

capacity

Business intelligence for the global carrier industry

Big interview

Dave Temkin explains why Netflix won't be entering the infrastructure game

Feature

Capacity looks at the impact mobile gaming and OTT services will have on the wholesale industry

Gaming to gobble bandwidth



How to keep Sparkle shining amid the turmoil of TIM

Riccardo Delleani came back to run Sparkle in April 2018, six years after leaving. Alan Burkitt-Gray asks him about his investment plans but also looks at what's going on in parent company TIM



The new CEO of Sparkle, the international division of what used to be Telecom Italia but is now TIM, is in the final stages of putting together what he calls a “new industrial plan” to the group’s main board. “We’re presenting it at the end of February to the board of directors,” says Riccardo Delleani, who took over the role in April 2018.

In fact Delleani has come back to the role he had six years ago. He’s a former chairman and CEO of Sparkle who in 2015 moved within the TIM group to run Olivetti, the former typewriter company that is now its IT and systems integration arm.

It’s been a tough few years for any executive in the TIM group, and the instability has affected staff in all divisions, including Sparkle – see panel, right.

Delleani came back to Sparkle in 2018 to replace Alessandro Talotta. “I was asked to rejoin Sparkle and my friends,” he says. “I very much liked the idea of seeing what Sparkle was like six years ago and now.”

Much is the same as it was, he says. “In terms of portfolio, voice, IP and capacity are

still very important. Mobile platforms and solutions for multinational companies are growing but not as expected. It’s done some innovation, but not – in my view – enough.”

This is mildly expressed but a clear criticism of Sparkle’s – and perhaps the group’s – strategies over the past few years, voiced by someone who has continued to work within the group, at Olivetti, until he returned to the wholesale division.

Delleani has been at Telecom Italia/TIM for over 30 years, having joined after graduating in electronic engineering at the University of Rome Sapienza. “I looked at various projects – an engineer likes to play with the toy that is the network,” he recalls. “I got into the wholesale business. Telecom Italia had to face issues related to wholesale and related to other licensed operators, dealing with them as the incumbent. We had to take on open access.”

Mediterranean subsea cable

Now, he’s hoping the board will approve a number of projects in the emerging industrial plan. “We’re focusing particularly on the Mediterranean region, where Sparkle already

plays a strategic role, and on the Middle East. In the Mediterranean, for example, there is no submarine cable from Sicily to Genoa.”

Why’s that important? Sicily competes with Marseille in southern France as a western European landing point for subsea cables from north Africa, the Middle East and Asia. At the moment traffic that lands in Sicily travels the length of Italy to the business and industrial centres of Europe.

“This is a project we’re looking at very closely as an alternative to Marseille. The latency for subsea can be lower than that for terrestrial cables.”

Sparkle is also expanding its internet presence through new points of presence. Two in Colombia, at Cartagena and Bogotá, are on track, plus one in Nigeria and another in Indonesia. “Many others will come by the end of this year,” says Delleani. “We want to enlarge our footprint.”

The new industrial plan “is a work in progress”, he adds. It “will include new products and services. I am in discussions about the new services.”

There are two main pillars, he says. First, to serve mobile operators’ needs. “These are not

1988	Technical engineer, Telecom Italia
1995	Network planning, Telecom Italia
2005	Sales director wholesale, Telecom Italia
2008	SVP wholesale, Telecom Italia
2011	SVP open access, Telecom Italia
2012	CEO, Sparkle
2013	Chairman, Sparkle
2015	CEO, Olivetti
2018	CEO, Sparkle

working with MEF, the former Metro Ethernet Forum that is one of the forces in the development of SD-WAN. “We have good technological expertise and we’re trying to find the right go-to-market solution.”

Seabras-1 and South America

What about other new subsea cables, in addition to that one from Sicily? “We are finding the right way to fund them. It’s too early to talk about,” he says. “But we’ve had very good success on Seabras-1 and we are looking at other ideas in South America.”

Seabras-1 is the Brazil-US subsea cable system that directly connects São Paulo and Fortaleza to New York.

Sparkle operates and manages three fibre pairs on the cable. One of the surprises was that “customers came through that we weren’t expecting”, he says. In the original business plan Sparkle expected “mainly Latin American clients and partners”, but then along came the SAEEx cable across the South Atlantic from the Angolan capital of Luanda to Fortaleza.

“SAEEx brought a new view of the

infrastructure,” says Delleani. Seabras-1 can now connect North American customers to southern Africa. “South Africa wasn’t our focus and we are very happy that other prospects are coming.”

There are widespread reports in the industry about cables from southern Africa across the Indian Ocean direct to Asia. Delleani keeps a careful silence on that. “In two or three years’ time [we can] think about new infrastructure for the African market,” he says guardedly.

“The Middle East is something that we are working on,” he says, but doesn’t go into detail. “It’s a very important growth market, where something can change and we have to be ready.”

Solutions for voice

What about voice, the old core market for so many international carriers? He describes this as “very old fashioned”. Some regions are declining quickly “with IP taking over” he adds. But in South America, the Middle East and Africa “decline is not so quick”.

He adds: “I’m keen to find any solution that can automate this kind of business. Transactions are still done by files and people.” That’s inefficient and Sparkle, like other carriers, needs to get costs down.

“Blockchain could do this quickly and efficiently,” he says. “I’m very keen to work with the other operators to use the advantages of this new technology. That would help us with the troubles coming up. Blockchain could give us more robust processes.”

“Sparkle has done some innovation, but not – in my view – enough”

Riccardo Delleani, Sparkle

niche. We’ve had very good success in Brazil with A2P [application-to-person] messaging.” This has been taken up by “lots of corporations”, especially in the banking sector. These are “good for online security procedures”, he notes.

“Mobile operators are looking for very high quality and sophisticated routing systems and we see something very interesting there.” These aren’t big numbers and the service is very specific, he accepts, “but it gives mobile operators the opportunity to offer diverse services”.

SD-WAN applications

And then there’s SD-WAN (see our special report in this issue). “We’re looking very much at different applications for connectivity to enterprises.” Enterprises have different needs and “all of these flexible solutions are strictly correlated to the capacity of the connectivity,” says Delleani. “You need very flexible capacity.”

He adds: “Some operators are working on this but have a very early-stage approach. Sparkle from a technology point of view is very aware of SD-WAN.” The company is

The investors that took on a country and won

TIM has been fought over by shareholders that seem to have completely different strategies, and effective control has flipped backwards and forwards.

A few years ago Telefónica’s shares passed to Vivendi, the French media company. The Italian government regards TIM, and particularly Sparkle, as having critical infrastructure of national importance that needs to be under Italian control.

The government has a stake of around 5% via Cassa Depositi e Prestiti (CDP), the Italian state investment bank, which is also the owner of 50% of Open Fiber, a rival national network.

The latest force to exercise power over TIM and Sparkle is Elliott Management, a US-based group of so-called “activist investors” who represent owners of around 9% of the company. Elliott takes on the management of giant companies – and governments.

The *New Yorker* said last year that the founder, Paul Singer, had “developed a

uniquely adversarial, and immensely profitable, way of doing business”.

It took on Argentina a few years ago. Elliott bought government bonds with a face value of \$617 million for a knock-down price of \$117 million – and then, to make the country to pay up, persuaded a Ghanaian court to seize a naval training ship, the *Libertad*, until it got its money.

Elliott’s holding is smaller than Vivendi’s 24%, but it has succeeded in getting its own supporters to dominate the board. In November 2018 Vivendi’s Amos Genish was ousted as group CEO, replaced by Luigi Gubitosi, a former Wind executive who was an Elliott nominee.

Since Franco Bernabè resigned as group CEO in October 2013 after six years in office there have been four CEOs. Bernabè’s successor, Marco Patuano, lasted two and a half years. Then there was Flavio Cattaneo, who won compensation of €25 million in return for his resignation after 16 months. He was followed by Genish, in office 14 months, and now we have Gubitosi.