IDC MarketScape

IDC MarketScape: Asia/Pacific Communications SP Managed Multicloud Networking Services 2023 Vendor Assessment

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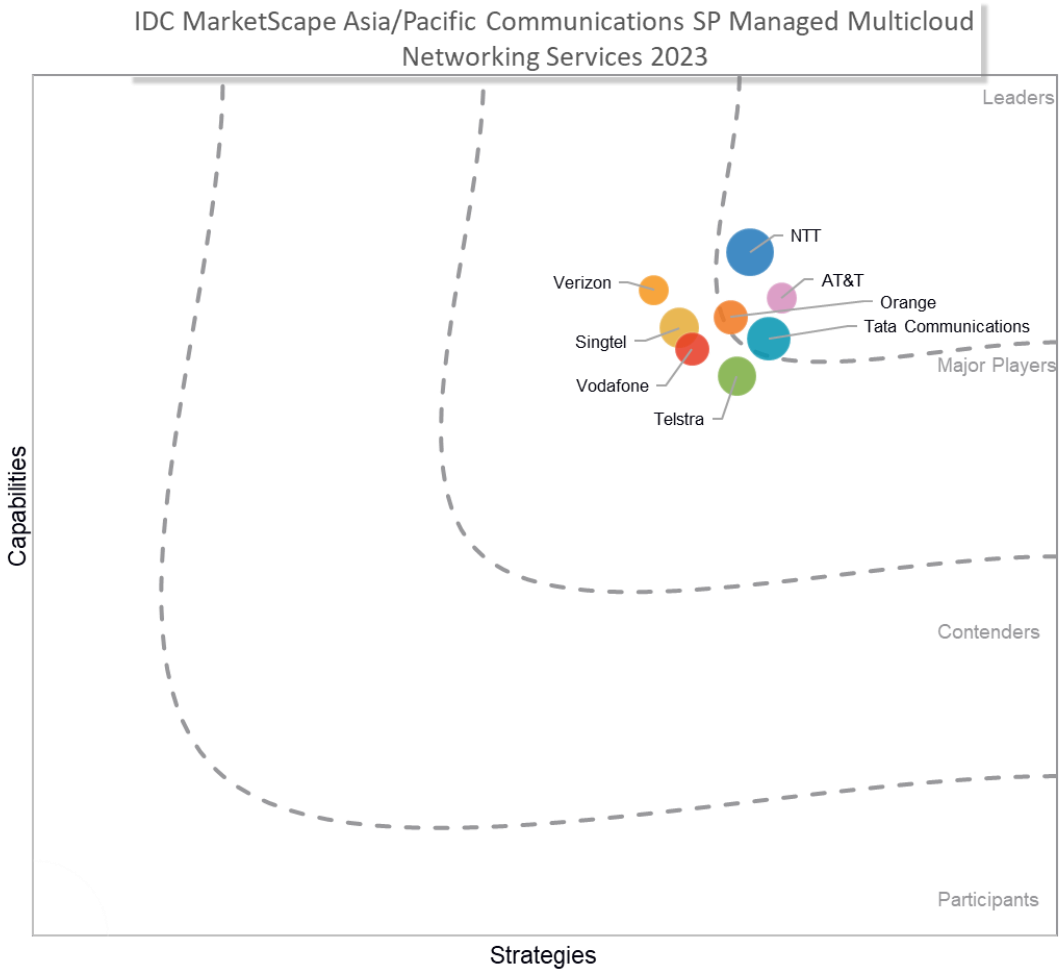
IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Asia/Pacific Communications SP Managed Multicloud Networking Services 2023 Vendor Assessment



Source: IDC, 2023

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

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IDC OPINION

Communications SPs in Asia/Pacific are moving beyond providing just connectivity services to become cloud transformation partners for their enterprise customers. This shift comes at a time when enterprise customers are seeking trusted partners for their increasingly complex digital transformation (DX) journeys. The situation is further complicated by the fact that the communications SPs themselves are undergoing their own transformation initiatives to evolve to a technology company.

In response to these evolving customer needs, communications SPs are adapting their multicloud networking and life-cycle services portfolios. This study summarizes some key insights for communications SPs, technology vendors, and end-user enterprises.

The three key takeaways from this IDC MarketScape for communications SPs and other technology suppliers include:

- **Communications SPs must offer multicloud connectivity as a standard offering.** Although it may seem to be a straightforward ask, the sheer number of clouds that enterprises now connect to means that enterprises expect that all major public clouds must be connected and optimized for performance. Communications SPs must invest in building out this ecosystem and in the necessary internal resources to manage and maintain the multicloud networking portfolio.
- **Communications SPs must continue to evolve their partner ecosystem.** Communications SPs are increasingly offering a catalog of applications and services to go along with their secure virtual network services portfolio. This allows enterprises to choose applications from a communications SP app store and orchestrate these new workloads through self-service portals. Communications SPs need to continuously build more partnerships and evolve their partner ecosystem to stay ahead of the competition.
- **Communications SPs must invest in modern self-service portals for the management of a multicloud environment.** The enterprise migration of an increasingly larger number of network appliances and services to a software-defined, cloud-first paradigm has further increased the need for a unified, end-to-end visibility, management, and orchestration of network and ICT resources. Enterprises will gravitate toward communications SPs that can offer a simple, agile, and easy-to-use self-service portals, and communications SPs must continue to invest accordingly to differentiate themselves in a crowded market.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This IDC MarketScape has included communications SPs from Asia/Pacific (excluding Japan) (APEJ) that meet the following criteria:

- Regional and global SPs having the ability to serve small and medium-sized businesses (SMBs), large enterprises, and multinational corporations (MNCs)
- Communications SPs offering managed multicloud networking and life-cycle services in the region
- Communications SPs demonstrating the commitment to the development and innovation of their multicloud networking and attached services portfolio

ADVICE FOR TECHNOLOGY BUYERS

Organizations (and individuals) that are evaluating and making purchasing decisions related to multicloud networking services should keep the following pointers in mind:

- **Traditional and legacy networks do not meet the requirements of a multicloud enterprise.** The architecture and operations of traditional networks are not designed for the dynamic multicloud

environment. As a result, extending the traditional network to the cloud will likely result in performance problems, security vulnerabilities, and operational complexity.

- **Understand the critical role of networks in addressing an organization's multicloud requirements.** The network is a critical part of any multicloud infrastructure. It is responsible for connecting different clouds, applications, branch offices, datacenters, and an increasingly mobile workforce. In a multicloud environment, the network must be able to adapt to changing business needs and traffic patterns while being secure and reliable.
- **Align network modernization with cloud and DX strategy.** Ensure that multicloud and network modernization initiatives are aligned with your current and future digital infrastructure strategy. Following a collaborative approach that involves the networks team, cloud architects, and ICT operations and development teams can ensure that the network is invested with the features and functionalities required to support a digital infrastructure strategy well into the future.
- **Ensure that the multicloud network has built-in automation to support the entire network life cycle.** A comprehensive multicloud network should bring simplicity and consistency to not only planning and design (day zero) and provisioning and deployment (day one) but also ongoing operations and regular optimizations and change management. Often, day zero or one operations are carefully planned and executed, although little consideration is given to day two operations. Communications SPs must ensure enhanced analytics and visibility capabilities to address enterprise visibility challenges, including intermittent or partial visibility across clouds as a result of network blind spots.
- **Carefully evaluate a do-it-yourself (DIY) versus fully managed versus comanaged approach.** A DIY approach gives you more control over your network, but it can be complex and time-consuming to manage. A fully managed approach takes the burden of management off your teams but gives you less control over your network.
- **Operational simplicity is essential for multicloud networks.** This means that the network should be easy to procure, consume, deploy, and manage on a day-to-day basis. However, simplicity should not come at the cost of intelligence. The network should be able to automate tasks and abstract away the underlying complexities involved in network and security policy management, service chaining, and cloud integration.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. Although every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and opportunities.

AT&T

AT&T is positioned in the Leaders category in the 2023 IDC Asia/Pacific Communications SP Managed Multicloud Networking Services vendor assessment.

With a focus to grow its Asia/Pacific business with MNCs headquartered in the region, AT&T continues to invest in and expand its multicloud networking capabilities and offerings in the region. Across the market, legacy voice and data service continues to decline for the communications SP, but AT&T has done well to compensate for some of this decline through its focus on multicloud networking services.

AT&T was one of the first communications SPs to pull out of the public cloud hosting race and instead focus on providing its customers with a multicloud access platform. With an aim to help its customers "connect, protect, and scale with ease," AT&T's multicloud networking portfolio is based on two key pillars: its NetBond and Total Access Orchestration platform.

AT&T has continued to enhance its NetBond for Cloud ecosystem and Total Access Orchestration (TAO) platform. AT&T NetBond is founded on its patented network technology that binds private network resources to a customer's cloud services, ensuring logical separation in the network and

hence, resulting in enterprise class performance and availability. TAO, however, is a cloud-neutral interface aimed at providing flexible and efficient connectivity options for multicloud enterprises, helping organizations integrate multiple networks into a unified environment and providing them with enhanced end-to-end performance through service chaining when accessing public and private cloud--hosted solutions and workloads.

Working with a wide variety of partners, including infrastructure-as-a-service (IaaS) providers (such as Amazon Web Services [AWS], IBM, Microsoft Azure, and Google Cloud), systems integrators (SIs) (such as Accenture, DXC Technology, and Tech Mahindra), colocation (such as Digital Realty and Equinix), and cloud-based application providers (such as Office 365, Salesforce, and Cisco Webex), AT&T has developed an ecosystem to aid customers on their multicloud journey and has demonstrated some success in the region.

Strengths

Building an Ecosystem of Integrated Cloud Network Services

In addition to investments in its core networks, AT&T is continually building a comprehensive software-defined ecosystem that is investing in developing a comprehensive portfolio of secure virtual network services and multicloud networking solutions with its network functions virtualization (NFV) (formerly known as FlexWare), SD-WAN, NetBond (and NetBond Essentials), and TAO platform.

TAO platform has been on the major differentiators for AT&T versus its competition in the region. In addition to colocation and hybrid cloud services, as well as different connectivity options, the TAO platform offers enterprises the option of subscribing to IP voice services, which is a major consideration for organizations moving their contact center and customer relationship management (CRM) applications to the cloud. TAO also offers AT&T's customer direct access to Equinix Cloud Exchange.

Within Asia/Pacific, although AT&T's NetBond is now available with public cloud services, including Alibaba Cloud, AWS, Microsoft (Azure and Office 365), and IBM Cloud in Singapore, Hong Kong, Australia, and Japan, AT&T TAO nodes are only available in China, Hong Kong, Japan, South Korea, Malaysia, Singapore, Australia, and New Zealand. The communications SP has plans to introduce additional TAO nodes in the region through 2023 to 2024, such as in Mumbai, India, in 3Q23.

Challenges

Increased Competition from Regional Players

AT&T's strong network heritage and advances in the software-defined space have been a key differentiator for the carrier in the market. However, advancements from competition have somewhat diminished AT&T's advantage. As software-defined, multicloud networking solutions gain traction with Asia/Pacific enterprises, MNCs are beginning to differentiate communications SPs based on the breadth of their cloud offerings. Although AT&T has an impressive multicloud networking portfolio, it will need to refresh its go-to-market (GTM) strategy as required to stave off tough competition from other telcos that have developed competing offerings over the last two years.

NTT

NTT is positioned in the Leaders category in the 2023 IDC Asia/Pacific Communications SP Managed Multicloud Networking Services vendor assessment.

NTT has been on a transformation journey of its own for many years, merging acquired companies and subsidiaries to drive synergy and gain competitive edge. In 2019, NTT Corporation brought together Dimension Data, NTT Security, NTT Communications, and 25 smaller subsidiaries into NTT Ltd. This was followed by the announcement in 2022 that NTT DATA's application expertise and NTT Ltd.'s IT, security, and communications offerings would be brought closer together to provide larger, end-to-end enterprise DX and IT modernization opportunities.

As part of the broader corporate strategy, NTT identified four growth pillars as strategic focus areas for 2023 and beyond. These areas include multicloud, network, edge, and software-defined infrastructure. NTT believes that cloud computing is not about using a single cloud but about choosing the best cloud for each workload. To address these multicloud requirements, NTT now uses a managed service-centric approach to deliver business outcomes for its customers. In the past, NTT often led with a proprietary cloud approach, but it has since switched to offering multicloud networking and life-cycle services using an agnostic managed services approach.

Strengths

NTT's Network-To-Cloud Platform for Multicloud Enterprise Environments

Given its telco heritage, NTT understands the importance of a network-to-enterprise digital resilience journey and treats it as a foundational component in its DX. Until recently, NTT never really went to the market with all the pieces linked together to present a managed services proposition supported by vertically integrated infrastructure.

However, with NTT Ltd. and NTT DATA combining their portfolios, NTT now offers a complete edge-to-cloud platform for multicloud enterprise environments. This platform includes a full suite of managed and consulting services — from infrastructure to applications.

The following are key offerings under NTT's multicloud-as-a-service portfolio:

- **Full-stack management.** This is said to offer full visibility and management of a customer's distributed IT environment across cloud models (private, public, and multicloud), spanning applications, infrastructure, endpoint, network, and edge. It is underpinned by NTT's multicloud services platform that integrates its own private cloud and edge capabilities with third-party public cloud platforms (e.g., AWS, Azure, Google Cloud Platform, and Oracle).
- **360-degree observability.** This standalone offering aims to help customers monitor their IT environments and highlight any performance issues that may affect the availability of productions applications.
- **App and workload optimization.** This is designed to enable faster application development and deployment with the use of DevSecOps, thus helping customers accelerate time-to-market value without compromising on security or governance.

NTT's multicloud portfolio is also composed of cloud consulting and advisory services. These are delivered through prepackaged sprint-type engagements to support a smooth transition to the cloud for customers and drive innovation.

Following its reorganization and consolidation activities, NTT is very well-positioned to help organizations transform their businesses. It has the network, infrastructure, and services to help businesses of all sizes succeed in the digital age.

Challenges

Development of a Comprehensive Multicloud Ecosystem by Competitors

NTT's biggest threat is likely to come from within. As the company continues to transform, it will need to find a way to differentiate itself from its competitors. NTT's current approach is to focus on consulting, and as the competitive landscape grows, this approach may not be enough. With competitors developing multicloud capabilities as well, NTT will need to stay the course and empower its sales force with the tools and frameworks they need to differentiate in the marketplace.

Orange

Orange is positioned in the Leaders category in the 2023 IDC Asia/Pacific Communications SP Managed Multicloud Networking Services vendor assessment.

Orange's vision of becoming a "network-native digital services company" and orchestrating the digital value chain to enable enterprise value creation by focusing on the enterprise data journey rightly encapsulates its strategic pivot from having a network-centric to a cloud-led approach to create business value for its enterprise customers.

Orange is betting its future growth on one core area: software-defined everything (SDx), together with the following four strategic technology pillars: cloud, digital and data, cybersecurity, and smart mobility services. Bringing together complex solutions requires professional services skills, and Orange draws on its large global consulting teams to deliver on the same. Acting as a strategic partner for its customers on their multicloud transformation initiatives, Orange runs customer engagements with a global consulting team of over 3,000 business and technical consultants serving more than 300 customers around the world — with about 20% of them in Asia/Pacific.

This global consulting team focuses on not only Orange's technology expertise but also eight specific verticals (manufacturing, government and institutions, transport and logistics, pharmaceutical, oil and gas [O&G], finance and insurance, retail, and Smart Cities), giving the carrier a much-needed arsenal versus its competitors in the region.

Strengths

Leveraging Cloud as a Conduit for Enterprise Transformation

Orange has had good success with its new approach to multicloud in the region. The carrier has seen its global cloud revenue grow by high double digits over the last two years, with Asia/Pacific as one of the best-performing business units. Leading with multicloud and hybrid cloud strategies in enterprise DX projects, Orange's new approach is based on the idea of cloud as the default mode of working. This means that cloud is about not just technology but also changing the way businesses operate.

As organizations embrace a multicloud environment, Orange believes that it can help its customers to be more agile, efficient, and innovative. To support this new approach, Orange has been investing in its cloud infrastructure and services. The communications SP also recently announced that it has consolidated its cloud-related acquisitions over the past three to five years, including Basefarm, Login Consultants, and The unbelievable Machine Company, to Orange Business Services, with an aim to position Orange as a next-generation cloud-centric company.

Furthermore, Orange's ambitious target for its Asia/Pacific cloud business, as well as doubling the size of global cloud capabilities, reflects the company's confidence in the multicloud segment. The three main acquisitions in the cloud space have bolstered Orange's capabilities, including multicloud automation, a comprehensive hybrid cloud management platform, a containerization approach to its cloud architecture, and infrastructure as code as a design principle. The integration of cloud with its network resources allows Orange to provide an end-to-end API-based cloud performance monitoring system and unified visibility of network and cloud resources.

Orange has a network of over 100 cloud professionals across 10 major countries in Asia. This network of experts, coupled with its network assets and partnerships in the region, has helped Orange win deals against some of its key competitors. The company is well-positioned to continue growing in this market.

Challenges

Software-Defined Offerings Challenge Orange's Strong Network Cloud Heritage

Orange has always been known for network infrastructure. Its subsea cable network and other fixed network assets have given it a significant advantage over its competitors. However, as the cloud and networking industry moves toward software-defined networking (SDN), Orange will need to evolve its portfolio to maintain its status in the space.

Although Orange has already developed a broad portfolio of multicloud networking, orchestration, and monitoring services to complement its core network capabilities, it will need to continue to evolve this portfolio at a rapid pace to establish itself as a cloud transformation partner of choice for enterprise customers.

Singtel

Singtel is positioned in the Major Players category in the 2023 IDC Asia/Pacific Communications SP Managed Multicloud Networking Services vendor assessment.

As a key enabler of enterprise digital journeys, Singtel has continued to build on its capabilities in the ICT space. Although the communications SP continued to witness pressure on its carriage business because of increased competition and price pressure, its non-carriage portfolio showed decent growth in the past years, with cloud networking and life cycles outperforming some of the other legacy underperforming segments.

The carrier's innovations and investments in its Liquid Infrastructure platform, Singtel's suite of data-driven and software-defined cloud-centric solutions, have allowed it to strengthen its position as a major provider of multicloud networking and life-cycle services over the past 24 months in the region.

The carrier is investing to improve customer experience (CX) and reduce operational costs and expenditures through digitization initiatives across the board. These include creating new self-service support platforms for enterprise customers, integrating offline and online sales channels, enabling digital for its own workforce, and optimizing its GTM spends.

Singtel ConnectPlus provides direct cloud connectivity to organizations around the region, and the provider has further enhanced its cloud ecosystem by establishing direct connectivity to major cloud providers, including Microsoft, Amazon, Google, IBM, and Alibaba.

With a complete suite of layer 1, 2, and 3 network infrastructure at its core, Singtel continues to expand its software-defined overlay capabilities. To complement its existing SD-WAN offering, Singtel has invested in creating 16 SD-WAN gateways and nine controllers to enhance the performance of these solutions by bringing them closer to the core network. Moreover, the carrier has extended its proprietary Liquid Infrastructure platform on the network side to provide enhanced visibility and software-defined controls on the network to provide a flexible, agile, and on-demand network environment.

Strengths

Advances in Cloud Space Led by Singtel's Liquid Infrastructure Platform

Positioning cloud as a foundation for the future enterprise and providing a broad suite of managed public, private, and hybrid cloud services, through its deep strategic partnerships with Amazon, Microsoft, and VMware, have allowed Singtel to grow further its cloud practice in the region. Singtel's enhancements of the Liquid Infrastructure platform and the development of CloudShop over the years have been quite impressive.

With the Liquid Infrastructure platform at its heart, Singtel launched CloudShop, a digital marketplace that allows its customers to order cloud-related products and services from Singtel and its technology partners through a self-service and unified services catalog. Dealing with multiple technology vendors has always been an enterprise challenge, and this allows customers to consolidate all their different accounts for different cloud services under a single Singtel bill. Hence, if a customer has different accounts with, for example, AWS, Microsoft Azure, Puppet, and Docker, CloudShop will help them consolidate everything under a single Singtel bill, and the Liquid Infrastructure platform will handle all the complexities of provisioning and activation in the back end. With an option for organizations to migrate their existing accounts, CloudShop also provides each customer with a central reporting

mechanism and an intuitive dashboard to view consumption, provide cloud spend prediction, and identify potential savings through different budgeting controls.

These tools enable Singtel to position cloud as an enabler of the future enterprise, and its initiatives have resulted in the strong growth it has seen from its cloud practice thus far. In addition to the enterprise space, the onboarding of government agencies and departments on Singtel's cloud offerings for government, including the Government Private Cloud (for all government agencies and subsidiaries) and Government Commercial Cloud (for services such as application transformation and managed services), continues to grow well for the carrier.

Challenges

GTM and Messaging for Its Broader Multicloud Networking Portfolio

Although Singtel has made considerable strides in its multicloud networking and life-cycle services portfolio, organizations are still not fully aware of the comprehensiveness of these solutions. The development and evolution of Singtel's multicloud portfolio and its orchestration and service chaining capabilities, along with the broader set of software-defined, managed services offerings, need to be communicated to the market. Capabilities, such as multicloud workload planning, migration support, app development, and day zero, one, or two operations, also demonstrate the portfolio's breadth.

Having said this, Singtel must continue to work with its sales teams to ensure that the carrier is positioning its multicloud offerings as a platform and enabler for its enterprise customers, not as point solutions.

Tata Communications

Tata Communications is positioned in the Leaders category in the 2023 IDC Asia/Pacific Communications SP Managed Multicloud Networking Services vendor assessment.

Tata Communications is continuously expanding its reach and enhancing its capabilities in the multicloud network space both in Asia/Pacific and globally. Leveraging its network of fully owned submarine cable systems spanning over 210,000km, the provider caters to customers' multicloud connectivity needs through the recently launched IZO Multi Cloud Connect service offering. As part of the broader IZO portfolio, IZO Multi Cloud Connect facilitates connections to various public and private cloud platforms, functioning as a digital fabric and connectivity manager for distributed organizations.

Aligning with customer needs has long been part of Tata Communications' growth strategy, and it leverages its team of cloud architects and consultants in the region to assist organizations with planning, designing, and implementing their multicloud initiatives. The communications SP has established processes and frameworks to assist customers in overcoming challenges related to onboarding, migration, and management of cloud-based workloads in a hybrid environment. Although the customer is responsible for the business applications and workloads that are hosted in the cloud, Tata Communications takes responsibility for network connectivity to multiple cloud environments and ensures network performance when connecting to a multicloud environment.

Strengths

Comprehensive Portfolio of Managed Multicloud Services

Tata Communications began its multicloud networking initiative a few years ago to address enterprise challenges of performance, visibility, security, and scalability when connecting to multiple clouds. The communications SP introduced an agile connect solution in 2020, an SDN platform that offers a unified view and connectivity experience to businesses opting for multicloud or hybrid clouds. This platform enabled Tata Communications to provide networking and security services as virtualized network functions (VNFs), backed by professional and managed services, to help organizations throughout the life cycle of their respective cloud journey. Customers can successfully and privately integrate virtual

network services across multiple cloud platforms with network edge and place infrastructure closer to their end users with low latency and high-performance service.

Over the past couple of years, Tata Communications has brought together these managed services and multicloud platform capabilities, along with its cloud connectivity offering, IZO Private Connect, under the hood of IZO Multi Cloud Connect. This augments its broader networking portfolio that includes IZO Internet WAN, IZO Private Connect, IZO Hybrid WAN, and IZO SD-WAN services. IZO internet WAN rides on the global tier 1 IP network and its internet SP partners to provide predictable routing and guaranteed end-to-end service-level agreements (SLAs). Private Connect offers end-to-end private network connectivity to major cloud providers, including AWS (AWS Direct Connect), Microsoft Azure (ExpressRoute) and Office 365, Salesforce.com, Google, IBM, Alibaba, Oracle, and Tata Communications Private Cloud.

The communications SP also plans to enhance and unify its self-service platform, TCx, through 2023. Currently, most of the functionalities of the portal are limited to its networking offerings with respect to IZO Multi Cloud Connect. Tata Communications plans to extend and integrate the self-service capabilities of IZO Multi Cloud Connect to TCx, such as designing cloud connectivity with VNF support and on-demand connectivity, self-served ordering, and orchestration. These capabilities enable customers to accelerate setup, reduce complexity, and streamline their connections to multicloud or hybrid cloud networks.

This unification of networking and cloud management on a single platform will provide customers with greater visibility, control, and automation across their multicloud environments and will further help Tata Communications strengthen its multicloud networking offering.

Challenges

Scale and Breadth of Professional Services Across the Region

Organizations are increasingly seeking communications SPs that can act as their trusted advisor and partner throughout their multicloud journey, although Tata Communications' approach to expand its multicloud services and connectivity business by using an API-based open framework approach is bearing some fruits. The communications SP needs to establish more partnerships and further increase its presence in target countries. Tata Communications highlighted having partnerships with local datacenter and network infrastructure providers in countries, such as Australia, Indonesia, Malaysia, Singapore, and Thailand, which have resulted in some recent successes. However, the multicloud or hybrid cloud services market is crowded with many providers offering comprehensive solutions. Therefore, Tata Communications needs to actively develop its partner ecosystem to provide a consistent experience to its customers throughout the region.

Telstra

Telstra is positioned in the Major Players category in the 2023 IDC Asia/Pacific Communications SP Managed Multicloud Networking Services vendor assessment.

Telstra has moved swiftly on its transformation journey over the past few years, setting itself up for what the communications SP terms as the "growth phase." The new T25 strategy is aimed at "expanding presence in the enterprise segment" as well as "expanding capabilities in new and emerging markets" across the region.

Telstra understands that addressing evolving enterprise hybrid cloud requirements will be critical to achieving these T25 goals, and it is leading its multicloud push through the Telstra Hybrid Cloud portfolio. The portfolio is based on these four key pillars:

- **Integrated connectivity.** This involves utilizing adaptive network frameworks to offer an integrated cloud and networking solution through Telstra Programmable Networks and Telstra Cloud Connector portfolio.

- **People.** This involves leveraging capabilities of the Telstra Purple group to offer a wide variety of professional and managed cloud life-cycle services.
- **Partner ecosystem.** This includes drawing on strategic partnerships to provide optimized application performance across diverse clouds and delivering a unified experience for efficiently managing a diverse and secure ICT environment.
- **Observability and visibility.** This means bringing together the multicloud experience in a single pane of glass, allowing customers to monitor, manage, and subscribe to cloud services in a consumption-based model with the help of Telstra Cloud Sight platform.

Telstra Cloud Connector offers customers with options to connect to AWS and Azure. This layer 3 solution, which is only available for customers in Telstra's domestic network across Australia, allows customers to connect to public cloud locations in Sydney and Melbourne. This also enables automated purchasing, authentication, provisioning, and management of cloud resources for Telstra's customers from their WAN environment.

Telstra Programmable Network, Telstra's software-defined networking platform, complements the Cloud Connector offering, addressing multicloud connectivity requirements for customers outside Australia. In addition to providing integrated cloud network resources on demand, the platform provides customers with an option to add on a variety of software-defined, virtual network services, such as virtual SD-WAN, virtual Firewall, and virtual Router.

In summary, Telstra is well positioned to help its customers through their cloud journey, leveraging its all-around portfolio of multicloud connectivity, orchestration, and management offerings.

Strengths

Strong Professional Services Capabilities Under the Recently Formed Telstra Purple

In addition to the multicloud, SDN connectivity portfolio under Adaptive Networks, Telstra is placing a lot of emphasis on its professional and managed services capabilities. The carrier started its journey in the wider consulting and services space with acquisitions of small agile consultancies, such as Company85, Kloud, and Readify, over the last few years, with an aim to help customers plan, implement, and manage their multicloud and hybrid cloud ecosystems. The carrier has managed to grow and integrate these acquisitions within the Telstra ecosystem, forming the core of multicloud life-cycle services in addition to the connectivity portfolio.

Telstra continues to grow this fairly new business unit, Telstra Purple, and give its professional services team a formal structure with an aim of delivering multicloud solutions that go beyond the technology by solving the most critical business and technology problems for its customers. Despite an organizationwide focus on cutting down costs, Telstra sees this as a growth engine and invests in developing the right set of tools, processes, platforms, and people, its most important asset. Telstra Purple allows the carrier to have a wider business-oriented conversations with its customers, something that it has always been doing but in a limited capacity. The formalization of Telstra Purple lends its professional services capabilities a structure and serves the purpose of reinforcing Telstra's focus on positioning cloud as an enabler of transformation, rather than a point solution in the customers' minds.

Challenges

Challenge in the Domestic Australia Market

Given its status as an incumbent in the Australia market, Telstra continues to battle competition and shareholder pressure at the larger corporate level. However, the carrier has responded well thus far by delivering strong results on its ambitions to simplify and digitize its business radically through the T22 and T25 strategy. Under the new leadership, Telstra is actively responding to evolving cloud requirements of its enterprise customers, and must continue to invest in people, tools, and platforms to enhance its offerings and provide multicloud networking and life-cycle services.

Verizon

Verizon is positioned in the Major Players category in the 2023 IDC Asia/Pacific Communications SP Managed Multicloud Networking Services vendor assessment.

Verizon was one of the first telecommunications companies to offer a cloud interconnect service in 2014. Since then, it has continued to invest in and develop its Secure Cloud Interconnect (SCI) platform. Verizon's SCI is a software-defined platform allowing customers to better manage their multicloud multi-WAN environments. The platform has evolved over the years because Verizon has integrated its SDN fabric and has added more cloud providers. Verizon has also added functionalities to allow enterprise customers to manage their cloud access and migration better.

Verizon provides connectivity to all eight major cloud providers, including AWS, Azure, and Google Cloud in Asia/Pacific, through 17 of its cloud provider locations. Over the last 12 months, Verizon added Alibaba Cloud in Hong Kong along with Google Cloud partner interconnect with virtual private cloud (VPC) support globally, including Hong Kong and Japan. Verizon's Asia/Pacific customers can also access its network to 10 cloud providers globally located in over 30 locations worldwide.

Moreover, the communications SP has enhanced its SCI with Intelligent Cloud Control (ICC) that ensures optimal application performance through near real-time and software-driven approach by providing cloud analytics based on price, performance, and compliance-based decisions.

Strengths

Advancements in Its Software-Defined Cloud Interconnect Portfolio

One of the biggest advantages of Verizon's SCI is its ability to integrate with Verizon's network resources, such as its private IP network, allowing the carrier to offer end-to-end SLAs on cloud performance as it would for premise-based connectivity. Verizon's SCI also allows for easy integration of customer enterprise WAN to cloud services through the Verizon Enterprise Center, its control center. These options provide enterprise customers with the flexibility and agility that they look for while moving workloads to cloud.

Verizon's SCI portal allows customers to manage their cloud connectivity and deployments through a single pane of glass. This portal provides customers with a user-friendly dashboard and custom APIs to track cloud consumption, usage, operational costs, and performance. This information helps network and ICT managers remain aware of their organization's cloud requirements.

Building further on the software-defined architecture of SCI, Verizon partnered with Equinix to develop its Software-Defined Interconnect (SDI) offering, allowing Verizon-fixed customers to connect to 115 Equinix International Business Exchange (IBX) datacenters globally through Verizon's Private IP with enhanced performance. SDI is currently available around the world, including 21 Equinix IBX datacenters in Australia, Hong Kong, Japan, and Singapore.

These software-defined platforms are a major strength and differentiator for Verizon versus some of its competitors in the Asia/Pacific market.

Challenges

Limited Visibility with Asia-Based Organizations

Verizon's visibility in Asia/Pacific is limited to certain regions or focus areas. The communications SP delivers a consistent portfolio of multicloud networking connectivity and life-cycle services across major markets in Asia/Pacific and would benefit from an increase in marketing initiatives to grow its visibility beyond security practice that is very well known and received in the region. Verizon's new strategy of implementing a localized GTM strategy by "providing greater autonomy to the teams on the front line and speeding up the pace of decision making" should allow it to compete more effectively on

a regional basis, helping ramp up its presence and competing effectively with domestic incumbents in each of its focus markets.

Vodafone

Vodafone is positioned in the Major Players category in the 2023 IDC Asia/Pacific Communications SP Managed Multicloud Networking Services vendor assessment.

Cloud, security, and Internet of Things (IoT) continued to be the well-performing business units for Vodafone globally and in Asia/Pacific in FY22. Vodafone Cloud Connect offers enterprise customers private connectivity into multiple public clouds, including Microsoft Azure, AWS, Hewlett Packard Enterprise (HPE), and Vodafone's own cloud infrastructure. It continues to develop further its relationship with Alibaba by helping the cloud provider establish a base in Europe through offering Alibaba Cloud to customers in Germany with an integrated billing and customer support.

Strengths

An Evolving Ecosystem of Multicloud Partners

In 2019, Vodafone announced a global venture with IBM that combines network connectivity and multicloud for its enterprise customers. This new venture was aimed at providing customers with an open and flexible platform to integrate multiple clouds and prepare for the next wave of DX enabled by AI, 5G, edge, and SDN. Together with IBM, Vodafone has helped organizations remove some of the complexity and barriers from their journey to a multicloud environment. The carrier highlighted some key wins as a result of the partnership.

In addition, Vodafone's global partnership with Equinix allows the carrier to provide a variety of public, private, and hybrid cloud offerings and extend the geographic coverage of its cloud offerings. These services are ably supported through four support centers globally, two of which are in Asia/Pacific (India and Hong Kong). Vodafone's team of over 200 cloud specialists worldwide support the regional sales team in its push to sell multicloud networking services to enterprise customers.

Vodafone also continues to evolve further its sell-build-run operational model to provide a superior CX and also enhance its GTM strategy in Asia/Pacific by moving up the value chain through strategic partnerships with some large SIs. Vodafone has also established effective partnerships with large consultancy companies for developing DX road maps for its enterprise customers.

Challenges

Growing Market Share in Asia/Pacific

Over the years, Vodafone has transitioned from being a challenger to a major player in the Asia/Pacific enterprise market. The carrier has developed significant multicloud capabilities, and its messaging around Digital Vodafone is resonating well with its customers. Although the carrier reported the healthy growth of its Asia/Pacific business, sustaining and increasing its market share for hybrid cloud offerings is a challenge for the carrier. Vodafone shared some key wins from incumbents in FY21 to FY22, and it will need to ensure the wide availability of all its multicloud offerings uniformly across the region. It must also continue executing on its sell-build-run strategy to continue making further gains in Asia/Pacific.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well-aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building or delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and GTM plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represent the market share of each individual vendor within the specific market segment being assessed.

This document gives equal weight to the strategies and the capabilities criteria using a 50:50 ratio. We believe that providing equal weightage to both strategies and capabilities criteria across areas, such as growth strategy, differentiation strategy, and offering portfolio, provides a better view of the competitive landscape in this market.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and input of IDC experts in each market. IDC analysts base individual vendor scores and, ultimately, vendor positions on the IDC MarketScape on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

The COVID-19 pandemic has highlighted the significance of modernizing enterprise networks that has resulted in the further acceleration of workloads to public cloud and container-based cloud-native platforms, along with the adoption of comprehensive digital infrastructure automation for agility, flexibility, and elastic scale.

Multicloud networking refers to the deployment and operation of a network in multiple public cloud environments. It enables consistent networking policy, network security, governance, and network visibility across multiple cloud environments via a single point of management. Multicloud networking solutions, which are provided as network software or as a service, are declaratively managed, on demand, elastically scalable, highly available, and secure.

Multicloud networking solutions also include the broader portfolio of life-cycle services, including professional and managed services, to help organizations address the multi-WAN, multicloud conundrum.

Strategies and Capabilities Criteria

Tables 1 and 2 include market-specific definitions and weights specifically tailored for communications SPs and their current and future successes in the market based on ICT buyers' wants and needs. This was used to measure communications SPs' performance and their specific place on the IDC MarketScape chart.

The definitions and weighting criteria used to evaluate communications SPs' strategies are shown in Table 1, whereas those criteria about their capabilities are in Table 2.

TABLE 1

Key Strategy Measures for Success: Asia/Pacific Communications SPs Managed Multicloud Networking Services

Criteria	Definition	Weight (%)
Financial/Funding	Revenue growth in Asia/Pacific and forecast over the next 12 months (including planned versus actual)	15.0
Service innovation	Strategy for the further development of self-service portals as well as dashboards for real-time control over resources Simplification of deployment and onboarding journey	10.0
Functionality and offering road map	Alignment with enterprise network transformation and DX and CX initiatives, including customers' multicloud journey	5.0
Differentiation	Depth of competitive differentiation from a multicloud portfolio Depth of partnerships, whether global or regional	10.0
Functionality and offering road map	Offering road map for multicloud networking portfolio	7.5
Innovation	Ability to integrate, interoperate, and support multiple vendors and platforms Budgets and funding for developing a multicloud portfolio	12.5
Growth	Geographical expansion strategy, given the east-west movements and end-growth strategy Marketing and go-to-market strategy Measurement of success Enablement/Delivery of more services	20.0
Delivery	Infrastructure strategy Extent of investment in telco cloud, orchestration platforms, and other delivery systems to provide enhanced CX	20.0
Total		100

Source: IDC, 2023

TABLE 2

Key Capabilities Measures for Success: Asia/Pacific Communications SPs Managed Multicloud Networking Services

Criteria	Definition	Weight (%)
Functionality or offering	Comprehensiveness of offerings; breadth of solution portfolio Maturity of self-service portals and dashboards for real-time control over resources	15.0
Pricing model or structure of product/offering	Pricing structure, flexibility, bundling, and discounts	10.0
Customer service — delivery	Performance and customer service management, including multicloud orchestration and life-cycle services	10.0
Multivendor support	Supporting a multicloud environment and vendor ecosystem	10.0
Enhanced services	Multicloud management and monitoring Professional services for multicloud networking services	15.0
Range of services	Network consulting and integration services helping organizations on their future of connectedness journey Attached rate of other cloud life-cycle and managed services	15.0
Customer service — offering	Traction in the market, including customer segments served	10.0
Customer/Prospect experience	Analyst judgement of customer/prospect experience based on discussions with end-user organisations and partners	15.0
Total		100.0

Source: IDC, 2023

LEARN MORE

Related Research

- *IDC MarketScape: Asia/Pacific Communications SP Secure Virtual Network Services 2023 Vendor Assessment* (IDC #AP49625122, May 2023)
- *Asia/Pacific Communications Service Provider Market Semiannual Update, 2H22* (IDC #AP50323623, February 2023)
- *IDC FutureScape: Worldwide Future of Connectedness 2023 Predictions – APEJ Implications: Positioning for Success – Opportunities for Tech Sales and Marketing Leaders* (IDC #AP50031822, January 2023)

Synopsis

This IDC MarketScape presents an assessment of eight communications SPs that provide managed multicloud networking services in Asia/Pacific. The assessment is based on their current capabilities, go-to-market (GTM) strategies, growth, innovation, and plans for delivering managed multicloud networking and life-cycle services. This is the first comprehensive analysis by IDC in a rapidly evolving market and provides insights to enterprises deciding on the adoption of multicloud networking in Asia/Pacific.

"Cloud is only one part of the digital transformation (DX) journey. How organizations connect to the cloud is just as important, if not more so. Hybrid and multicloud environments have become the norm for businesses because they provide resilience and continuity. However, many organizations are not fully aware of their network's multicloud limitations until they experience them firsthand. To address these enterprise challenges and help organisations on their multicloud journey, communications SPs are building various multicloud networking (MCN) frameworks that embrace cloud options, are flexible and agile, and aim to deliver a trusted environment for today's distributed enterprise," says Nikhil Batra, research director, IDC Asia/Pacific Telecom Practice.

About IDC

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