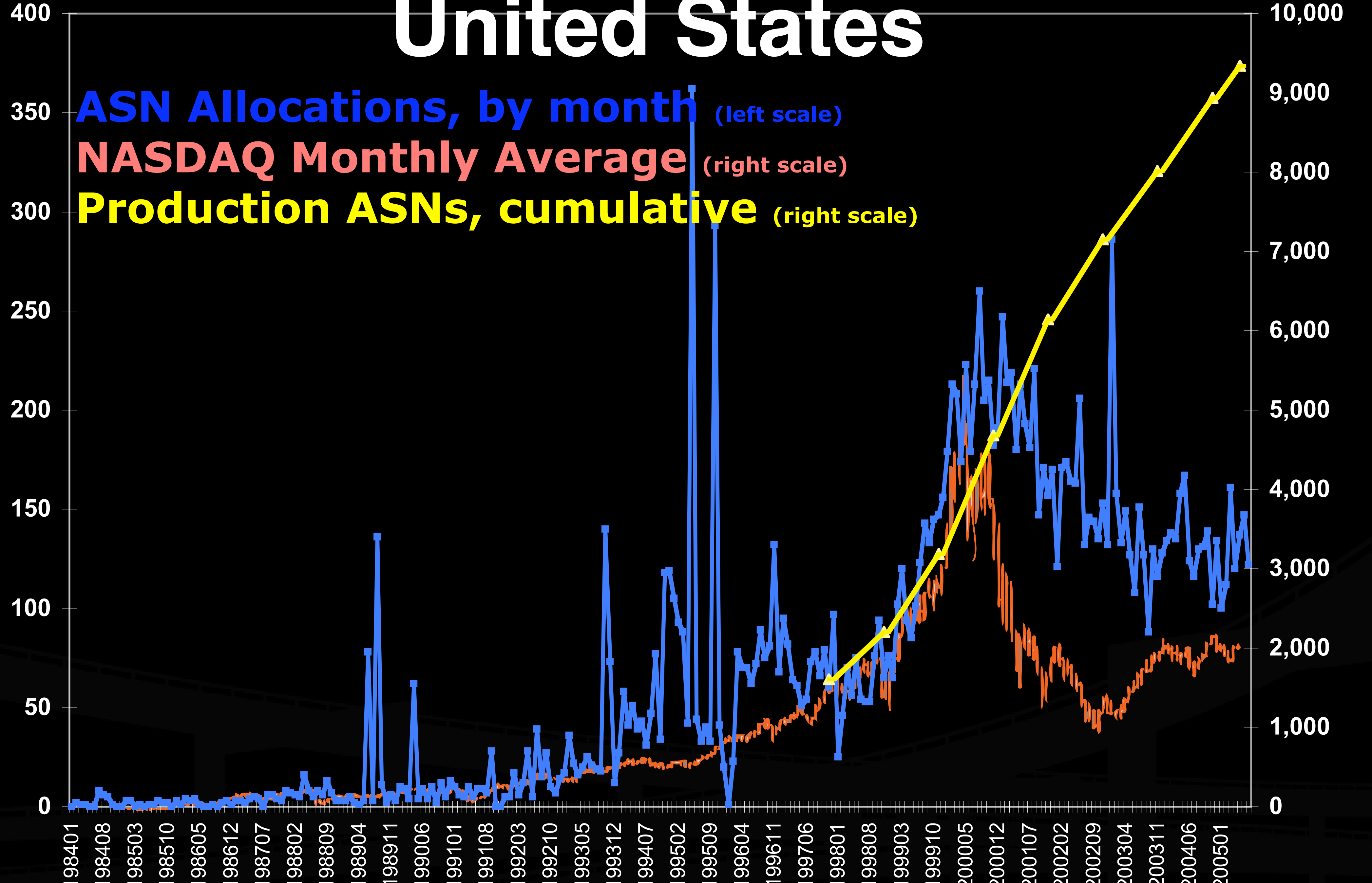
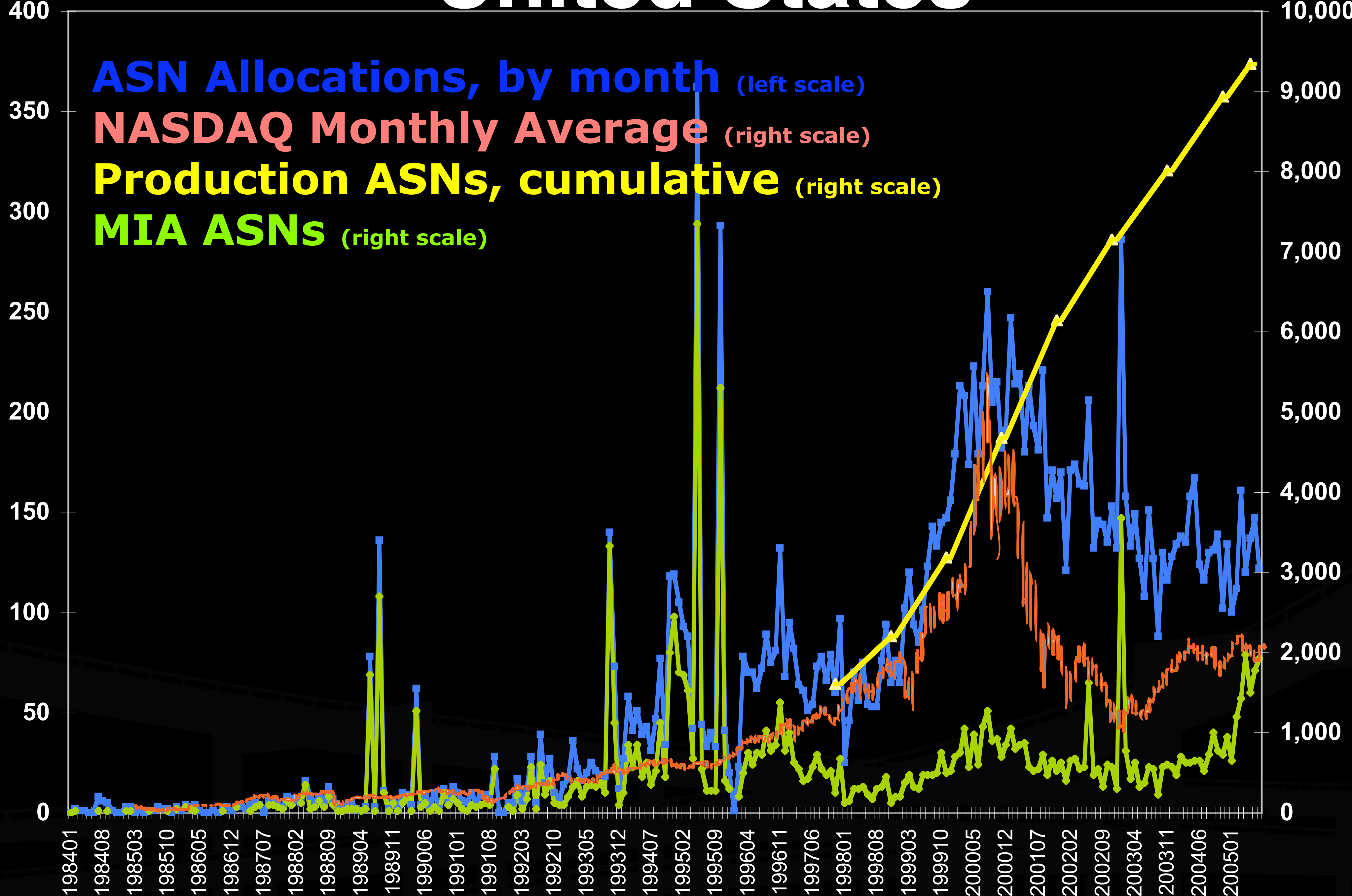
United States

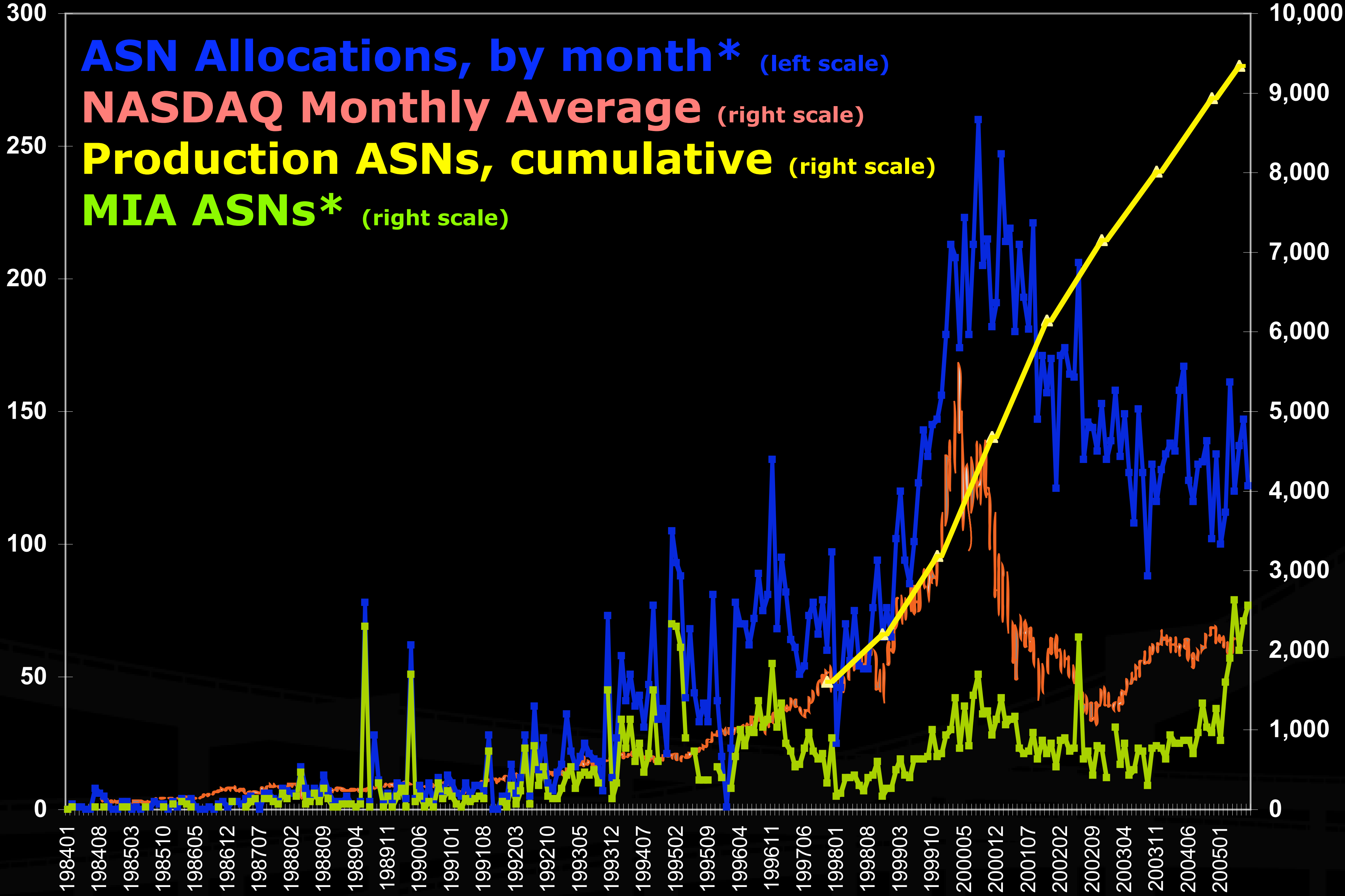


http://bigcharts.marketwatch.com/intchart/frames/frames.asp?symb=&time=&freq=

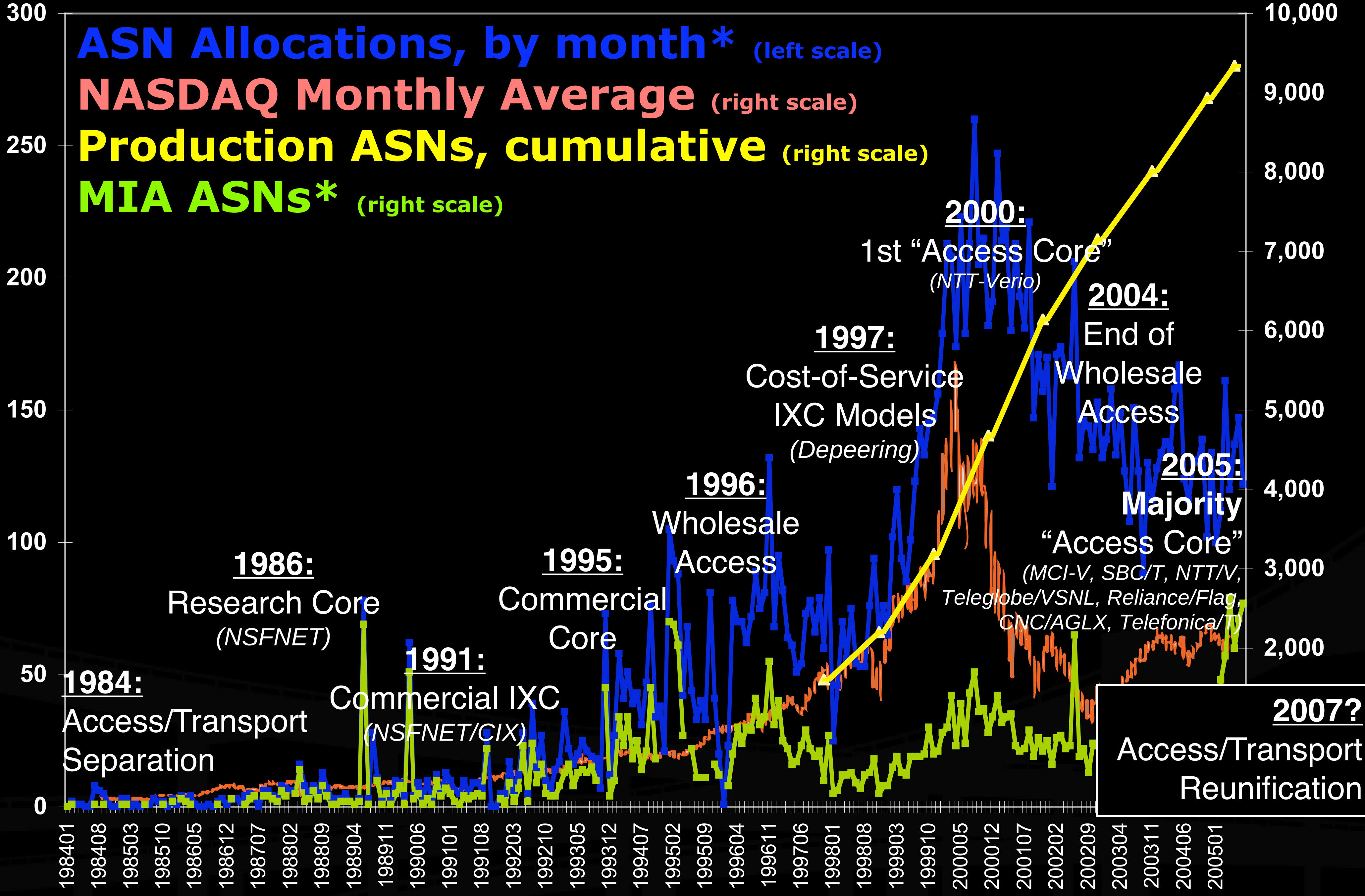
United States



United States



United States



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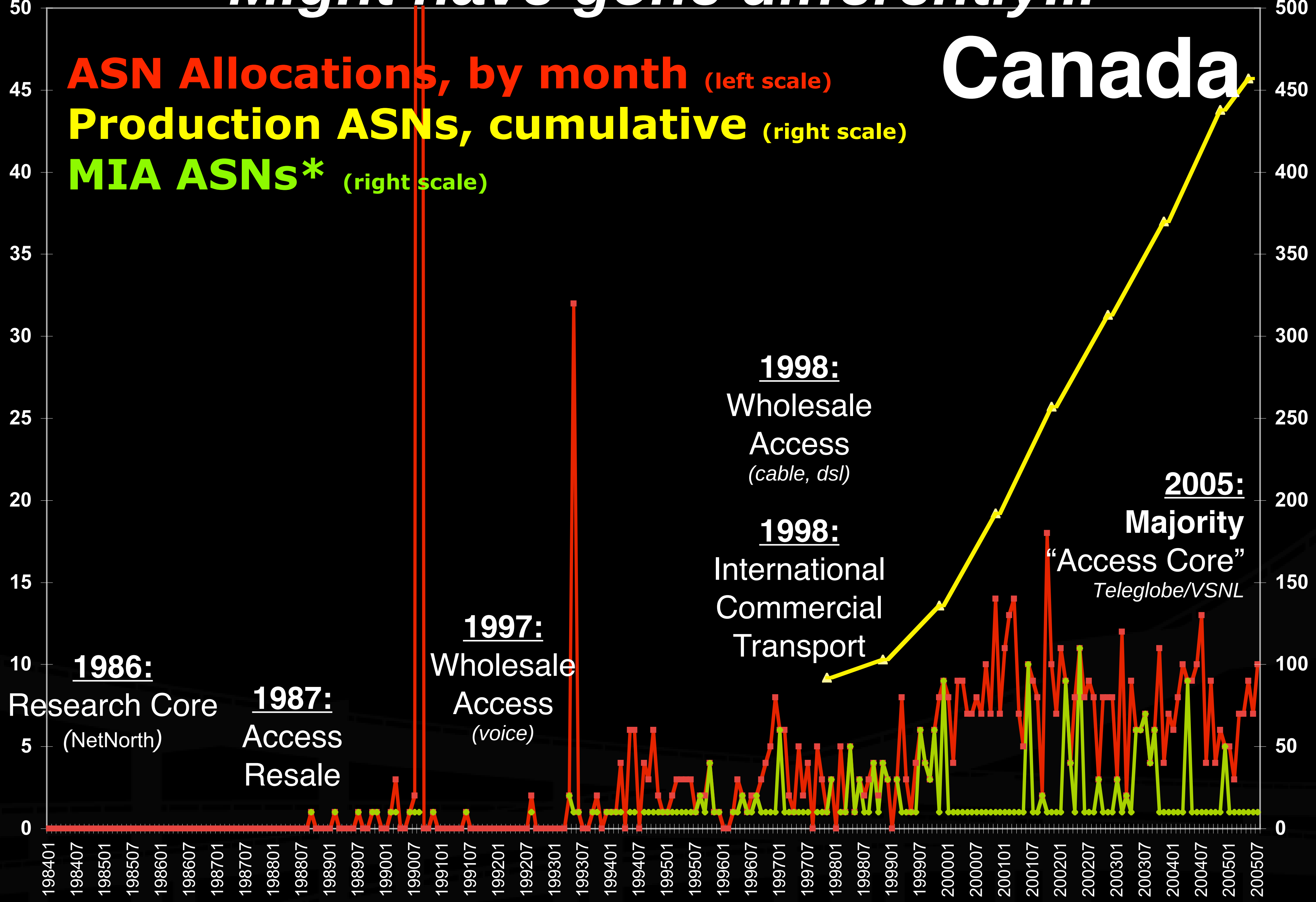
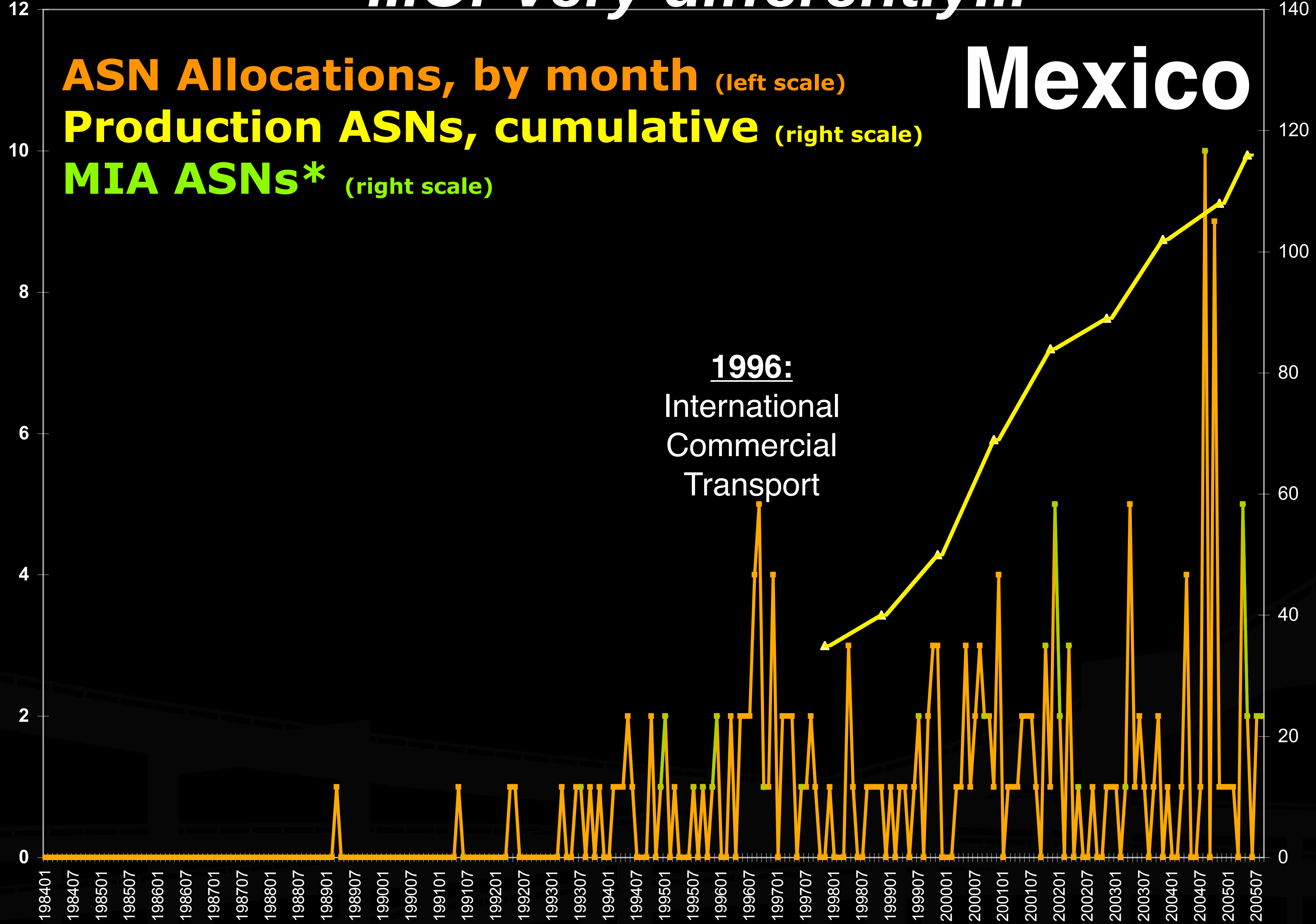
Might have gone differently…



...Or very differently...



ASNs: Layer 3 Glue

- Usually distance spanning
  - You had to build to reach somebody, or somebody had to build to reach you
- Infrastructure: Big initial capex for hole diggers, relatively incremental opex per unit capacity, *forever*
- Affordable transport -> many enterprises find many different uses -> Many ASNs, routing entries, prefixes
- Affordable access -> many enterprises find reasons to directly reach customers -> <u>More</u> ASNs, routing entries, prefixes

What happens when glue == ownership?

- Exists where laws never compelled access/transport separation (many many countries)
- Exists where parallel facilities are not already in place (many many countries)
- Happens when consolidation leads to end-to-end facilities ownership...
- Countries like this generally associated with much fewer ASNs than their competitive counterparts...

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Possible Implications

- Depressed demand for both new and existing ASNs, PI address space, neutral data centers, interconnection facilities...
- Rising demand for HD ratios, restrictive peering, IP resource policies that benefit large operators
- More territorial strategies to establish fiat pricing markets
- Not all innovation is beneficial...
- A scenario that requires consideration...

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Questions...thanks!

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Route Views Archive
The usual suspects