



## **Reach CEO presents optimistic outlook**

Sydney, 26 July 2001 – Reach CEO, Alistair Grieve, presented an optimistic outlook for his fledgling company at an analysts' briefing today.

Reach is the 50 / 50 joint venture that combines the assets of Telstra and PCCW-HKTI's international businesses and aims to quickly build on its position as a leading provider of global connectivity services for other carriers and service providers, including ISPs.

Mr Grieve said an incorrect perception amongst some industry commentators is that Reach is 'just another network builder and operator'.

"That view probably dates back to the time we were known as an IP backbone company joint venture," he said. "It's true that we are building a formidable global IP backbone, but this is only the delivery platform and Reach operates much further along the value chain.

"Rather than simply linking customers from point A to point B, we provide seamless global connectivity via a robust network of fully redundant routers and switches and support this with end to end network management and an extensive suite of innovative voice, data/IP and broadband products.

"Direct commercial relationships with more than 230 carriers give us the ability to provide end to end, worldwide connectivity for our customers which, in turn, allows them to grow their business via 'one stop shop' offerings to their customers."

Addressing the issue of diminishing prices for bandwidth and potential impact on Reach's business, Mr Grieve explained that capacity is an input for his company; hence lower prices for bandwidth mean lower supply costs.

"We have always taken a prudent approach to capacity planning," he said.

"We are not making large speculative investments in, for example, complete high-capacity submarine cable systems. Instead, we are matching supply to our own forecasts of demand growth.

"We are already reaping the rewards of this business model by being able to purchase capacity at economical prices from network owners who are offloading excess bandwidth."

Mr Grieve was also optimistic about the telecommunications industry in general.

"It is certainly true that growth (in telecommunications) has not matched the levels which were being forecast two years ago; but our industry is still growing at a rate which would make most others extremely envious," he said.

"We will continue to experience some uncertainty, but the next 12 months will also be a time of consolidation.



“There will be a flight by customers towards stability and quality, which will make life difficult for some of the newer entrants and give some relief to well established carriers with strong cash flows.

“Reach’s objective is to take its experience in managing a wide range of assets and creating a range of services for our wholesale customers to offer their retail customer bases. We see little long-term wealth generation in selling slabs of capacity. I’m not saying we won’t do this, but it will be only one component of a wide-ranging product and services portfolio.

“Reach is well financed; we have good revenue flow, loyal customers, experienced staff and measured, achievable ambitions. “We intend to add superior customer service to our network quality, which is already a major competitive advantage. Our extensive switching and network management is far ahead of most other players, many of which have limited restoration facilities – whereas Reach’s predecessors spent decades building quality, ubiquity and redundancy into their networks.

“Reach is a sound business. We haven’t overborrowed or overinvested. We’re not having difficulty generating revenue. We have stability going forward and strong relationships with major industry players worldwide.

“We have great opportunities to build the business on a solid platform. We’re already the largest international carrier in Asia, but we intend to widen the gap between Reach and its competitors.

“We will have more businesses, in more places, with more products. But we will be cautious and prudent in our expansion, not reckless.”

Mr Grieve explained that his brief from the Telstra and PCCW parent companies is to establish and build a bigger business. “Our task is to build what is essentially a wholesale business of scale, predominantly in Asia but also North America and Europe,” he said.

“We have set our sights high and we expect to be a winner in every sense of the word.”

*Media inquiries:*

Martin Ratia  
Ph +61 2 8289 0089  
[martin.ratia@reach.com](mailto:martin.ratia@reach.com)

Craig Leeson  
Ph +852 9409 1822  
[craig@reach.com](mailto:craig@reach.com)