UAE-IX

Pursuing an efficient structure for the Internet in the Middle East

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Agenda

Case for peering in the Middle East

Impact on QoS, QoE and cost

Key learnings so far

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Intra-Middle East capacity only accounts for 3 percent of total international Internet capacity connected to countries in the region

– Telegeography, 2011

The current Internet structure in the region is highly inefficient…

- 97% of international IP traffic in the Middle East is long hauled from other continents

- Mainly delivered through submarine cables, prone to cable cuts

- High latency of 200-300ms to global hubs

- IP transit prices 10x price in Europe and 5x Asia

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… and it is increasingly unsustainable due to changing requirements for IP

- Regional IP demand expected to grow by 62% CAGR until 2016[1]

- Increasing popularity of online video is rapidly growing the demand for direct routes to regional content

- The implementation of cloud architectures requires low latency to offer attractive customer experience
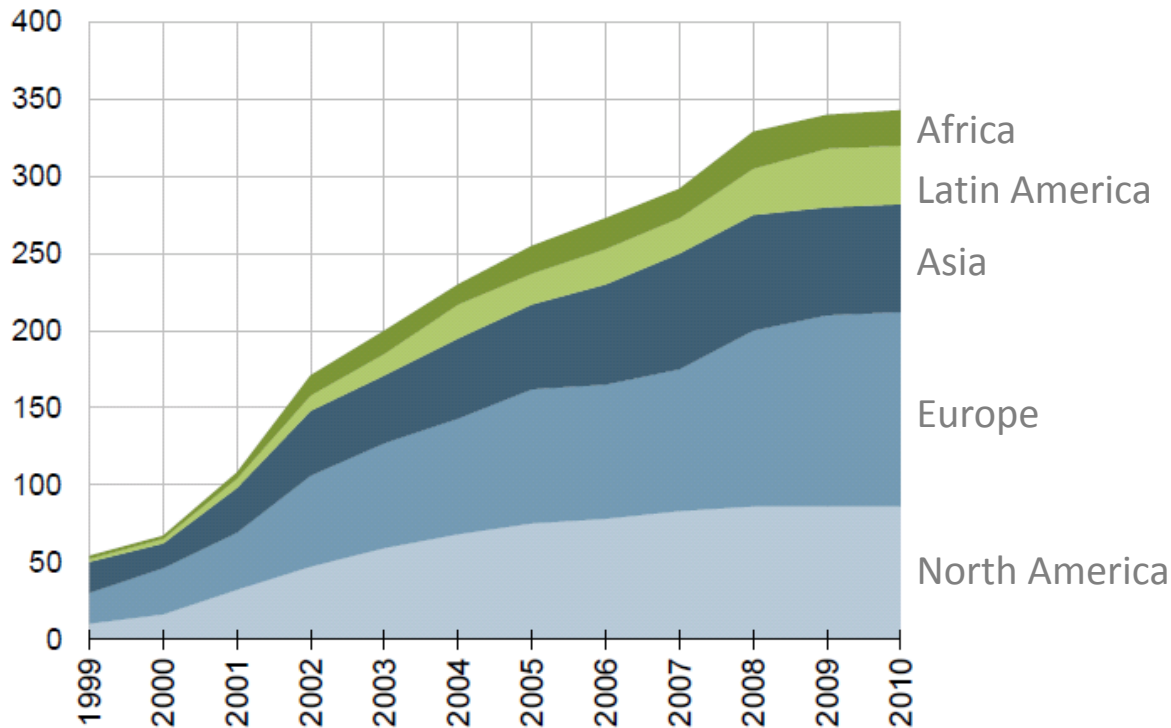
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In contrast, Europe retains 70% of its international traffic through a structure built around IXPs, networks & content

- Europe has the highest share of international IP traffic that stays within the region – 70%

- Over 100 IXPs (Internet Exchange Points) provide options and intelligence for efficient routing

- The IXPs are connected by extensive networks of cost-effective intra-regional fiber "highways"; and

- They are surrounded by ecosystems of content providers, service providers, integrators and other ICT related businesses

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The IXP model has proven hugely successful and has spread across geographies

Total number of IXPs

The main benefits of the UAE-IX are resilience, improved customer experience and cost savings

	Peering in Europe	Peering regionally	Impact of regional peering
Resilience (QoS)	Over 20 major cable cuts since 2008	Options to reach IX through submarine and terrestrial cables	• Reduced risk of outages • Diversity to peering in Europe and Asia
Latency (QoE)	150-300ms	10-40ms	• ~80% reduction in latency • Dramatically improved customer experience –> demand -> revenue
Cost	$25-40 per mbps [1]	$5-20 per mbps	• ~50% cost saving

(1) Indicative cost for ISPs without owned capacity to Europe
Source: speedtest.net; du estimates – pricing will vary significantly between operators and routes

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Despite the UAE-IX being in "soft" launch, we are seeing strong demand for peering on the platform

- The UAE-IX platform went operational on the 24th of February, 2012

- Members are connected through 1Gb and 10Gb ports

- The platform is currently being tested together with a limited number of operators

- High interest from regional operators, international carriers and content providers

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Key learnings so far

- Middle East operators understand the benefits of peering and they are hungry for peering between each other

- The demand for intra-regional capacity is growing fast, fueled by the demand for regional online content

- Openness and transparency are key to create an environment that encourages peering between multiple parties, thereby maximizing the benefits

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Thank you!

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