IDC MarketScape

IDC MarketScape: Worldwide Communications Service Provider Digital Infrastructure and Services 2023 Vendor Assessment

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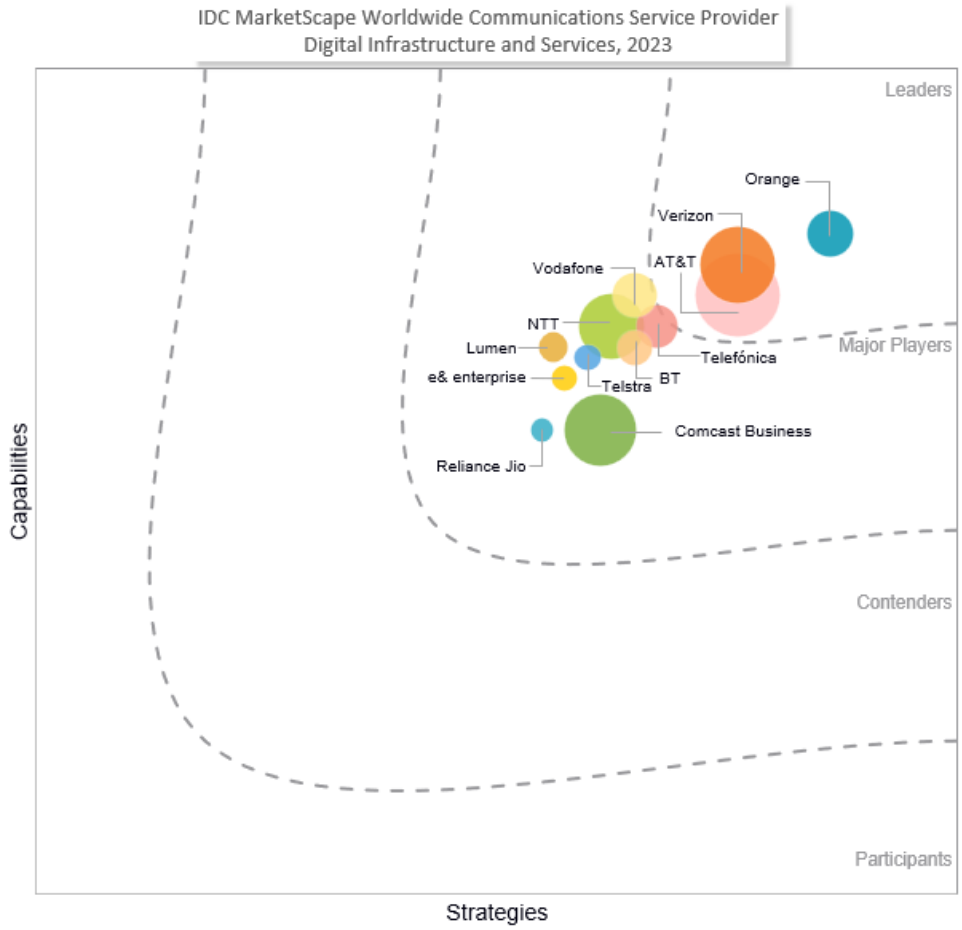
THIS IDC MARKETSCAPE EXCERPT FEATURES: ORANGE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Communications Service Provider Digital Infrastructure and Services Vendor Assessment



Source: IDC, 2023

November 2023, IDC #US51313823e

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

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Communications Service Provider Digital Infrastructure and Services 2023 Vendor Assessment (Doc #US51313823e). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

The 2023 IDC MarketScape for worldwide communications service provider (comms SP) digital infrastructure and services is a new document that offers a holistic assessment of how comms SPs have expanded and transitioned their communications infrastructure and operations through digital transformation to become more agile at offering advanced digital and managed cloud services to business customers.

Comms SPs face common challenges, including service commoditization, fierce competition, and a lack of flexibility to innovate rapidly to meet shifting market needs. To capitalize on new opportunities, comms SPs across the globe are slowly migrating from physical networks to software-defined virtual networks that support greater scale and increased velocity and creativity to offer more dynamic business and consumer services.. Accelerating their focus on the larger initiative of digital transformation across communication networks, IT, and business operations is vital for comms SPs to become more agile digital service providers and transition from telco to techco.

Transition for the comms SP is inevitable to support the needs of organizations as they face the full impact of the digital business evolution. Digital transformation, operational efficiency, and business resiliency are driving organizations to embark upon new journeys with their digital infrastructure transformation and agile managed services in the pursuit of moving beyond just connectedness. The ability for organizations to work with strategic comms SP partners to help address these challenges is becoming more prevalent and enabling organizations to focus more clearly on business priorities. This is an important strategic shift and key findings include:

- Cloud-centric digital application strategies provide compelling business and technology benefits that has accelerated the implementation of digital platforms. As enterprises move applications to the cloud, secure, agile, and direct connectivity from the branch to the cloud providers becomes essential to underpin their digital transformation strategy, coupled with the preference to work with multiple cloud providers and avoid vendor lock-in to ensure open and fluid innovation that will continuously improve operations and customer experience.
- Intelligent, adaptable, and pervasive connectivity has become a mandatory requirement for organizations to operate and for people, processes, and things to connect with one another. IDC's Future of Connectedness research shows the strategic importance of a wireless-led and cloud-enabled connectivity strategy that removes network and IT silos, automates critical business processes, empowers employees to become more productive, and ensures a continuous digital experience for employees, customers, and partners.
- As cloud-centric digital strategies expand, managed services will become a more attractive option for organizations to help simplify complex tasks through optimized as-a-service

experience that can be tailored to its specific business. Organizations are driving toward digital network modernization that enables flexible consumption of multi-access, wireline, and wireless connectivity solutions that combine hardware, software, and life-cycle services, which are proactively managed.

- Security is a top priority, given technology changes and the potential for new vulnerabilities in enterprise networks. Cost, complexity, the lack of internal security staff, and an evolving threat landscape continue to drive demand for managed/cloud-based delivery models for integrated security management. It is increasingly convenient for enterprises to acquire integrated security features and tools as part of connectivity services. In addition, organizations are also faced with data sovereignty concerns around data residency, locality, and authority, which require holistic solution-based approach to cyber-defense.
- Organizations' growing focus on the underlying intelligence of their digital infrastructure to ensure a differentiated experience is accelerating the use of generative AI (GenAI) and advanced analytics to turn large amounts of data into valuable business insights, benefits, and outcomes. That is underpinned by reliable cloud-centric network services that are tightly integrated with AI-powered automation to reduce network instability, expand capability, and improve customer experience, organizations are also faced with workforce challenges and are considering ramping up automation to counteract the growing labor and inflation pressures.
- Environmental, social, and governance (ESG) changes are moving higher in priority for organizations, in some cases, closely tracking behind profit and revenue. Hence ESG sustainability is becoming an important factor in driving organizations' managed network service investment requirements. Migrating from investing in physical cloud infrastructure and on-premises equipment to energy-efficient as-a-service models will enable enterprises to reduce IT costs and help reach their emissions' reduction goals.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This research includes the analysis of communications service providers spanning IDC's research coverage. This assessment is designed to evaluate the characteristics of each comms SP across a set of criteria broken into two major focus areas: 1) current and future capabilities of their digital infrastructure and 2) services and current and future strategy of the digital infrastructure and services.

IDC used a variety of primary research methods to produce this document including interviews and detailed product briefings with comms SPs, including detailed questionnaire, completed by each comms SP. This evaluation should not be considered a final judgment of comms SPs to consider for a project, however, an organization's specific objectives and requirements will play a significant role in determining which comms SPs should be considered as potential candidates for an engagement.

For inclusion in this IDC MarketScape, comms SPs had to:

- Own its network and operates a wireline and wireless broadband access network.
- Derive a minimum of $1 billion in annual revenue generated from services sold to business customers. However, a couple of comms SPs are below this metric as they predominantly offer in-country innovative network services for now but are on a good growth trajectory.
- Have a network portfolio that offers a range of managed services including managed WAN, managed multicloud, network as a service (NaaS), managed security, managed Internet of Things (IoT) network and multi-access edge computing (MEC), and other network services targeting business customers.

It is apparent through the IDC MarketScape process that all of the comms SPs have a strong digital transformation plan, but some are more progressed than others for now.

ADVICE FOR TECHNOLOGY BUYERS

Digital transformation, operational efficiency, and business resiliency are driving organizations to embark upon new journeys with their digital infrastructure transformation and agile managed services in the pursuit of connectedness. These strategic shifts in business and IT imperatives have resulted in organizations trying to address the myriad challenges from increasing data volumes, hybrid work requirements, changing applications, and the shift to cloud-centric everything. The altering digital business landscape and concerns of long-term effectiveness of technology investments cause organizations to spend significant cycles on technology evaluation and managed service options, as a way to help alleviate the stress, address skill shortages, and unlock the business value of digital to accelerate the end outcome.

The ample landscape of service providers offering digital infrastructure and managed services means organizations can face increasingly complex choices in service provider selection for their agile digital infrastructure modernization needs. The continued rapid pace of technology change with cloud-centric services, network virtualization, AI-enabled optimization, automation, and energy efficiency goals, coupled with the integration risks of legacy services, can complicate corporate financial objectives of minimizing costs, increasing revenue and profits, enhancing customer experience, and ensuring data security. As a result, the following are some key points to consider before choosing a comms SP:

- **Develop strategic partnership with comms SPs over the long term.** IDC is observing a shift in organizational strategies and resources with respect to digital transformation in which the focus is moving from investments in transformation and migration of underlying infrastructure assets to the challenges of running a digital business on an ongoing basis. So, it is important for organizations to recognize the longer-term strategy of operating in a digital-first world, with a focus on the ongoing investments, capabilities, and technologies required to run a digital business and not simply a limited scope project. They should think about positioning the service provider as an asset within their organization for a multiyear operational relationship to meet national, regional, and global digital infrastructure requirements. Additionally, an organization's service provider selection criteria for managed services should address concerns around zero trust, avoiding single vendor lock-in, compatibility with legacy solutions, and the lack of in-house skilled resources.
- **Expect performance-enabled managed network services with agile connectivity**. As organizations address disparate networks and connectivity services across offices, regions, and even lines of business, advancing down the path to connectedness will require a new approach that focuses on simplicity, consolidation, and operational efficiency. The road map to becoming agile and connected requires organizations to look internally and evaluate the state of IT, connectivity, automation, security and interactions between employees, customers, and partners and how best to address those issues. They need to focus on managed services beyond connectivity to ensure that employees have seamless access to critical data and systems that empower their productivity and strengthen the organization's overall competitiveness. Eliminating data bottlenecks, enabling new innovative services, and enabling more cloud-centric services require the right mix of network access, availability, performance, security, and resiliency. Adopting a managed services approach will put the onus on the comms SP to align network configuration to the digital application needs of the organization.

- **Bank on a digital infrastructure that unlocks efficiencies and drives profitable growth**. Cloud-centric digital application strategies are attracting organizations with the promise of compelling business and technology benefits. IDC believes connectedness is one of the prime determinants of success for digital initiatives consisting of a diverse range of business-to-business (B2B) services and solutions for vertical industries. Organizations should look to evaluate more than just the comms SPs' managed service offering but try to understand the underlying intelligence of their digital infrastructure to ensure a differentiated experience with, such as:
  - Flexible consumption of managed services through its network-as-a-service (NaaS) platform for SD-WAN, SASE, security, IoT, and edge compute services that combine hardware, software, and life-cycle services, which are proactively managed across a multicloud public and private framework
  - AI (GenAI)/machine learning (ML) and enhanced data analytics to improve customer experience and optimize operations by identifying bottlenecks and inefficiencies in the digital infrastructure, managed services, and processes
  - Comprehensive APIs and API integration capabilities to better expose the full value of the network, service, and partner assets to help drive automation under an open environment that avoids proprietary solutions
  - Security management, given technology changes and the potential for new vulnerabilities across an organization's network and services architecture
- **Expect composable services that offer flexible pricing models**. Organizations should think in terms of improved customer experience with SLAs aligned to managed network services that offer adaptable pricing models to meet its business objectives and have greater cost transparency. Organizations should ensure comms SPs offer managed connectivity services that also apply a consumption methodology to simplify the buying process, create cost-effective service bundles, and can help reduce the cost of managed services and connectivity over the long term.
- **Integrate ESG sustainability goals as part of your digital infrastructure and managed service requirements.** Environmental, social, and governance changes are moving higher in priority for organizations, in some cases, closely tracking behind profit and revenue. Business leaders should look to optimize secure digital cloud environments, agile network connectivity, advanced data analytics, and AI/ML to help track and monitor the environmental and social impacts of business operations, coupled with development and implementation of more sustainable practices. Organizations should further look to align their investments with connectivity solutions from comms SPs that are designed to address ESG sustainability goals including energy efficiency, resource conservation, communication and collaboration, supply chain management, and innovation.
- **Build data sovereignty into the managed network services relationship**. Organizations should explore how comms SPs will demonstrate data sovereignty capabilities to become the partner that fully understands the complexity and benefits of digital sovereignty, beyond cybersecurity, to holistically protect sensitive data, enable competitive advantage, and comply with regulations. Countries are actively driving new legislation and regulations at increasing digital sovereignty to govern, control, and protect their nations' sensitive data and respond to cyberthreats. This will impact multinational organizations that have a wide international footprint to comply with a country's data protection and privacy laws. A key expectation from organizations will be for comms SPs to establish ongoing cadence with the CIO, data protection officer, IT department, or other infosec personnel to build confidence for data sovereignty solutions and processes.

- **Ensure professional services are considered throughout the full digital journey**. Organizations should expect a holistic suite of professional services from the comms SP to help catalyze their transition to a digital services architecture. Understand how their proficiency extends to consulting to align investment with core objectives, a well-grounded network and IT strategy, and knowledgeable teams to provide systems and network integration, as well as custom support and educational resources to ensure that digital transformation becomes a strategically advantageous reality within a defined timeline. In addition, construct a post-deployment agreement for ongoing support to drive efficiency, manage risk, optimize costs, and augment staff expertise in emerging technologies. Alternatively, organizations can consider outsourcing fully to many comms SPs through defined long-term engagements to take on the complete support responsibility for the digital infrastructure and managed services.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While 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 challenges. It is apparent through this IDC MarketScape process that all 12 of the comms SPs have a strong digital transformation plan, but some are more progressed than others for now.

Orange

Orange is positioned in the Leaders category in the 2023 IDC MarketScape for worldwide communications service provider digital infrastructure and services.

Orange is based in France, with operations in 8 European countries and 18 countries in the Middle East and Africa. The company's managed network and data services operate under Orange Business, with global responsibility to execute its digital transformation vision to orchestrate the digital value chain for enterprise customers' data journey and drive business value. Orange Business' plan of action is to position its future growth on software-defined everything (SDx) for its managed multicloud, digital data, cybersecurity, and smart mobility (IoT) services, underpinned by its global team of 30,000 employees (45% France, 55% international) with services in 65 countries over five continents to build complex digital solutions. Orange Business is well positioned to offer a software-defined portfolio to help enterprises digitalize their operations and embrace composable as-a-service models.

Orange Business will look to capitalize on this foundation by enhancing and developing its B2B capabilities as part of a new five-year plan across its international footprint, including increased focus on cybersecurity through organic growth and targeted acquisitions to accelerate its push into the professional/SME segment.

Advanced Functionality Underpinning Digital Infrastructure and Managed Services

Orange Business' development of digital managed network services is centered around software-defined initiatives, virtualization, and programmable network fabric that offer flexibility and operational agility to customers and onboarding partners. New services will be hosted on its Evolution Platform that is cloud native and provides a set of API-first tools to integrate virtual network functions and accessible to partners, customers, and internal operations. Service management is integrated with AI-enabled automation at distinct levels of the service delivery journey for predictability and efficiency.

The monetization model provided by Orange Business supports on-demand digital services with payment flexibility for usage-based bandwidth to create or delete pay-as-you-go virtual machines for services such as managed SD-WAN through a centralized portal.

Orange Business objective is to bring a wholistic approach to digital-first business evolution by leveraging its global presence. This is reinforced by four strategic pillars to help accelerate the business customers' digital transformation with managed multicloud (e.g., SD-WAN, security), edge (e.g., MEC), 5G, and IoT service offerings:

- The first pillar is its "evolution platform" to architect, implement, and operate managed network services for enterprises, such as new digital business offers, IT operational efficiency, employee satisfaction with digital experience, controlling digital/cloud service costs, mitigate cyberattacks, and ensure governance of IT and regulatory compliance.
- The second pillar is the "workplace together" to help improve the enterprise's digital experience, including network, applications, and processes for better digital collaboration, such as collaborative and personalized digital workplace, hybrid working, and digital workplace transformation and build sustainable, inclusive, and sovereign digital workplace.
- The third pillar is "smart industries" to transform and optimize the industrial business through sustainable digitization of assets, processes, workforces, and products to deliver positive business outcomes leveraging cloud, edge, 5G, and IoT service offerings. Orange Business is working to enable new business opportunities, differentiate with connected smart products and build a reliable and scalable digital infrastructure to support Industry 4.0.
- The fourth pillar is "augmented customer experience" to increase value and innovation for customer experience through orchestrating interactions within the organization and partner ecosystem, such as increase operational efficiency, automatization, and secure and compliant CX platform and making a difference with AI and immersive technologies.

The four pillars are supported by Orange Business' commitment to R&D innovation for its evolution platform strategy and continued modernization to improve communication network and operations through digital transformation powered by data analytics and AI.

AI-enabled automation is integrated at various levels of service delivery to continuously speed up and improve the ordering and quoting process to improve customer satisfaction, predictability, and efficiency; for example, enhancing SD-WAN customer care and operations with vendor-agnostic detection and prediction of anomalies such as SD-WAN logs through clustering and ML algorithm. The AI engine can identify anomalies quickly and each customer site has its own model that is regularly trained.

Strengths

Orange Business' global coverage is underpinned by one of the largest global private networks that will help accelerate its continued growth in digital services and integration capabilities for multicloud. The company is firmly executing its plan in delivering digital infrastructure and full suite of managed solutions through various software-defined initiatives, virtualization, and programmable network fabric that facilitates increased flexibility and operational agility in serving customers and onboarding partners. Orange Business has been able to differentiate its digital transformation capabilities in delivering managed network services to business customers, which has provided it with an advantage.

Challenges

Orange Business has built a solid base of customers that are global; however, less than 50% of its revenue is international. As more software-defined service offerings enter the market and virtual network solutions become the norm, Orange Business will face some stiffer challenge internationally.. It will need to grow its international customer footprint alongside evolving its software-defined portfolio to maintain its leadership in the managed network services space. In addition, Orange Business will need to meet its timelines or even accelerate its delivery of public commercial 5G standalone (SA) for mobile private networks (MPN) that supports fully private, hybrid, and virtual private architectures to maintain a competitive edge.

Consider Orange When

Orange Business should be considered for businesses that need European and/or Middle Eastern or African coverage and for their digital infrastructure and managed network service requirements. Multinational companies could also consider Orange Business due to its managed network service offerings in 65 countries. In addition, companies could consider Orange Business for a broad range of professional and datacenter services to help progress their digital transformation, including digital sovereignty requirements in European countries.

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/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 go-to-market plans for the next three to five years.

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

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 the 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 2023 IDC MarketScape for worldwide communications service providers (comms SPs) digital infrastructure and services is a new document that offers a holistic view on how communication service providers have expanded and transitioned their communications infrastructure and operations through digital transformation to become more agile at offering advanced digital and managed cloud services to business customers.

IDC included service providers that own their network infrastructure and those that operates both a wireline and wireless broadband access network. They also had to derive a minimum of $1 billion in annual revenue generated from services sold to business customers by YE2022. In addition, their network portfolio includes a range of managed services including managed WAN, managed multicloud, NaaS, managed security, managed IoT network, and multi-access edge computing, and other network services targeting business customers.

LEARN MORE

Related Research

- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2023: Telecommunications* (IDC #US50988523, July 2023)
- *Cloud Service Providers' Publicly Announced Contracts with Communications Service Providers: Full-Year 2022* (IDC #US49352023, May 2023)
- *2023 Telecommunications Service Provider Transformation Plans and Strategies Survey Highlights* (IDC #US49352223, May 2023)
- *U.S. Managed Network Services Forecast, 2023-2027* (IDC #US50185923, April 2023)
- *Top 5 Trends in Telecommunications Digital Transformation and Monetization to Watch in 2023* (IDC #US49972322, January 2023)

Synopsis

This IDC study presents a worldwide communications service provider (comms SP) assessment of their digital infrastructure and managed services, looking specifically at how comms SPs have expanded and transitioned their communications infrastructure and operations through digital transformation to become more agile at offering advanced digital and managed services to business customers, and transition from telco to techco.. In this assessment, the IDC MarketScape model was used to evaluate both quantitative metrics and qualitative insights that define success in the digital infrastructure and managed services transformation. The evaluation is based on a comprehensive and rigorous framework that assesses each comms SP relative to the criteria and to one another. It is apparent through the IDC MarketScape process that all the comms SPs have a strong digital transformation plan, but some are more progressed than others for now.

"To capitalize on new opportunities, comms SPs across the globe are migrating from physical networks to software-defined virtual networks that support greater scale and increased velocity and creativity to offer more dynamic business and consumer services," says Peter Chahal, research director, IDC Telecom Insights. "Comms SPs are accelerating their digital infrastructure and managed service transformation initiatives across communication networks, IT, and business operations to become more agile digital service providers, and transition from telco to techco."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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