

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

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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!

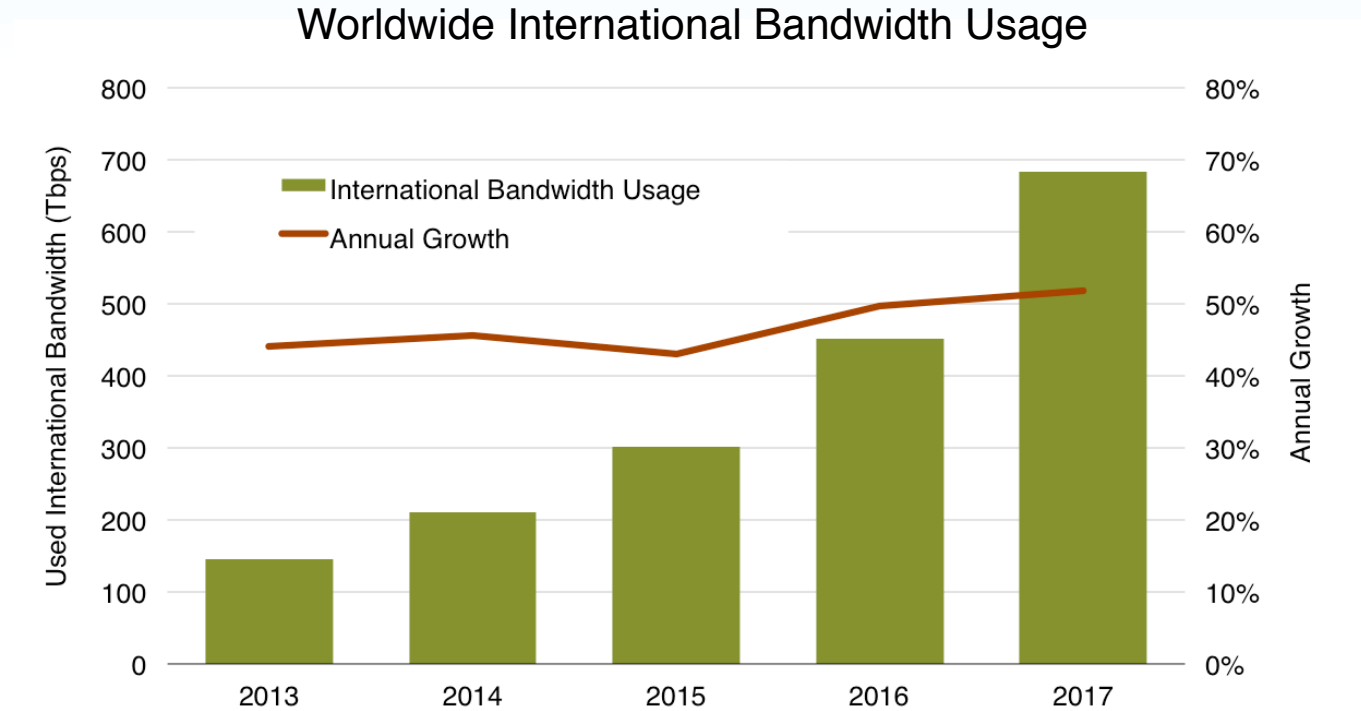
“I wonder what happened?,” thought Andy.



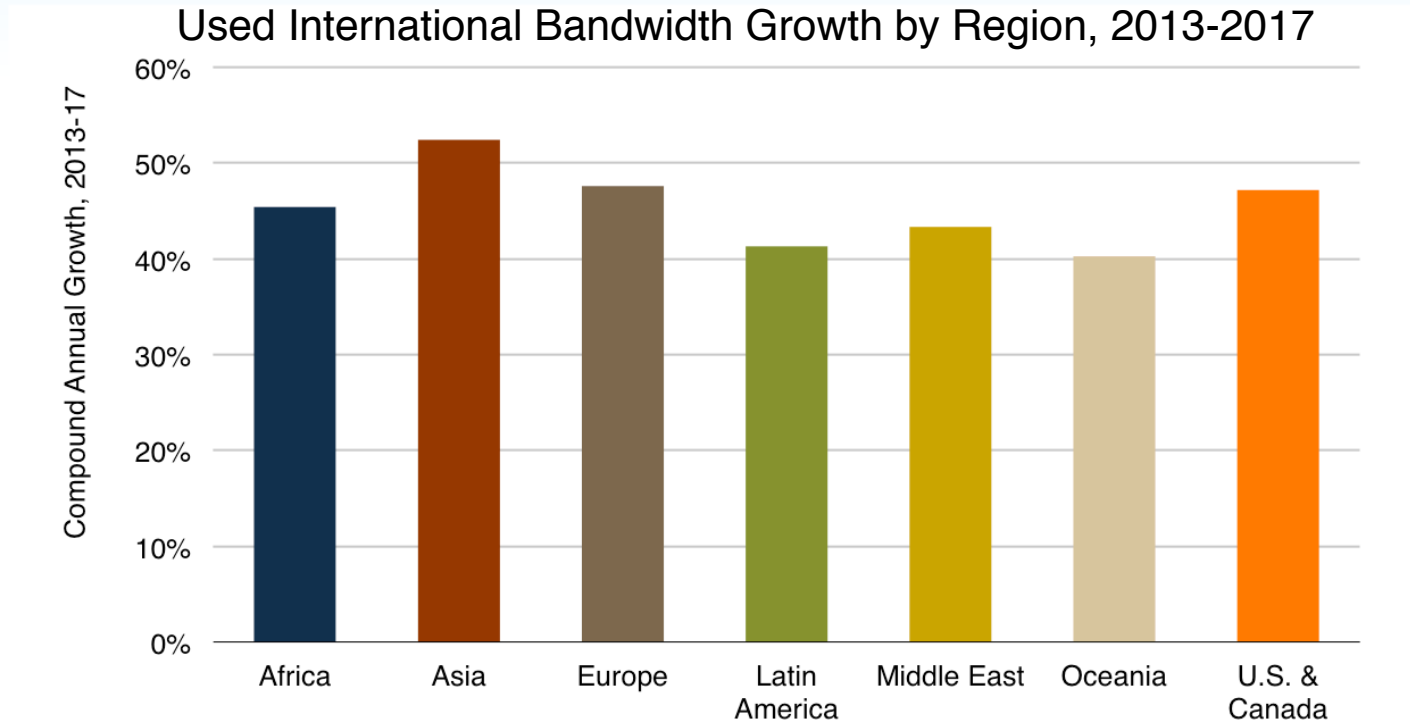
Part 1 -

- Bandwidth demand keeps growing
- 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.

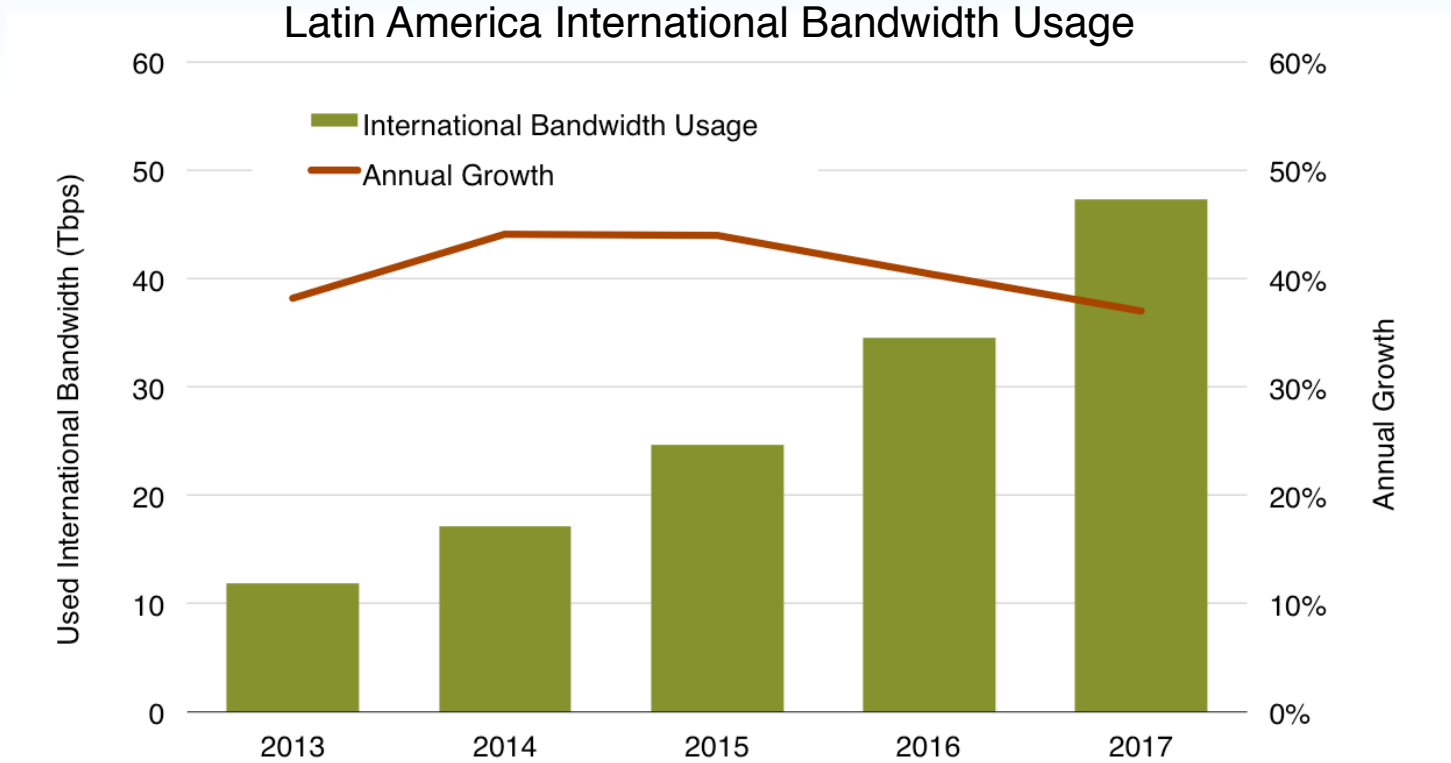
Overall worldwide bandwidth growth



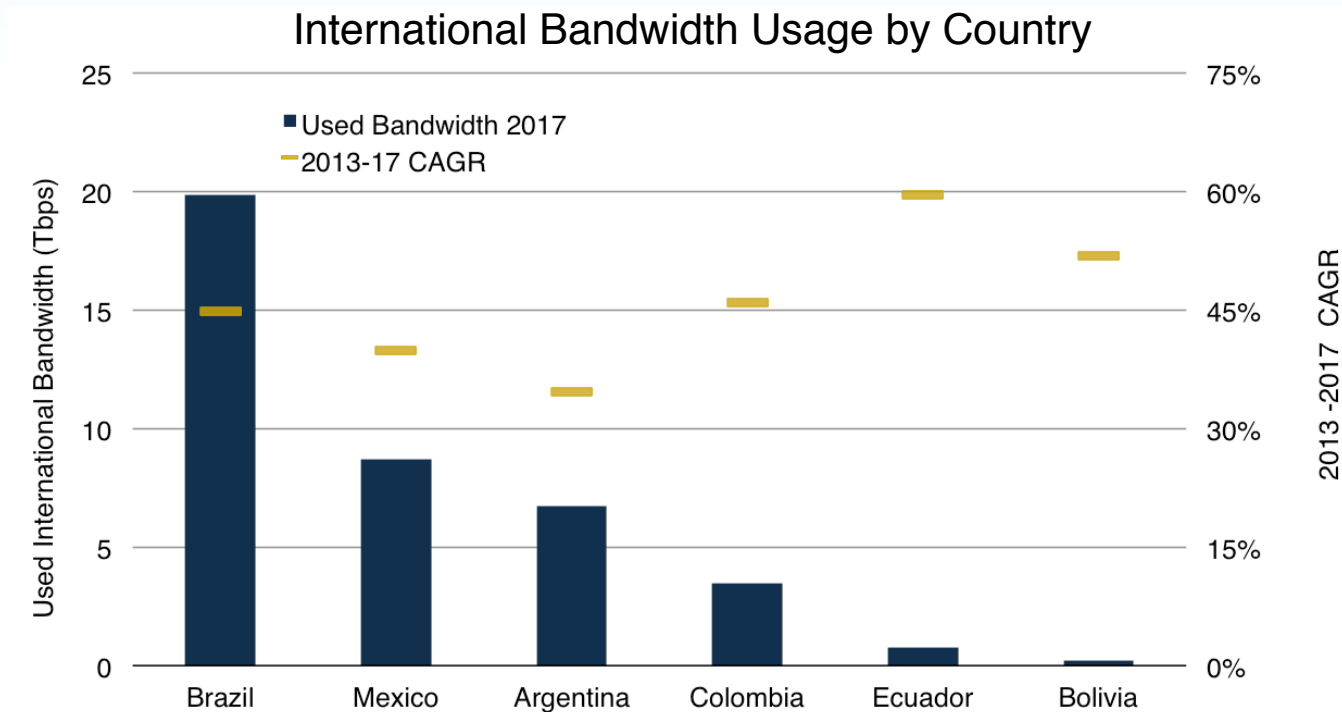
Bandwidth growth – Latin America vs. Rest of the world



Demand in Latin America doubling every two years

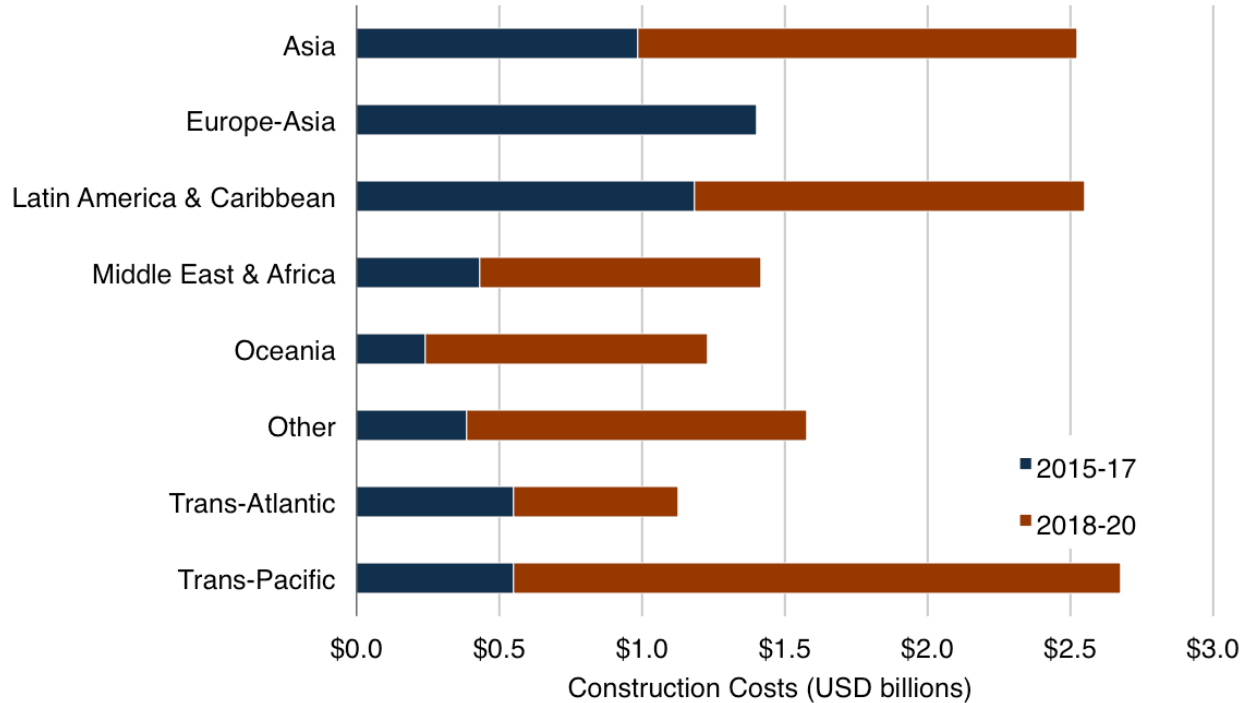


Demand within Latin America varies greatly



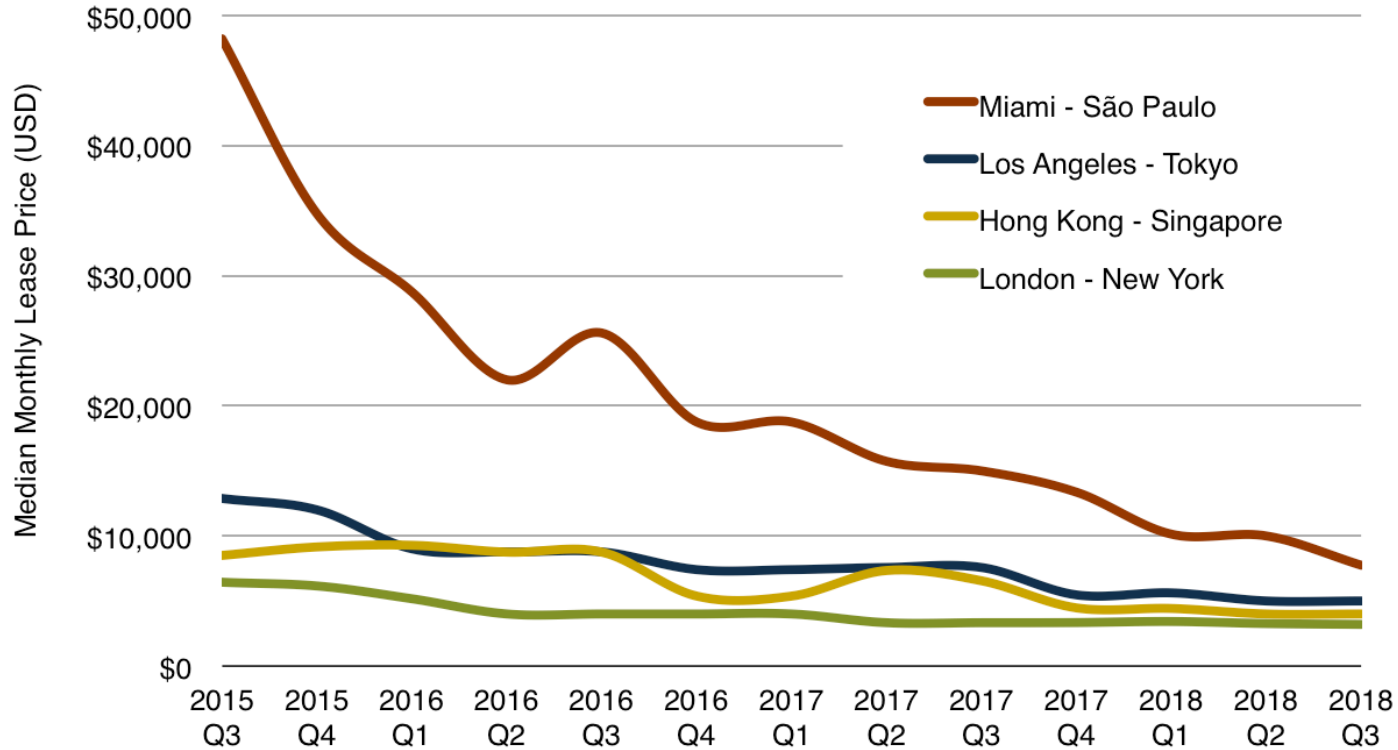
Lots of interest in new cables

Cable Construction Costs by Region, 2015-2020

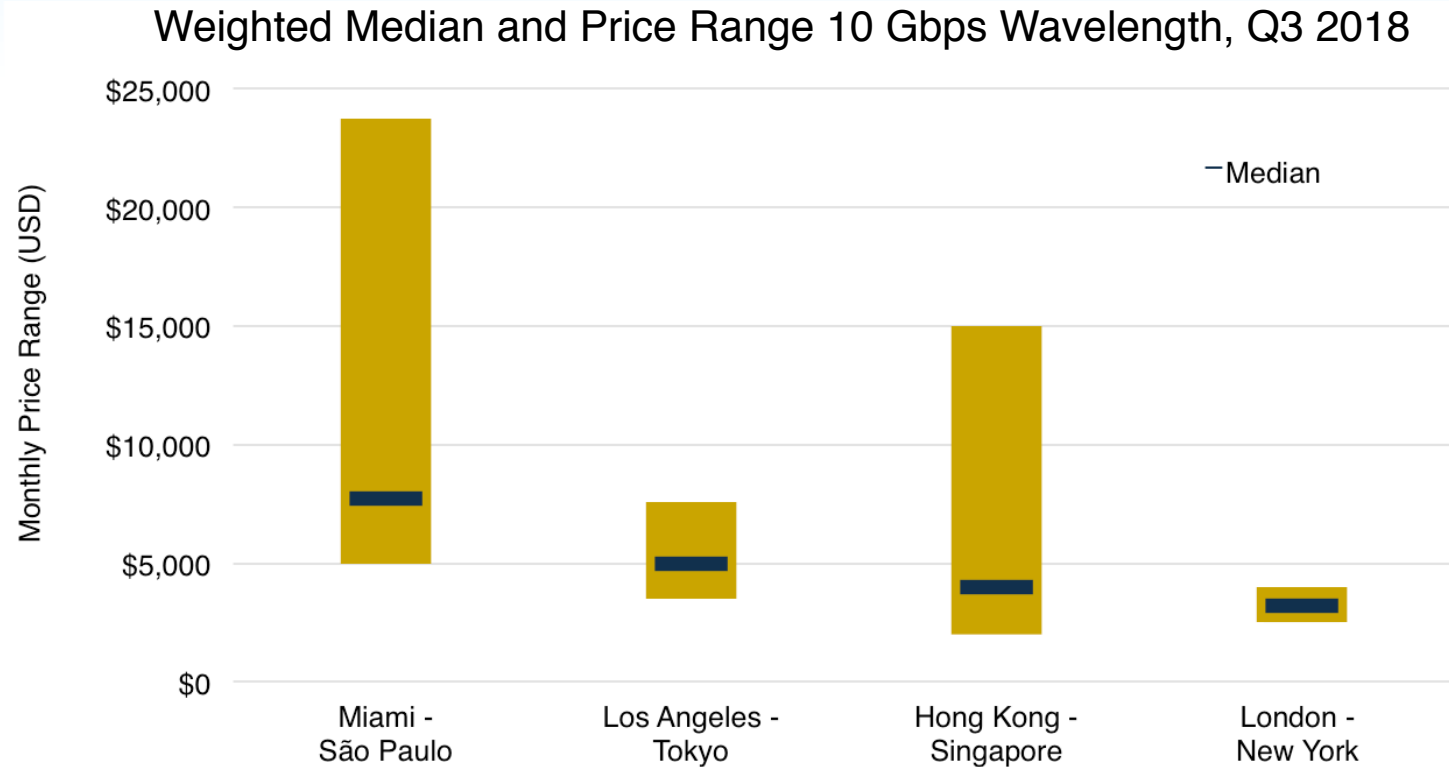


Competition drives down prices

Weighted Median 10 Gbps Wavelength Price Trends, 2015-2018

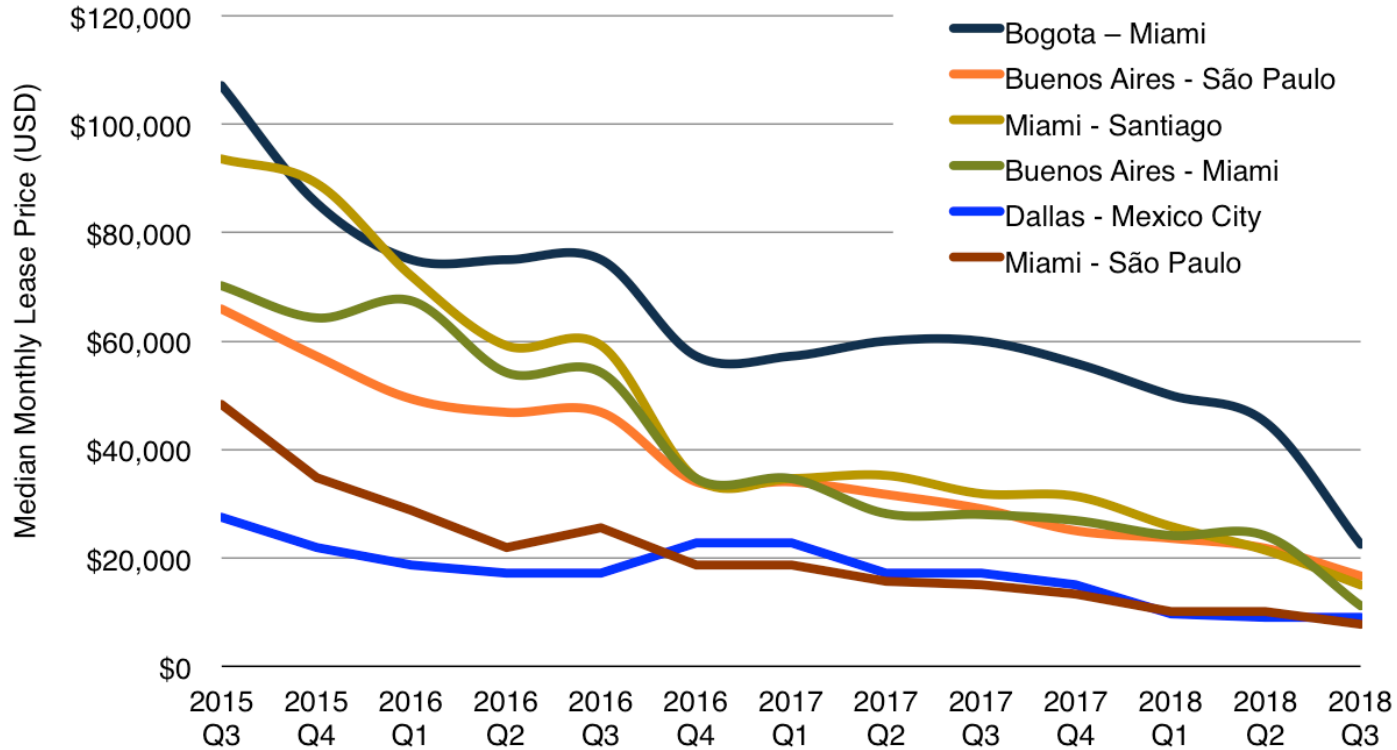


Price ranges vary by routes

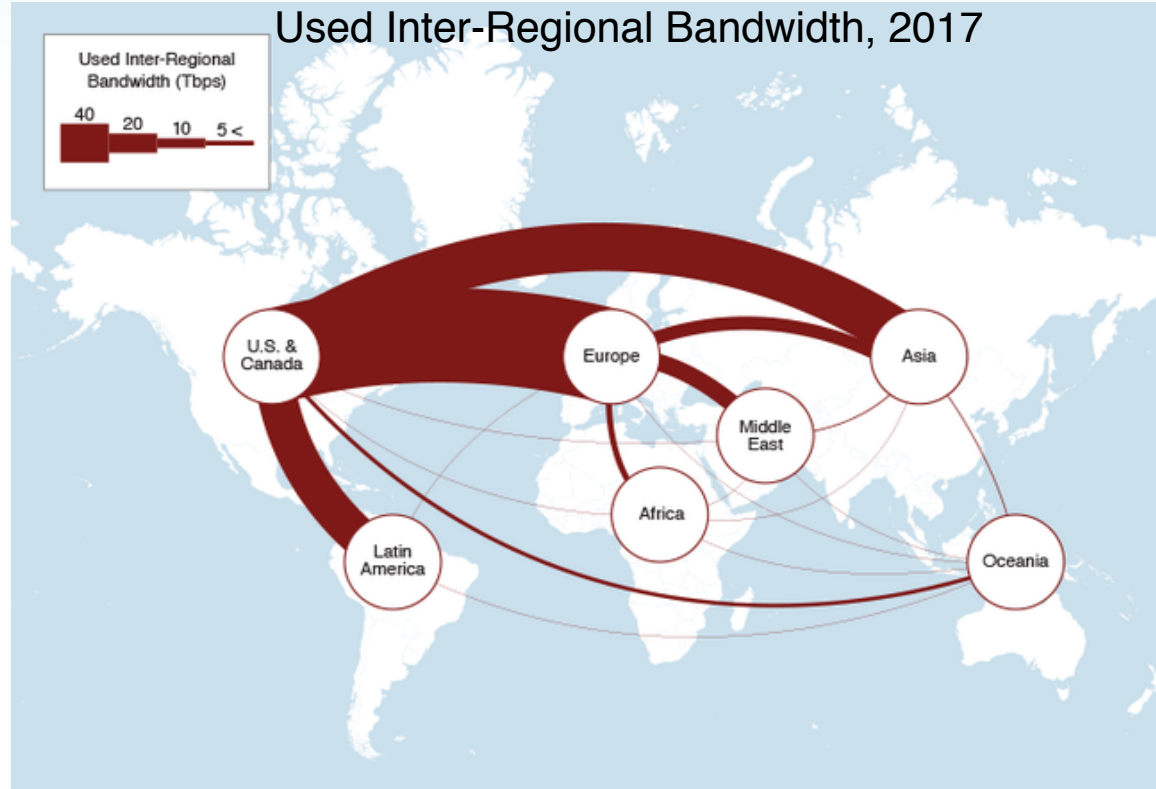


As regional capacity grows, prices fall

Weighted Median 10 Gbps Wavelength Price Trends

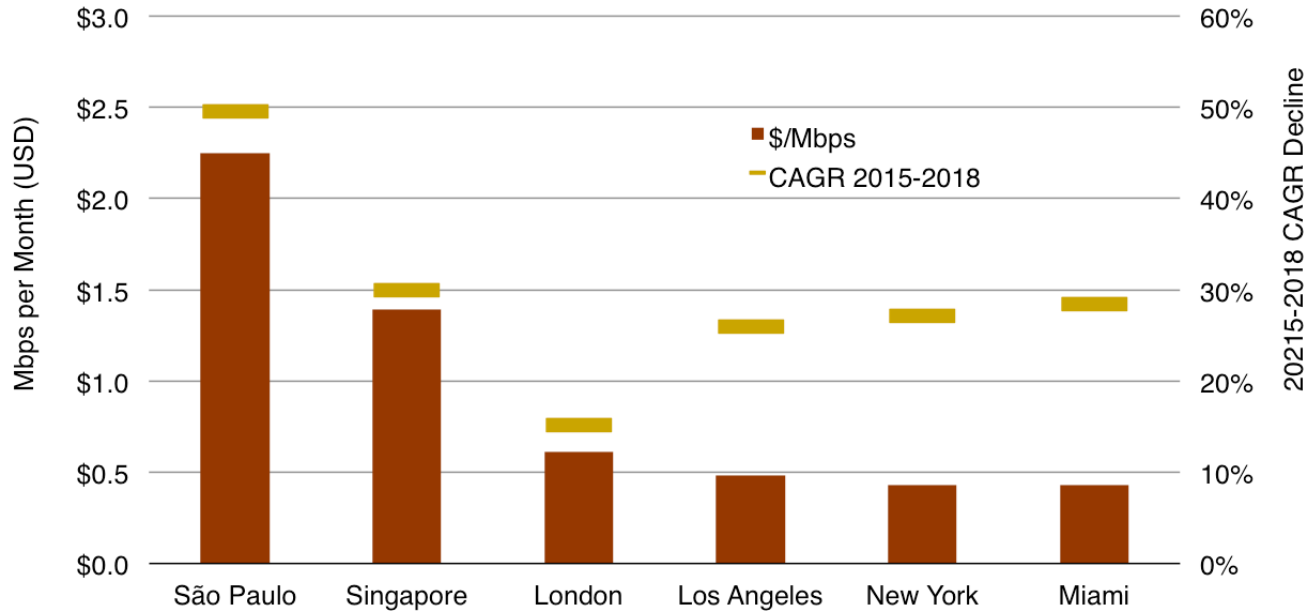


The U.S. and Europe remain as major hubs



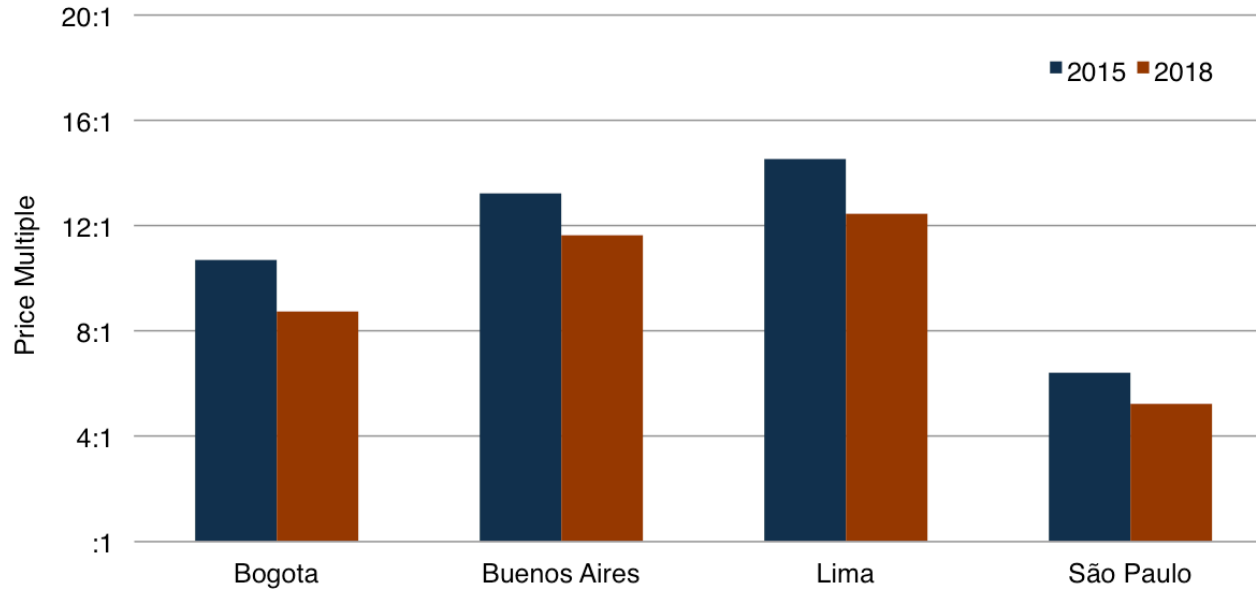
IP Transit costs less in the U.S. and Europe

Weighted Median 10 GigE IPT, Q3 2018



Latin America vs. U.S.

10 GigE IPT Price Multiple - Miami

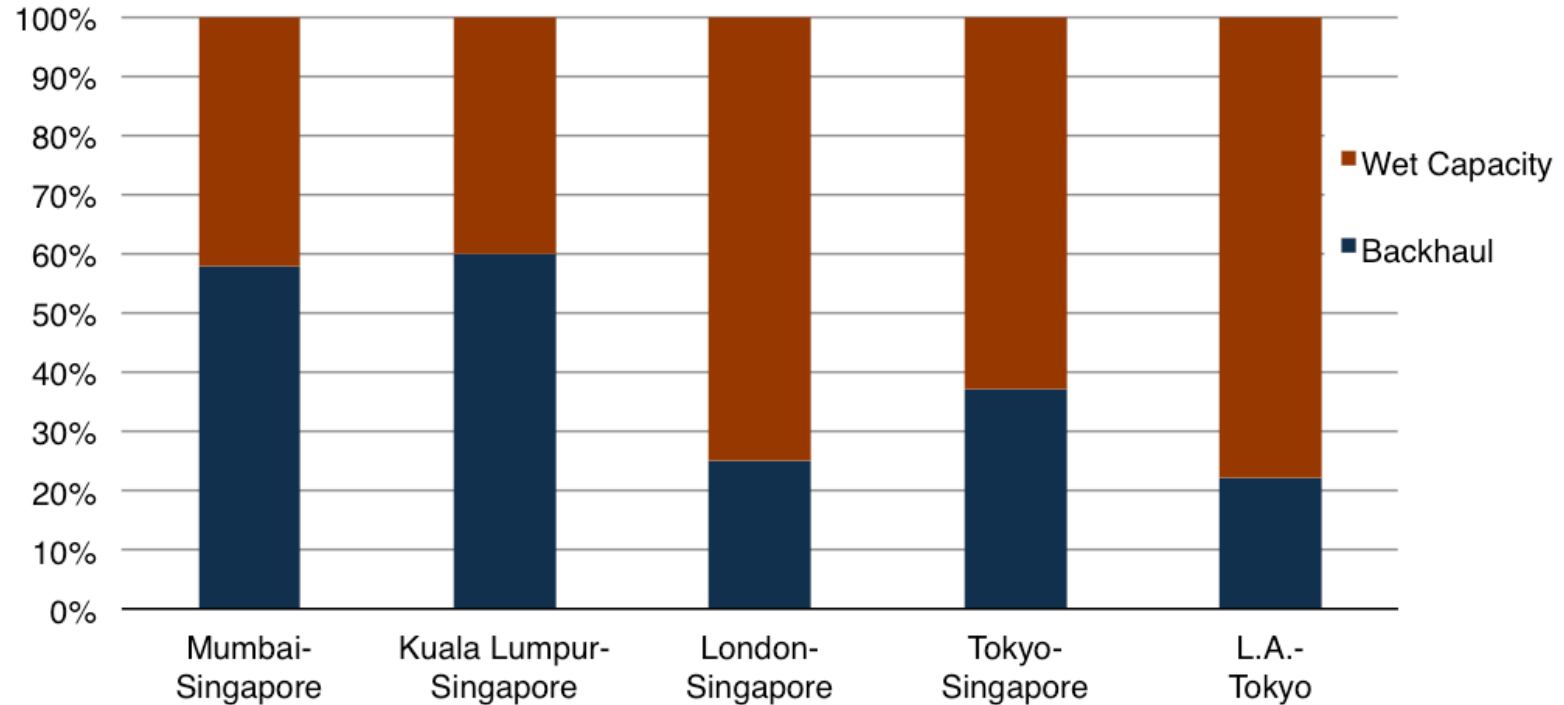


Part 2 -

- 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

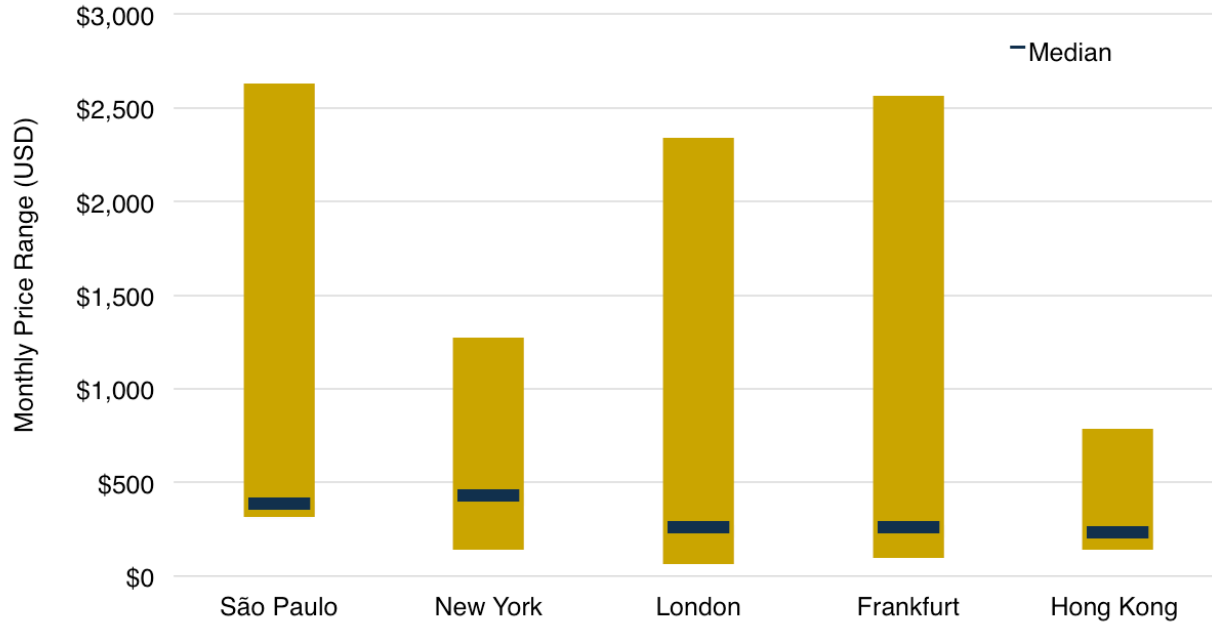
Wet capacity vs. backhaul

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



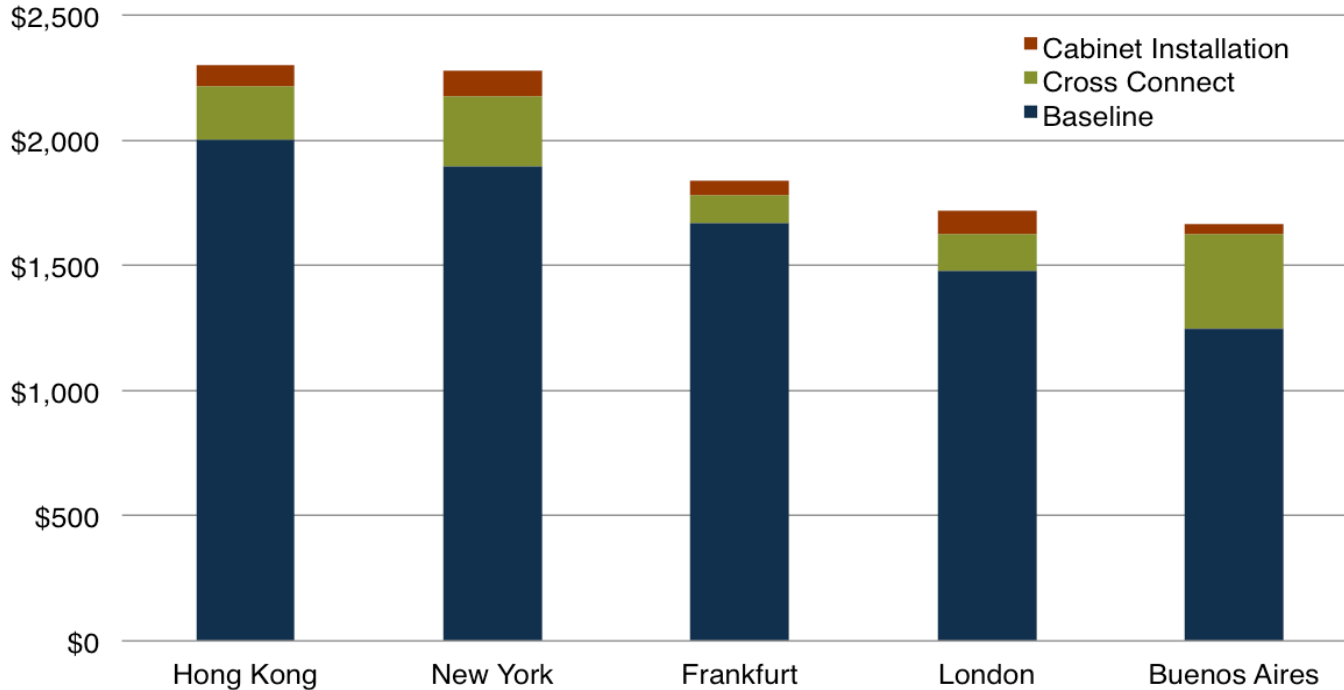
Last mile, the longest mile

Monthly Price Ranges for 10 Mbps Ethernet, 0-5 km, H2 2017



Connecting to the data center

Total Cost of Ownership per Month, One Cross Connect, H1 2018



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.



~ The end ~

Thank you!

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