

## They're back: with up to 3 Tbps of trans-Pacific capacity: Pacific Crossing

After spending the last three years in financial and corporate limbo, Pacific Crossing is back in the market with a new CEO, a new network platform, a massive capacity upgrade and a new balance sheet. Pacific Crossing CEO Mark Simpson told CommsDay that the company expects to complete an upgrade in March that will nearly double its existing capacity and allow the company to capitalise on the growing demand for trans-Pacific bandwidth.



“The upgrade that is underway that will come online during March will give us another 600Gbps of capacity,” Simpson said. “That will give us just over one Terabit of total capacity.”

In upgrading the system, Pacific Crossing not only added more bandwidth, but also revamped the core network for much higher capacities than the original maximum designed capacity of 640Gbps. “We have broken through the original design limits of the system, so we can get up to 3 Tbps at least,” Simpson said. “That obviously changed a lot the potential of the company and the economics in which we operate the company.”

Despite the fact that at least two other cables are expected to come into the trans-Pacific segment in the near future, Simpson is confident that both demand and price will remain stable in the market. “We are seeing growth now in multiple units of 10G waves, instead of the occasional smaller amount over the past few years in the uncertainty after the shakedown of the industry,” he said, adding that there is a potential for the company to do a number of large deals in the near term. “We certainly see – whether it’s the Olympics, or the general growth of IP, as well as the globalisation focused in Asia – strong demand.”

To meet this demand, Pacific Crossing is looking to introduce a new generation of high band-width offerings.

“We will do smaller deals in the SDH structure that we’ve got there, from STM-1 up, but the vast majority of our sales will be at the wave level,” Simpson said. “I expect to enhance the infra-structure this year and offer other forms of interface into capacity such as Ethernet and potentially 10G over WAN PHY.” Fortunately, the new network platform now allows Pacific Crossing to add the new interface supports without much further investment, he added.

While 600Gbps is a lot of capacity to bring into the market overnight, Simpson says that pricing trends remain stable. “We are not seeing an enormously amount of pressure on price points.” **NEW OPPORTUNITIES:** Instead of threats to his company’s domain, Simpson sees the new trans-Pacific cables (TPE and AAG) as further

opportunity to assert its competitive differentiation and to tap into new demand for backup.

“The interesting thing is that all the new systems are linear systems, and unprotected. The large influx of new supply with those systems will change the dynamics of the market in the next few years. Each of those new systems and the carriers that use them will also need diverse paths, redundancy,” he added. “Structures such as PC-1 offers enormously high resiliency. The fact that the network has been extremely reliable for a long time says a lot. We have the best performing trans-Pacific network for the last three years easily. In terms of the latency that we offer – it’s still the fastest wave service from Japan to the US and vice versa.” US BACKHAULS: Since his arrival from Asia Netcom where he was COO, Simpson has also put in place US backhauls that will make it easier for the company to serve customers, particularly on the US west coast. “We have begun to build in the US, our own dark fiber-based backhauls in California, where we offer connections to three PoPs that we run – San Jose, Palo Alto and Los Angeles. In Washington State, where our cable lands in Harbour Pointe, we have a ring running between Harbour Pointe and Seattle in dark fiber as well,” he said. “We want to be able to ensure that we can deliver customers extremely well throughout the West Coast of the US and into major PPPs that they need.”

Lastly, Simpson says that the company has completed its restructuring process. “Pacific Crossing is definitely back in the market. We’re a stable company. We’re a debt-free company, well-funded, and able to deliver services directly to customers.”

Tony Chan