

Business services, IoT and cyber security: what to look out for in 2020

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In this article, we highlight what we will look out for in the areas of business services, IoT and cyber security during 2020.

Business connectivity

In the connectivity market, we will look out for the following.

- **Which models of SD-WAN are gaining power in the market.** Telecoms operators are mostly using [connectivity-focused models of SD-WAN, with traditional vendors \(for example Cisco and Nokia\)](#). Other models are available from managed service providers (MSPs) and other non-operator channels, such as [application-focused SD-WAN \(for example, Citrix\)](#). In particular, we expect SD-WAN to continue to be integrated with cyber security. Fortinet announced Orange and Softbank as customers of its SD-WAN plus firewall solution in November 2019, just days before Palo Alto Networks launched its SD-WAN product. We will watch for signs that enterprises are selecting SD-WAN solutions from companies with a security, rather than networking, background. Service providers of all types will need to track which model businesses prefer and be ready to switch if it is not theirs.
- **Closer bundling of specific applications with connectivity services.** The user experience for key cloud applications is becoming an increasingly critical part of how businesses evaluate their connectivity services. We are already seeing strong growth in the take up of cloud connectivity services, which provide private links to cloud platforms for large enterprises. In addition, we expect a growing number of technology vendors to seek certification from schemes such as Microsoft's Office 365 Networking Partner Program and for operators to turn to newly available services such as Azure Peering to deliver improved application performance.
- **Whether 5G will have any impact.** The launch of 5G-based fixed-wireless access will increase choices for businesses, with potential for disruption in countries where traditional fixed services have limited coverage or are expensive (for example in Kuwait or parts of Eastern Europe). However, these tend to be countries where fixed-wireless technology has done well in the past – 5G may not actually disrupt this pattern. In most countries, we expect 5G will only offer incremental change.
- **A growing tension between consumer and business products for small businesses.** Analysys Mason's [2019 business survey](#) indicates that a significant proportion of the smallest firms rely on consumer products for basic mobile and fixed broadband services. As 5G and fibre roll-out lead to further-improved consumer services, we expect operators will need to work harder than ever to avoid small businesses migrating to lower-value consumer services.

IoT

In the IoT market, we will look out for the following.

- **Signs that LPWA is gaining traction.** Traction for LPWA has been slow in most countries, hampered by problems of price, availability, awareness and interoperability. More products are finding their way to market.¹ Operators will hope that problems relating to LPWA are finally resolved in 2020 and these new products take off.
- **Signs that operators are preparing for future IoT use cases.** In 2020, 5G will mean faster 4G. This will support some use cases, such as CCTV, but these are marginal in most countries. The real activity in 5G from operators will be preparing for future releases; to benefit from these, operators need to work closely with partners from different vertical sectors (such as manufacturing). Operators also need to show how existing technologies can help these markets. Enterprise awareness and indeed demand for private wireless networks is growing and could provide new revenue opportunities for operators.
- **If an end to austerity will lead to more ambitious government-led IoT projects.** A decade of austerity, particularly in Europe but also in the USA, came at a bad time for IoT. Funding for early stage projects using IoT was limited. China is a stark contrast. Government projects there have created a thriving IoT sector. China Mobile is reporting over 700 million IoT connections, while China Telecom and China Unicom have over 100 million each. (The next largest operator, Vodafone, has fewer than 100 million.) We will look for signs that governments elsewhere are doing more to support IoT.
- **The continuing development of the connectivity market.** New-entrant MVNOs are seeking to build on eUICC capabilities and control the relationship with the customer. This could relegate mobile operators to wholesale connectivity providers for IoT worldwide. We will watch for signs, such as big contracts, to see how this is evolving. We will also closely watch the development of the SIM on a chip, Arm's iSIM, which will complicate things further.

Security

In the cyber security market, we will look out for the following.

- **How the competition between security-as-a-feature models and full suites of security products evolves.** By security-as-a-feature, we mean Microsoft bundling anti-virus with Windows, or offering cloud security information and event management (SIEM) with Azure Sentinel. By a full suite, we mean the offerings of pure-play security companies, the model followed by companies from Sophos to Palo Alto Networks. Offering a single, best-of-breed product is declining in its appeal to many businesses as they seek to reduce the number of vendors whose solutions they use and simplify their security operations.
- **More M&A activity.** The competition described above will continue to drive M&A activity. Companies from other parts of the value chain will buy security firms (as we have seen in 2019 with deals by VMware and Broadcom), while security specialists will continue to make smaller, 'bolt-on' acquisitions to strengthen their portfolio. We will continue to watch the activities of Thoma Bravo in the small and medium market – it is likely to be active again in 2020 (perhaps merging more of its existing assets).
- **Telecoms operators expanding their security portfolios.** Many operators have focused on network security, securing connectivity through firewalls and anti-DDoS services. They have been slower to protect the end point, leaving their customers to go elsewhere for a full security strategy and other products. We

¹ For more information, see <https://seesense.cc/pages/see-sense-air>.

expect to see signs of this changing in 2020 as more operators try to be providers of managed security services for a wider range of products.