Introduction

- Defining cloud services
- Stimuli for cloud services
- The market opportunity
- The cloud services value chain and telco strategic plays
- Threats to the cloud services market
Analysys Mason’s global presence enables us to deliver sustainable business benefits to clients around the world

- Analysys Mason is a trusted adviser on telecoms, technology and media. We work with our clients, including operators, regulators and end users, to:
  - design winning strategies that deliver measurable results
  - make informed decisions based on market intelligence and analytical rigour
  - develop innovative propositions to gain competitive advantage
  - implement operational solutions to improve business efficiency

- With over 250 staff in 12 offices, we are respected worldwide for our exceptional quality of work, independence and flexibility in responding to client needs. For 25 years, we have been helping clients in more than 100 countries to maximise their opportunities.

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Defining cloud services

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Threats to the cloud services market
Cloud computing combines three concepts to offer a fully hosted solution:

- Infrastructure as a service
- Platform as a service
- Software as a service

Cloud computing incorporates different flavours:

- Private clouds
- Public clouds
- Community clouds
- Hybrid clouds
Cloud services are being driven by recessionary factors, changing ICT demands and increasing enterprise interest.
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We forecast that revenue from enterprise cloud services will treble over the next five years

- USD 12.1 billion in 2010 growing to USD 35.6 billion in 2015
- SaaS dominated cloud shifts toward more IaaS over next 5 years
- Channels have unique roles to play
- Telcos (CSPs) need to consider their market opportunity and how best to maximise it

Source: Analysys Mason, 2010
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There is a huge mix of requirements for and provision of cloud services

- **SMEs**
  - Mostly SaaS
  - USD 50–70/user

- **Mid-market**
  - Mostly IaaS
  - USD 50–75/user

- **Very large companies**
  - International deployment
  - USD 40–50/user

**Service type**
- Public cloud
  - Off-premises
  - Shared services
  - Managed by provider

- Hybrid cloud
  - On-premises
  - Private cloud
  - Chained, dedicated servers
  - Managed by owner

**Revenue potential**
- USD 50–70/user
- USD 40–50/user

**Company size**
- Number of companies
- Public-cloud revenue potential (estimate)
- Private-cloud revenue potential (estimate)

**Source:** Analysys Mason
So are telcos ready to take advantage of the cloud services chain?

Telcos should consider that cloud services is breaking the “traditional” value chain

Source: Analysys Mason
Telcos should also consider that customer requirements for telco and cloud services are different

Telecom services requirements

- Corporate customer
- Healthcare customer
- Small business customer

Cloud services requirements

- Corporate customer
- Healthcare customer
- Small business customer

Source: Analysys Mason

Telcos should also consider that in the “telco world” customers all have different requirements

The world of telco product provision in the cloud service world

Source: Analysys Mason
Telcos also need to consider the provision of generic horizontal …

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<th>Generic solutions</th>
<th>Horizontal / cross vertical products, services, solutions</th>
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Vertical packaging

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Starting point

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<th>Healthcare</th>
<th>Retail</th>
<th>Other</th>
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Source: Analysys Mason

... and bespoke vertical solutions, if they are going to benefit from the changing cloud services value chain

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<th>CRM</th>
<th>Mobile SFA</th>
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End game

Source: Analysys Mason
What do telcos need to do become a lynchpin in the cloud services value chain?

Customer support competency requirements
- Provisioning, fulfillment
- Maintenance / support
- Integration
- Customisation
- Localisation
- Service aggregation

Evaluate, enhance and aggregate competencies
- Evaluate competencies
  - Channel strategy
  - Technology strategy – including platform
  - Customer segment strategy
  - Vertical industry strategy

Technology support competency requirements
- Application development
- Application maintenance
- Data centre management
- Hardware development / maintenance
- Service provisioning
- Security

- Internal competencies may need to be enhanced:
  - Build internal competencies
  - Buy-in – M&A
  - Through partners

- Competencies need aggregating as part of a cloud strategy

What do telcos need to do become a lynchpin in the cloud services value chain?

Telcos need to think much more carefully about their relationship with partners in the context of the value chain

- Telcos should consider the value of partners in the cloud services value chain

Win-win for telco and telco partners?

- Minimised costs and cost of service deployment
- Increased differentiation of services
- Increased availability of horizontal and vertical applications and services
- Increased provision of bespoke solutions
- Better, more varied solutions for customers - single ordering, provisioning, fulfillment process for multiple products
- Single point of contact for customers
- Opportunity to provide single sign-on for multiple services
- Access to new revenue streams
- Maximising efficient use of infrastructure and support services – keeping costs down
- …
Telcos must not over-extend themselves and try to offer everything to everyone, or they face a high risk of failure.

Telcos need to aggregate the cloud competencies of many partners, but based on customers' requirements.

Source: Analysys Mason, company websites.

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Telcos, and the market, must address cloud services market inhibitors

- Registered IT partners’ reluctance to sell cloud services instead of premises-based solutions
  - Explore new business models - hybrid
- Brokering resources (internal/external)
  - Redeployment to value-creation projects
  - Target finance department / procurement
- Regulatory/compliance/governance issues
  - Adapt services
  - Buy in advice / work with experts
- Security within the cloud is not mature
  - Provide assurance
  - Deliver the capability
  - Delineate between private and public cloud
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  - Deliver the capability
  - Delineate between private and public cloud

Telcos need to better understand their customers, not all applications are equal

- What applications are dynamic / static (changing usage throughout the day)?
- What is the spare capacity in an organisation’s “private” cloud and how can the public cloud support?
- Are there any constraints preventing applications being migrated?
- Is the organisation ready to adopt a new “charging model”?
- Has the organisation thought about a cloud roadmap? Has it already consolidated its vendor suppliers?
Variance in application usage is one determinant for migrating to cloud services

- An application that has no usage variance may not be appropriate to migrate to the public cloud
- Customers can use spare capacity in a "private" cloud and offload the rest to the public cloud
  - For appropriate applications
  - This is the most economic option for adopting cloud services

Thanks for your attention

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