

Vanco Issues Recap of 2007 in Managed Network Services, Things to Watch in 2008

9th January, 2007 – Vanco, the pioneer Virtual Network Operator, has released a “Recap of 2007 in Network Managed Services” and “Things to Watch in 2008”.

A Recap of 2007 in Managed Network Services

The rise of Ethernet

Ethernet (be it Layer 2 MPLS VPN services or Point to Point Ethernet services) and dedicated fibre is starting to outweigh MPLS at high bandwidths. This is being driven by server consolidation projects and continued hunger for more bandwidth for more applications. There is lots of fibre in the ground that no one is using which makes for cheap metro Ethernet or even dark fibre solutions. This is all happening at the local / regional provider level. Furthermore, Ethernet reduces cost of equipment and increases control at the network edge, removing the need for the bandwidth supplier to be involved in the customer IP routing.

Server consolidation programs are driving Application Aware Networking (AAN)

Two to three years ago the argument for Application Aware Networking and acceleration was based around compression and being able to trade the cost reduction in circuit bandwidth against the cost of a WAN optimization device. However, for this did not always cost in and companies preferred to retain the bandwidth based upon expectations that it would be needed very soon anyway. Now, however, the business case for AAN is being fueled by server consolidation projects and the ability of WAN optimization boxes to remove protocol inefficiencies that cause poor performance across the WAN. They serve not just to address network and transport layer inefficiencies, such as TCP, but also inspect and alter the application protocol behavior, such as MAPI for email and CIFS for Windows file sharing. The savings seen by removing (potentially hundreds of) servers from remote sites (i.e. purchase, maintenance, update, and support costs) is proving a compelling business case for enterprises.

Application visibility and coherent reporting are rising up the agenda

While cost remains the key criteria for enterprises, availability/resilience, application visibility and coherent reporting are all high on the agenda. Enterprises' Wide Area Networks are becoming more and more business critical (particularly as voice and video are now increasingly being carried on the WAN – not just email and web browsing) so the ability to crunch the data is critical. This allows enterprise customers to plan adequately for the future and to understand what is happening in their critical WAN environment. Compared to just a few years ago, there is a lot more high level focus if there is a WAN failure, so WAN reporting is crucial in ensuring enterprises have an accurate view of what is happening.

Enterprises are looking to technology outside the scope of the traditional carriers

Many enterprise customers are voicing concerns that the global Asset Based Carriers are not providing them with access to new technologies. Enterprises do not want to get left behind from a technology standpoint yet they do not see the global Asset Based Carriers (BT, Verizon, Orange, AT&T) as innovating and leading the charge. Whilst local IT teams are coming up with innovative metro Ethernet or wireless solutions, these do not provide access onto the global WAN. All the fibre is in the ground, it is just not being used to meet the customer needs.

Things to watch in 2008...

Fibre to the building

BT's 21CN network will move from its pilot in Wales to general deployment giving more bandwidth at people's homes than at their workplaces and this will continue to drive the business market. Fibre services will start to replace xDSL as the most cost effective local loop solution. Deutsche Telekom is also working furiously on its FTTB deployments, whilst in the US, Verizon is rolling out its 'FIOS' service which, although it is directed principally at the home user market, Vanco fully expects it to be rolled out into the business market just as xDSL was initially trialed with consumers five years ago.

Blurring the lines between private and public networks

More and more enterprises are changing how their users connect to the corporate network, and who can access secured resources. Traditionally an enterprise network was a strictly private network, connecting a series of remote corporate locations. However more large enterprises are now moving to a model where they have a smaller number of 'traditional' locations and utilize more 3rd parties, joint ventures, etc. This will result in greater dependencies on alternative connection technologies such as fixed broadband, WiMax, 3G / EV-DO mobile, and SSL VPN. Each of these will require new skill sets and expertise at the enterprise level. There is also an environmental consideration here – more large enterprises are actively promoting remote working as a way of reducing office sizes and cutting down on pollution.

Fixed-mobile convergence

There has been significant investment in corporate WiFi networks, wide-area broadband networks using WiMAX, and data-enabled mobile handsets. Vanco expects to see a further consolidation of these technologies to the point where consistent services can be offered across the range of access methods. This will bring significant cost savings to enterprises as traditional mobile data / voice traffic can be carried over an internal WiFi network, for example. The trend is being driven by the major mobile operators in each country, each of which could be combined to offer a seamless solution

Increasing priority on emerging markets

Large enterprises have been outsourcing business functions to developing markets for many years, and this trend continues to increase. The telecoms infrastructure in many of these countries has often proved to be a major limitation; either services are simply unavailable, the stability is poor or the costs are extremely high. The organisations that have been quickest to react to this are some of the in-country operators. In India for example, national wide area Ethernet-based products are becoming more common. This demonstrates the change that has occurred in recent years – three years ago the priority was almost entirely on international connectivity from these markets to Europe / US; now having the ability to provide a good level of density on an in-country network is equally as important due to the large amounts of locations that many enterprises are opening.

About Vanco

Established in 1988, Vanco plc (FTSE: VAN) is the pioneering and leading global Virtual Network Operator. Vanco does not own telecoms assets and therefore has the freedom to source infrastructure from the most suitable Asset Based Carriers (ABCs) on a global basis. It provides enterprise clients, directly or through partners, with cost-effective, optimized and fully managed network solutions. Carriers can also extend their off-net reach by accessing, through Vanco, other carrier networks around the world.

With solutions available in 230 countries and territories, Vanco is selected by the world's largest organizations to provide strategic network solutions. Its clients include Accor Hotels, Avis Europe, British Airways, Ford Motor Company, IBM/Lloyds TSB, Siemens, Pilkington and Virgin Retail.

Through the Vanco network solution clients get access to the greatest geographic coverage available through a single provider. Vanco offers incomparable flexibility to customize and adapt the solution in line with market changes and business priorities.

Vanco is recognized by the industry for its financial success and world class customer service delivery. A significant proportion of its investment capital goes into customer care which is reflected by the awards won, independent market research and client retention.

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