

## Advisory Report

# Global Network Tracker: A Review of the Key Movers by Region



**Cindy Whelan**  
**Current Analysis**  
Principal Analyst,  
Business and  
Wholesale Services

Market: Global Network Tracker

Service: Business Network and IT Services

Report Date: September 6, 2011

Analyst: Cindy Whelan

## Summary

Current Analysis' Global Network Tracker (GNT) recently passed its one-year anniversary. Since the service was launched in August 2010, the database of carrier networks has grown from 14 to 19, adding key competitors from Europe and Asia, as well as detail concerning NNI partnerships. The carriers currently included in the GNT are: AT&T, BT Global Services, Cable&Wireless, Colt, Deutsche Telekom, Global Crossing, Interoute, KPN, NTT, Orange Business Services, PCCW, Reliance Globalcom, SingTel, Sprint, Tata Communications, Telefónica, Telstra, TI Sparkle, and Verizon. This report discusses carrier developments in the areas of MPLS and VPLS, as well as Ethernet and DSL access. A table detailing carriers' MPLS service reach competitiveness can be found in the report; similar tables for VPLS reach, Ethernet access, and DSL access can be found within the Global Network Tracker service (please see Global Network Tracker Service Competitiveness).

## Current Perspective

The Middle East/Africa (MEA) and Asia-Pacific regions continue to see a high volume of carrier expansion activity as providers seek to solidify their position in these high-growth markets, although carriers are continuing to build out capabilities in Eastern Europe and Latin America. The addition of five new service providers to the database, along with updated coverage data from carriers, has shifted MPLS competitiveness rankings across the board since the GNT began.

### Asia-Pacific

As would be expected, regional providers Tata and Telstra have maintained a leadership position in terms of MPLS PoPs and countries reached, although the majority of each carrier's PoPs are in their home markets. PCCW, a new entrant to the GNT, claims very strong reach via partnerships, particularly in India. Out-of-region players are gaining ground in Asia, however, as BT, Cable&Wireless Worldwide, Orange Business Services, and Sprint each tout deep reach through their combinations of on-net PoPs and more than 100 PoPs served through NNIs. AT&T and Verizon have maintained a 'Strong' ranking in the Global Network Tracker due to their continued MPLS PoP deployments in the region. AT&T has established a joint venture in Indonesia, and it has been granted a multimedia services operator (MSO) license and related government approvals to deliver its managed services and VPN products in the country. The newly created entity, dubbed PT AT&T Global Network Services Indonesia, will offer a full suite of managed LAN, IP, and application services. The rankings for VPLS availability have shifted since the August 2010 GNT assessment, with Tata moving into the top spot in terms of the number of countries where VPLS is available, followed closely by SingTel and Telstra, with AT&T, Verizon, PCCW, Cable&Wireless, and Reliance Globalcom also showing good availability across Asia. Global Crossing offers EtherSphere VPLS in just five APAC countries, but is expanding its capabilities in the region, most recently announcing service availability to 26 cities in China through a partnership with CITIC. Ethernet and/or DSL access services are available from most of the carriers in the GNT, with Colt, Interoute, and TI Sparkle the only carriers that do not provide these services in

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the region. Tata again leads competitors in Ethernet access availability in the region, with service to the most countries, but its competitors are not far behind: Verizon, SingTel, Cable&Wireless, and Reliance note good reach in the region. Verizon is the regional DSL access leader, with DSL access available to more than 20 countries.

### Eastern Europe

In 2010, Current Analysis recognized Orange Business Services and Telefónica as regional leaders in terms of on-net MPLS reach. These carriers have retained that role a year later, and Verizon has joined them, noting strong on-net and off-net reach to more than 30 Eastern European countries. APAC-based carriers continue to lag their European competitors in Eastern Europe, although PCCW claims a large number of MPLS NNIs that enable it to offer services in a dozen Eastern European countries. Carriers have been slow to deploy VPLS in the region; there is little change in rankings from previous Global Network Tracker reports. Interoute and Colt claim the highest number of countries where they make VPLS available, with services to just five nations, followed by Cable&Wireless, KPN, Verizon, Tata, and Orange Business. Telefónica and Verizon lead competitors in both Ethernet and DSL access, and Reliance touts strong Ethernet access reach to more than a dozen countries. AT&T, Deutsche Telekom, Orange Business Services, and Tata also claim respectable coverage in the region for Ethernet and DSL access.

### Latin America

As might be expected, Telefónica retains its position in the Global Network Tracker as the dominant MPLS player in the region, although U.S.-based providers AT&T, Global Crossing, Sprint, and Verizon show solid regional coverage, as do European-based providers BT and Orange Business Services. Telefónica's presence extends across the region to nearly two dozen countries, with more than 200 on-net PoPs and more than 200 MPLS NNIs, with particularly deep market presence in Argentina, Brazil, Chile, Colombia, and Mexico. Sprint notes a deep presence in Argentina, Brazil, Colombia, El Salvador, Guatemala, Mexico, and Nicaragua primarily through NNI partnerships. Asia-based carriers are still largely missing from Latin America markets, although PCCW claims a broad reach to 27 countries and Tata notes reach to nearly 20 countries, both via MPLS NNIs. VPLS is even more of a rarity in Latin America than it is in Eastern Europe, with just four of the 19 carriers offering VPLS in the region, led by Global Crossing's offer of VPLS in seven countries. When it comes to access services, interestingly, Telefónica does not claim the broadest access reach: Cable&Wireless, Reliance, and Verizon offer Ethernet access to more countries than Telefónica; Verizon, Sprint, Orange Business Services, and Deutsche Telekom top the list for DSL access.

### Middle East/Africa

Current Analysis' August 2010 assessment of the region noted that Tata, Orange Business Services, and Sprint had strong MPLS service capabilities in MEA; a year later, these carriers continue to lead the pack in terms of MPLS reach across the region, with Tata and Orange Business Services noting a particularly high quantity of owned PoPs. Partnerships play an important role in carriers' ability to serve this emerging telecoms market, offering carriers a means to address regulatory requirements and an economical way to enter a new market. Sprint and PCCW both claim extensive reach across MEA through NNIs, as do BT and Cable&Wireless. VPLS deployment in the region is evolving very slowly, with the notable exception of Tata, which touts VPLS availability to more than a dozen countries. In comparison, competitors such as AT&T, Cable&Wireless, Reliance, and SingTel note VPLS availability in less than five countries. In terms of access services, Tata continues to be the Ethernet access leader, reaching 18 countries across the region, although Cable&Wireless is following closely on its heels; meanwhile, Verizon leads in DSL access reach by a large margin over its next closest competitor, Reliance.

### North America

The rankings of providers serving North America have not changed appreciably since 2010. U.S.-based providers AT&T, Global Crossing, Sprint, and Verizon continue to have the most extensive coverage in the region, although carriers based outside the U.S. continue to build out their U.S. presence via on-net PoPs and NNIs to serve international clients with U.S. locations. Orange Business Services, BT, and Deutsche Telekom claim the strongest on-net reach within North America; Cable&Wireless notes fewer on-net PoPs but a large number of PoPs reached via partnerships with Sprint and Telus. PCCW also notes a very high quantity of MPLS PoPs in North America made available through NNIs. All of the carriers offer Ethernet access in the U.S., and 11 of the providers also offer Ethernet access in Canada, with the exception of TI Sparkle, which

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does not offer any access services in the region. The list of DSL access providers is shorter, with just 11 providers offering access in the U.S. and five of those carriers also serving Canada.

### Western Europe

European-based providers continue to lead in terms of regional MPLS coverage, with BT, Cable&Wireless, Deutsche Telekom, Orange Business, and Telefónica boasting the highest quantity of PoPs, albeit with a large number of these PoPs located in the carriers' home countries. Colt and KPN also have strong regional MPLS coverage in their home markets; these carriers also note particularly deep coverage in Germany. U.S.-based providers AT&T, Global Crossing, and Verizon make a robust showing in Western Europe, with each carrier noting more than 50 on-net PoPs in the region, augmented by a large number of NNIs. Asia-based providers NTT and Tata have moved up in the Western Europe MPLS rankings since 2010, with each offering competitive reach through on-net PoPs and NNIs. PCCW also makes a strong showing in Western Europe due to a high volume of NNIs in the region, along with owned infrastructure. Most of the carriers covered in the GNT provide Ethernet access to ten or more countries in the region, with the exception of the Asia-based providers, whose Ethernet and DSL access coverage is minimal. In terms of DSL access, again, most of the European and U.S.-based providers offer good coverage, although Cable&Wireless, Global Crossing, and Interoute have a low DSL access reach relative to their competitors.

The table below represents the MPLS competitiveness of the 19 carriers in the Global Network Tracker as of August 2011:

MPLS Reach Competitiveness	North America	Latin America	Asia Pacific	Middle East & Africa	Eastern Europe	Western Europe
AT&T	Strong	Strong	Strong	Competitive	Competitive	Strong
BT Global Services	Strong	Competitive	Strong	Competitive	Strong	Strong
Cable&Wireless	Concerns	Uncompetitive	Strong	Competitive	Competitive	Strong
Colt	Concerns	Concerns	Concerns	Concerns	Concerns	Strong
Deutsche Telekom/T-Systems	Competitive	Concerns	Strong	Concerns	Strong	Strong
Global Crossing	Strong	Strong	Concerns	Concerns	Competitive	Strong
Interoute	Uncompetitive	Uncompetitive	Uncompetitive	Uncompetitive	Concerns	Competitive
KPN	Concerns	Uncompetitive	Concerns	Uncompetitive	Concerns	Strong
NTT Communications	Concerns	Uncompetitive	Strong	Uncompetitive	Concerns	Competitive
Orange Business Services	Strong	Strong	Strong	Strong	Strong	Strong
PCCW	Competitive	Concerns	Competitive	Concerns	Competitive	Competitive
Reliance Globalcom	Competitive	Uncompetitive	Competitive	Competitive	Concerns	Competitive
Singtel	Concerns	Uncompetitive	Competitive	Concerns	Uncompetitive	Concerns
Sprint	Strong	Competitive	Competitive	Concerns	Competitive	Competitive
Tata Communications	Competitive	Concerns	Strong	Strong	Competitive	Competitive
Telefónica	Concerns	Strong	Concerns	Concerns	Strong	Strong
Telstra International	Concerns	Concerns	Strong	Uncompetitive	Uncompetitive	Concerns
TI Sparkle	Concerns	Concerns	Uncompetitive	Uncompetitive	Uncompetitive	Concerns
Verizon Business	Strong	Strong	Strong	Competitive	Strong	Strong

Strong	Above average MPLS coverage based largely on own infrastructure and competitive access (DSL and Ethernet).
Competitive	Average MPLS coverage based largely on in-country NNIs, DSL and Ethernet access.
Concerns	Below average MPLS coverage in the region; limited DSL and Ethernet access.
Uncompetitive	Little or no presence in the region.

## Recommended Actions

### Recommended Vendor Actions

- Carriers that do not offer competitive MPLS presence in a given global region have a variety of options to improve reach, the most obvious one being partnering. Deploying a wholly owned MPLS PoP is time-consuming and expensive. Service providers need to demonstrate reliable off-net service backed by strong guarantees and transparency on end-to-end performance to counter the advantages that owners of in-country MPLS assets will be touting. Local support is also important to get right, so that customers are assured that assistance is available to troubleshoot any issues.
- Service providers should certainly keep the market informed about ongoing efforts and investments to improve reach, including NNI announcements and deployments of new or upgraded infrastructure. Maintaining a steady flow of such marketing communications gives the market a positive impression of new countries coming on-net (or reached via partners), new service capabilities (e.g., VPLS expansion), and new access capabilities to give clients greater choice (e.g., with DSL and Ethernet as replacements for legacy TDM accesses).
- Operators that score well in the table above, with ‘Strong’ ratings showing high MPLS coverage, need to point out that ownership of the greatest MPLS assets is a positive aspect in a market where might is indeed right. Such players can under-score to prospects that having their hands on 100%-owned MPLS infrastructure provides far more network control, security, better carrier OpEx, and rapid response times to fix any issues.
- Regional operators such as Colt, Interoute, KPN, and SingTel can find ways to improve their competitive position when bidding against larger competitors for multinational deals. These carriers could consider an arrangement similar to the one established by PCCW Global and Tinet, particularly when they have little or no overlapping network reach. These two carriers have established a commercial agreement and technical “bridge” for an Ethernet network-to-network interface (E-NNI), and they will collaborate to provide global Ethernet services in more than 70 countries. If carriers can put an agreement in place that protects confidential information and supports sales teams on both sides, these smaller operators can gain the scale needed to serve larger clients.
- Global Crossing and Tata Communications continue to lead competitors in terms of Ethernet service deployment. Global Crossing can highlight its recent expansion in China through a strategic partnership, as well as an international footprint of 150 PoPs, supporting EtherSphere’s reach across 26 countries. The carrier can also point to six CoS tiers, compatibility with its IP and hybrid VPN services, and usage-based billing as differentiators in the market. Tata offers VPLS in nearly 50 countries and sub-10 Gigabit Ethernet speeds in eight countries, allowing customers to grow their circuits from 1 GigE to 10 GigE in 500-Mbps increments.
- NTT can tout its recent EVPL expansion, adding ten countries in Asia and Europe. Competitors may claim that the carrier is simply catching up, but NTT is establishing momentum and offering attractive features, including a ‘pay-as-you-go’ billing model and a guaranteed 100 Mbps of non-oversubscribed capacity, which may help it win business against these established competitors.

### Recommended User Actions

- Carriers continue to expand their service capabilities and reach, deepening coverage in existing countries and moving into emerging markets, offering multinational corporations a wealth of options. Enterprises need to stay abreast of service developments from multiple carriers, not just their existing provider. When the time comes to renew contracts or add new locations, these companies can compare offers from their current provider to services from other carriers.
- Enterprises that require multinational connectivity should take into account the on-net and off-net reach of the various carriers to determine the provider that best meets their service needs for each location. Just as carriers need to ensure consistency in service with partners, enterprises also need to make sure that the carrier can guarantee consistent service and SLAs across locations. Enterprises with locations in emerging markets should find out if the carrier has in-country support in those locations.
- Enterprises seeking VPLS should have little trouble finding a provider to serve major locations in North America, Asia, or Western Europe; at least half of the providers surveyed in the GNT can provide services into these regions. For enterprises that are seeking broad VPLS reach that includes Eastern Europe, Tata or Verizon may fit the bill, and Tata is also very strong in MEA. Enterprises seeking VPLS connectivity that extends into Latin America should look to Global Crossing.