

~ Once upon a time ~

A tale of prices - Latin America vs. The rest of the world

Anahí Rebatta
TeleGeography
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Warning

Be advised that this tale does not qualify as a bedtime story, and it does not have fairies or unicorns.



A few words of caution

- TeleGeography has collected pricing data anonymously from operators around the world since 1998. We also confer with buyers to validate market price levels.
- The prices shown on subsequent slides are **weighted median** prices for a **single** unit for a **one-year** term.
 - A broad range of prices exists for all routes/cities.
 - Substantial discounts exist for higher volumes and longer terms.
 - Discounts also exist depending on who you are (carrier or content/cloud provider) and the broader commercial relationship.

Once upon a time ...

Andy, the Little Carrier, wanted to buy bandwidth. But Andy was sad. Bandwidth was so expensive!

Then, something magical happened prices fell, yay!

“I wonder what happened?,” thought Andy.

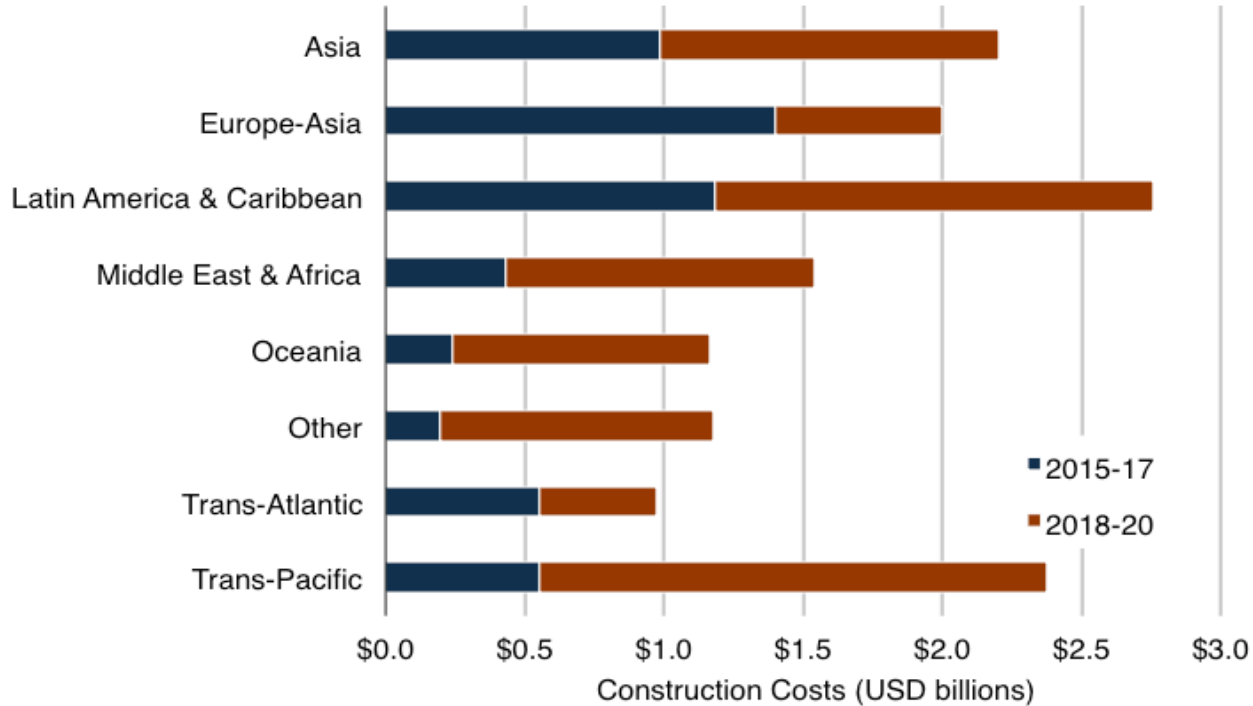


Part 1 -

- New supply and competition fuel price erosion, particularly on less developed routes
- Transit is more expensive in markets that remain largely dependent on long-haul links to Europe or the U.S.
- The ‘pipe-and-port’ scenario

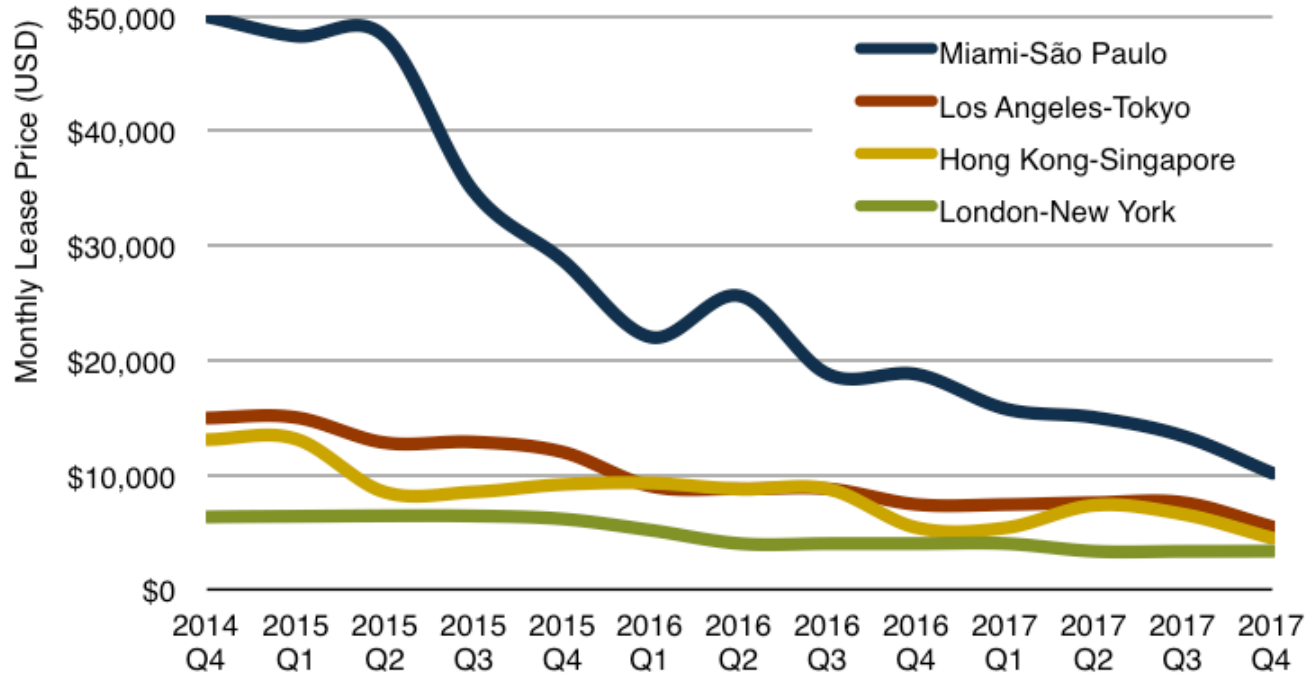
Lots of interest in new cables

Cable Construction Costs by Region, 2015-2020



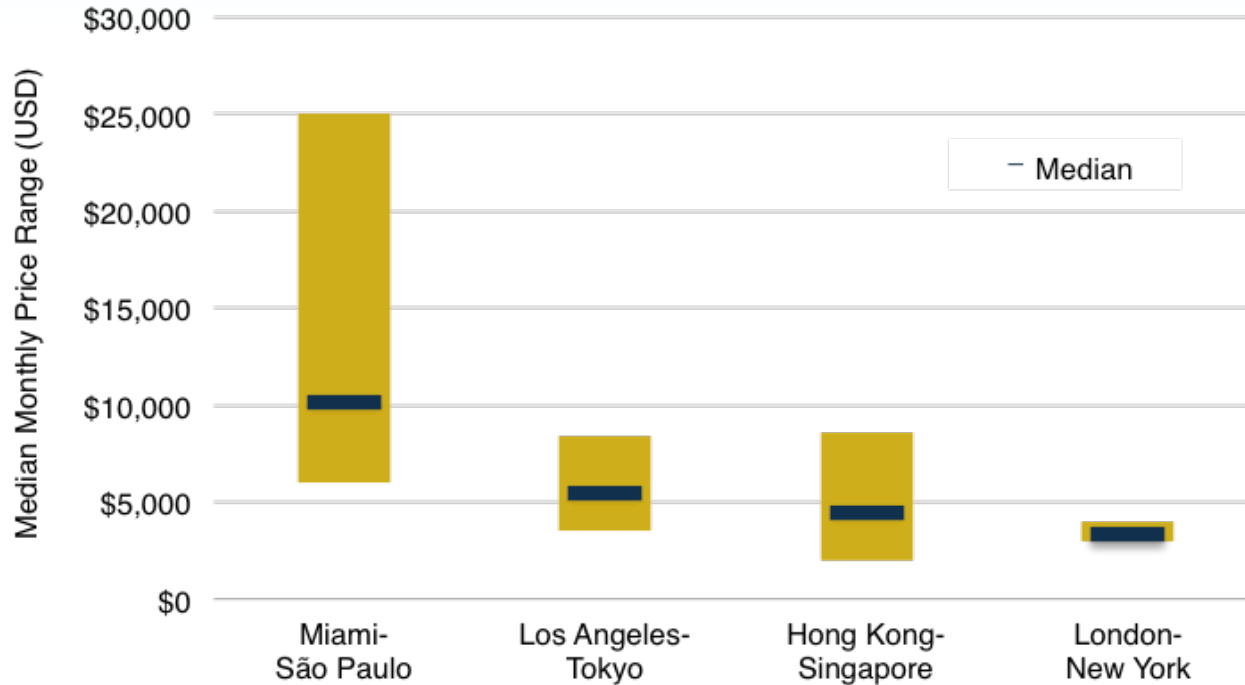
As capacity grows, prices fall

Weighted Median 10 Gbps Wavelength Price Trends

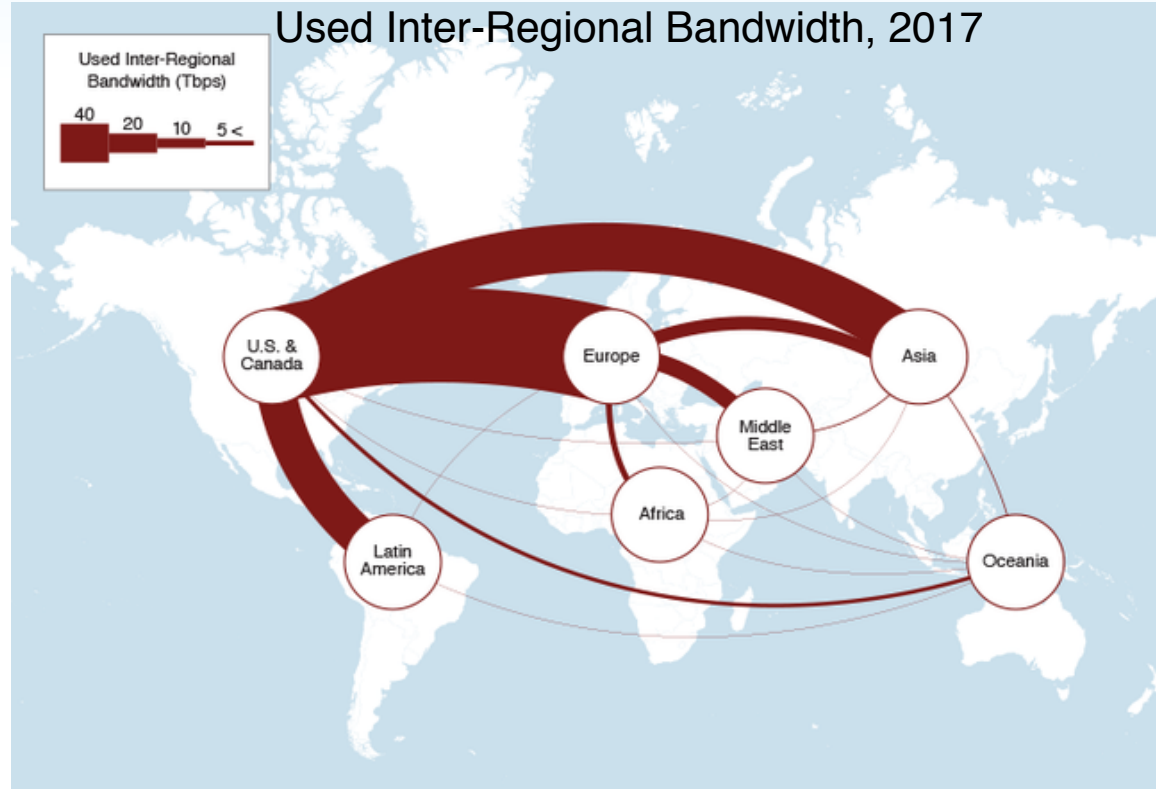


Price ranges vary by routes

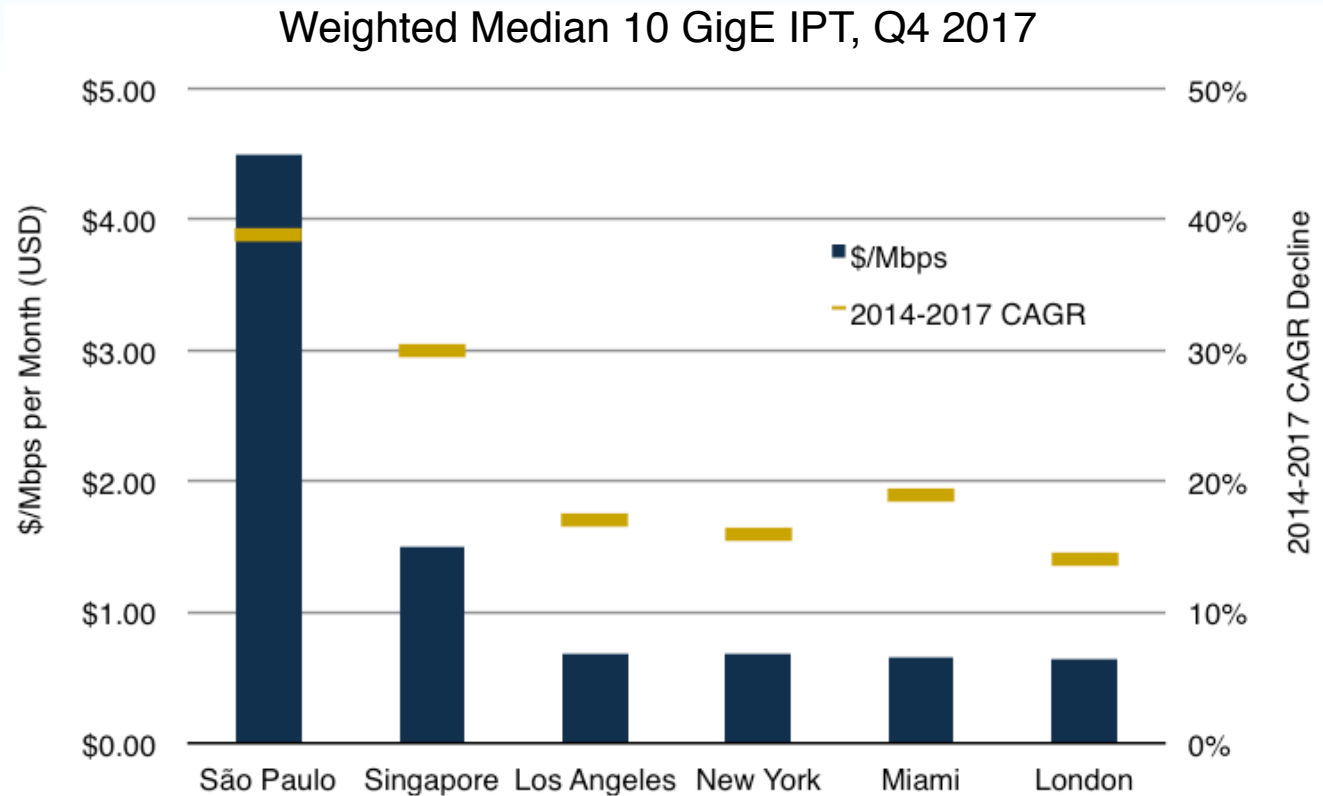
Weighted Median and Price Range – 10 Gbps Q4 2017



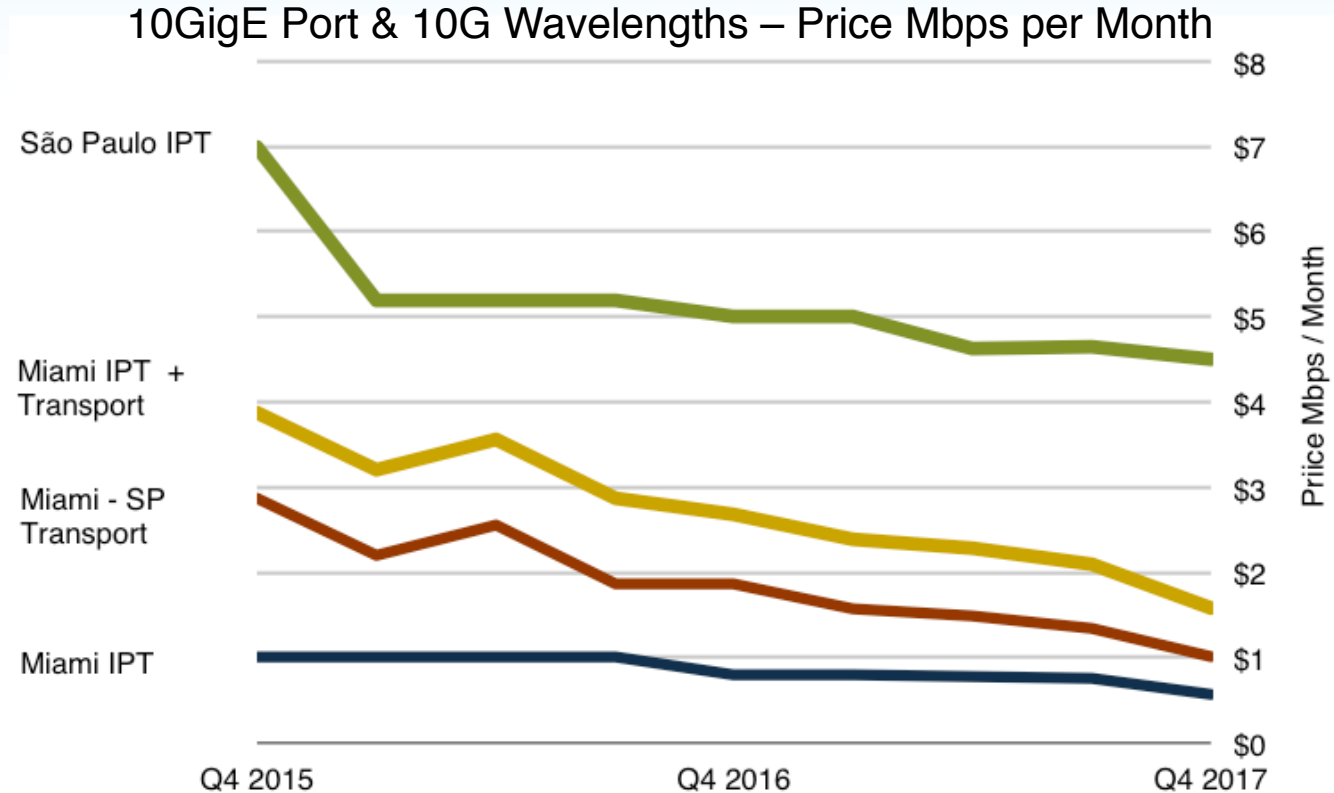
The U.S. and Europe remain as major hubs



IP Transit costs less in the U.S. and Europe



The 'pipe-and-port' scenario—Transport vs. Transit

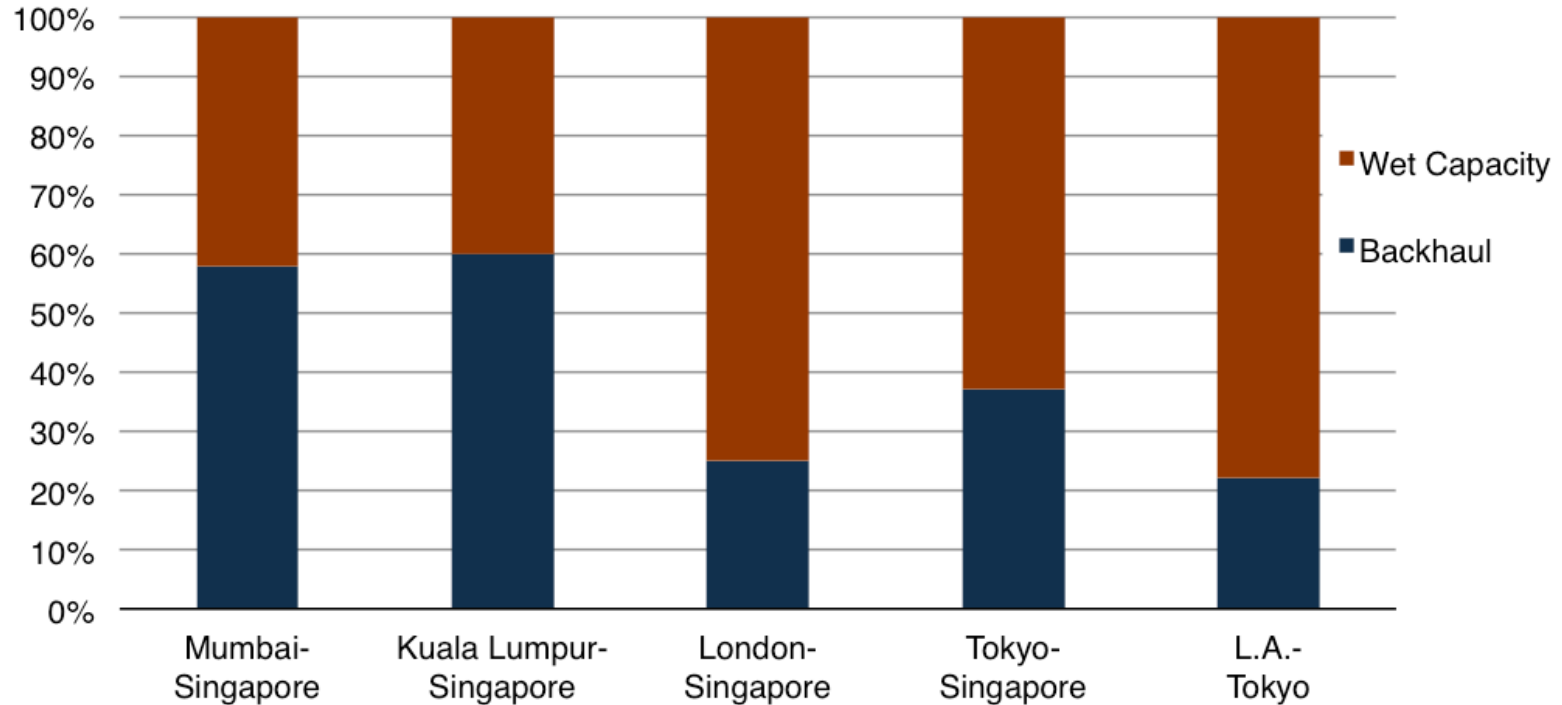


Part 2 -

- Subsea capacity is not necessarily the largest cost
- Last mile, the longest mile (not figuratively, but financially)
- The cost to interconnect to the data center

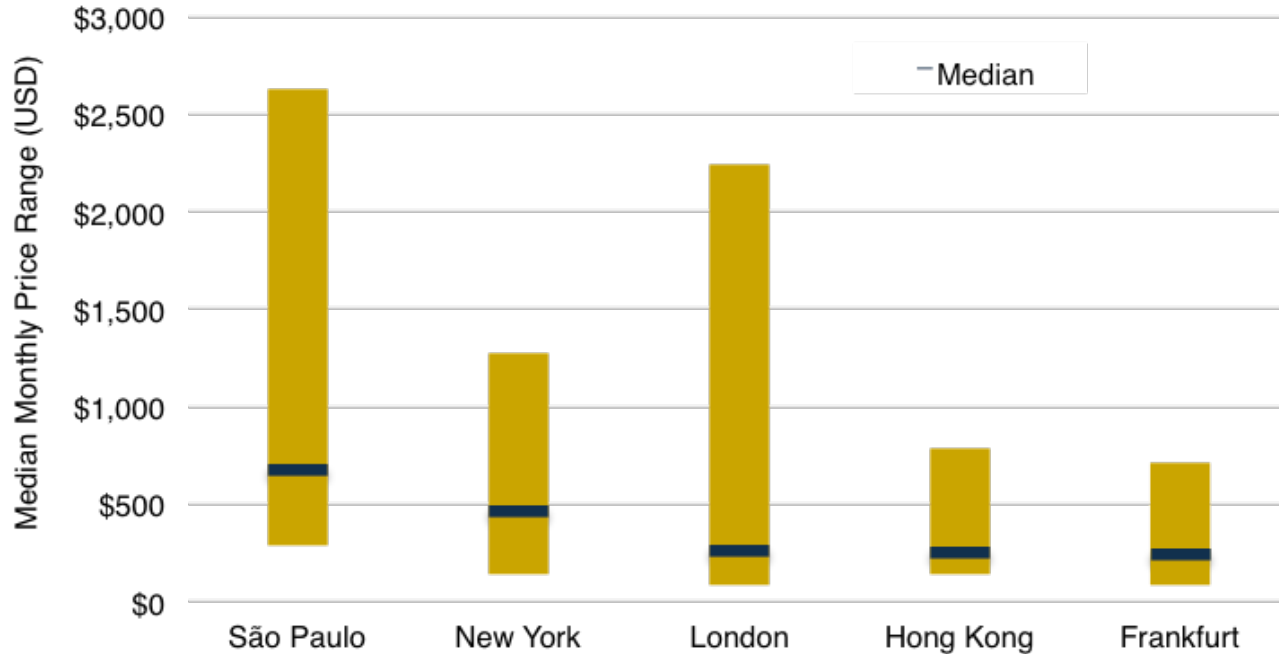
Wet Capacity vs. Backhaul

Median PoP-to-PoP 10 Gbps Price Components, 2016 / 2017



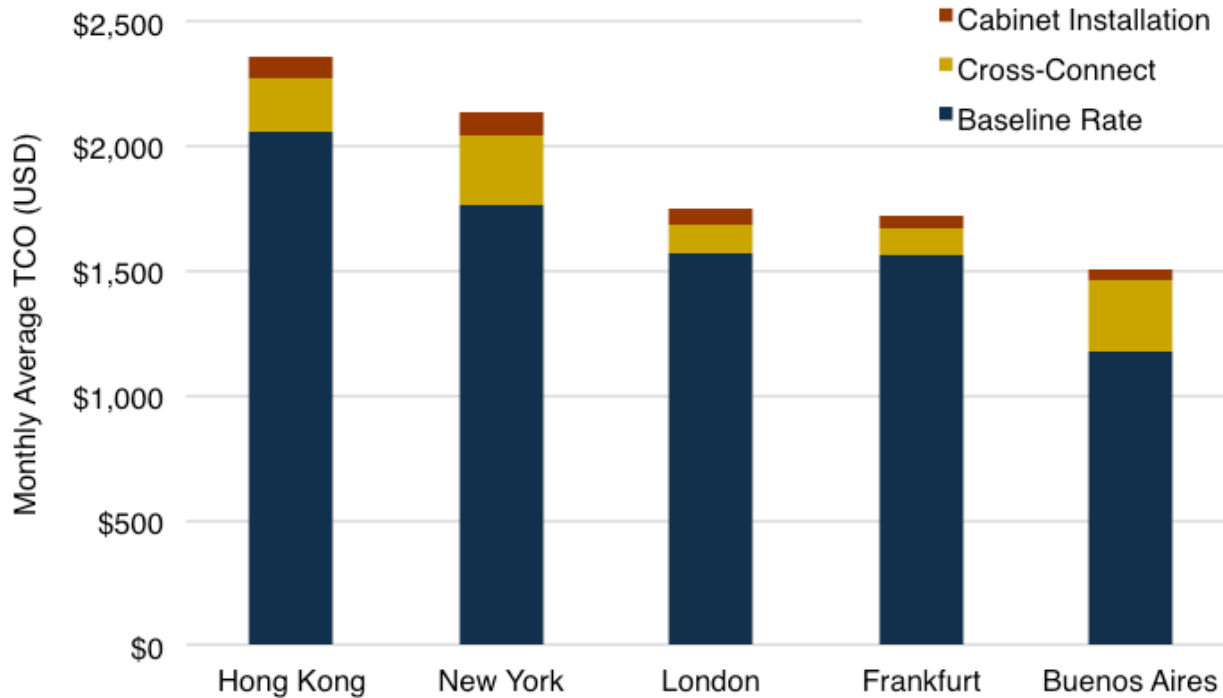
Last mile, the longest mile

Monthly Price Ranges for 10 Mbps Ethernet, 0-5 km, 2017



Connecting to the data center

Total Cost of Ownership per Month, One Cross Connect, H2 2017



What did Andy learn?

Prices are falling in Latin America.
But it is still cheaper to buy transit
in the U.S.

And there are a lot of other costs to
consider.

‘I am happy I learned all this new
stuff’, thought Andy.



And they all lived happily ever after
~The end~

Anahí Rebatta
arebatta@telegeography.com

