

ACCORDING to Jonathan Maliepaard, the managing director of eNetworks, the South African enterprise network services provider and ISP, the recent exuberance expressed about the uncapped rate might be short lived when they realise that they might not be getting the same performance that they had before.

"It is simple mathematics - infrastructure and bandwidth cost a lot and the only way to make an uncapped service sustainable is to make lots of clients share the same bandwidth.

"ISPs have been doing this for years, but it was easier to do when you were being paid for what you used. Now the playing field has changed and massive oversubscription ratios and caching will be the only way to survive.

"What this boils down to is that there has to be a trade off. An uncapped, use-as-much-as-you-want model means a sacrifice in performance. A pay-as-you-use model is more predictable for the ISP and will ensure better performance.

"It has been proven that the pay-for-use model is actually a premium model in some countries. Therefore, if you do not need to download lots of movies/music content and you are working in real-time, then

Downside of uncapped



"Uncapped, use-as-much-as-you-want model means a sacrifice in performance," says Jonathan Maliepaard, managing director of eNetworks.

you want a pay-for-use product.

"The 4 Mbps uncapped products are selling for around R500 now, but for the same amount of money will buy you 10 Gbps of bandwidth at most ISPs, which is more than most individuals will use in a month.

"This sudden change is, in my opinion, not going to be healthy for the industry and will hurt many ISPs caught between Telkom and the con-

sumer, who are reselling Telkom's services at cost or close to it and have no room to move now.

"Let us hope that they can hang on until Telkom answers the offerings from MWEB and Internet Solutions. The larger ISPs, who have managed to get the funding to purchase bandwidth on the Seacom cable, now have to pay for it.

"Therefore, they are getting as many consumers on their

networks as fast as possible, because they have to make this investment work. It is not that bandwidth suddenly costs nothing; they are offsetting losses in many cases, but have no choice but to make it work.

"This is just the first instance of a wave of changes that will happen over the next years as more undersea cables come on line. The problem, sadly, for the bulk of ISPs remains the cost of getting the bandwidth off the Telkom ADSL network into their own.

"As it stands, just to get bandwidth from Telkom into an ISP costs R10 000 per Mbps of bandwidth per month - therefore 4 Mbps ADSL at 1:1 bandwidth costs an ISP R40 000 just to get from the consumer's door to their office, for which the consumer pays R 413. Now understand why oversubscription ratios are what they are.

"Telkom is, as always, holding back our economy with predatory pricing and unfair practices. Sadly the competition, Neotel, appear to be a long way away from easing any of this pain.

"On the upside, this is good for the consumer and business in general, as there is now a choice. You can choose data volume over performance, depending on your requirements," he concludes.