



Telecoms software and services: consolidated worldwide forecast 2020–2025



Larry Goldman and William Nagy

About this report

This report provides forecasts for the overall communications service provider (CSP) spending on telecoms software and related services for 2020–2025. It provides details on spending by delivery model, service type, sub-segment and region and major drivers, including 5G. The report also provides recommendations for vendors and CSPs.

The report is based on several sources, including:

- Analysys Mason’s research from the past year
- interviews with CSPs and vendors worldwide.

KEY QUESTIONS ANSWERED IN THIS REPORT

- How will 5G network roll-outs affect CSPs’ spending on telecoms software?
- How will the introduction of the cloud drive and disrupt telecoms software spending?
- What are the key trends and factors that will affect the overall telecoms software market during 2020–2025?
- What are the growth rates in each of the segments?
- What are the regional factors that will drive growth?
- What should vendors do to exploit new business opportunities?
- How will professional services for telecoms software perform during the forecast period?

GEOGRAPHICAL COVERAGE

- Worldwide
- Central and Eastern Europe
- Developed Asia–Pacific
- Emerging Asia–Pacific
- Latin America
- Middle East and North Africa
- North America
- Sub-Saharan Africa
- Western Europe

SEGMENT COVERAGE

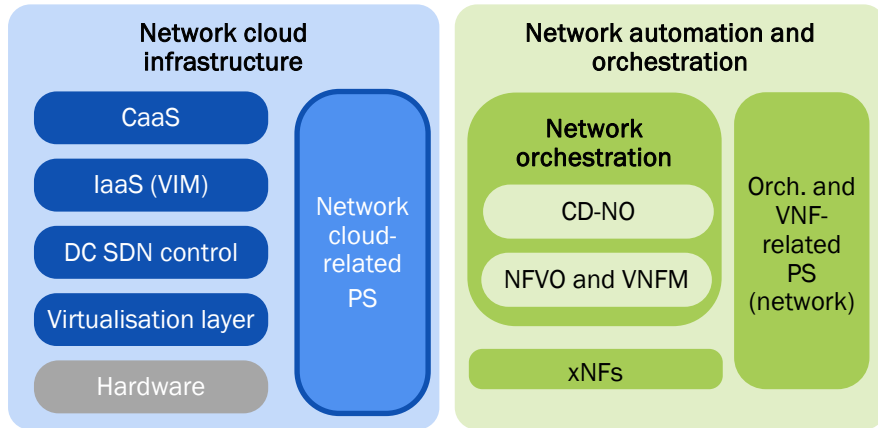
- Automated assurance (AA)
- Service design and orchestration (SDO)
- Network automation and orchestration (NAO)
- Monetisation platforms (MP)
- Customer engagement (CE)
- Network cloud infrastructure (NCI)
- AI and analytics (AIA)
- Video and identity platforms (VIP)

WHO SHOULD READ THIS REPORT

- Vendor executives that are responsible for identifying growth opportunities and areas of new investment in the telecoms software products and services markets.
- Vendor marketing managers that are responsible for particular product lines that are part of our segment coverage.
- CSP executives that are responsible for identifying key technology trends.
- CSP executives who evaluate spending and investment metrics.
- Investors that are looking for growth areas for new investment.

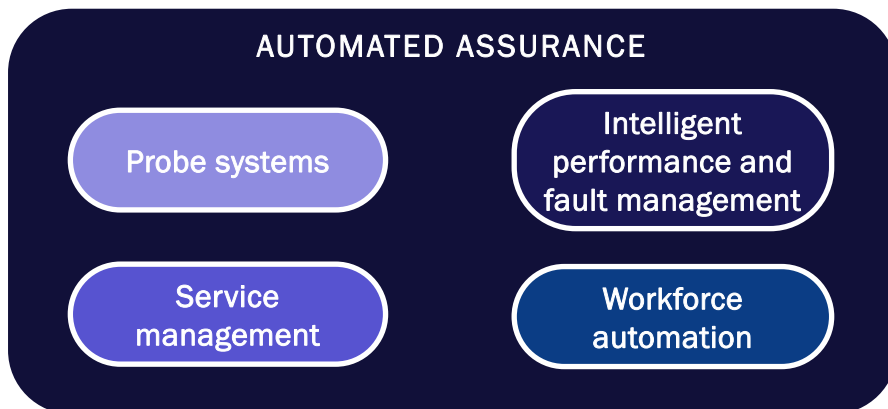
Changes to the telecoms software forecast structure since 2019

Figure 1: Overview of the inclusion of digital infrastructure spending in other segments



Source: Analysys Mason

Figure 2: New automated assurance taxonomy



Source: Analysys Mason

The introduction of the cloud is dramatically changing the telecoms software market, and this is reflected in our segmentation. Our cloud coverage has moved among programmes as noted in Figure 1. Most dramatically, orchestration and vNF cloud spending that was previously covered in our digital infrastructure segment is now included in our network automation and orchestration segment. Cloud hardware spending is included in our network cloud infrastructure forecast, but is not part of the consolidated software forecast. We plan to incorporate more-extensive cloud coverage in the next iteration of this forecast, and will put a greater emphasis on RAN virtualisation.

We have also merged the performance monitoring and fault management sub-segments of automated assurance to create a single sub-segment called intelligent performance and fault management (Figure 2). This was done to capture the increasing convergence of the solutions in these sub-segments in the market.

Three key drivers of spending expected for telecoms software during 2020–2025

1

Cloud will be the most important driver of spending during the forecast period

Cloud enables new services, thereby creating opportunities for CSPs and requiring systems changes. Cloud technology is rapidly invading and transforming the network. Spending is shifting from traditional network equipment to virtual networks and orchestration. Normal IT payloads such as billing systems are moving to the cloud and are sometimes rearchitected as cloud-native. No other single factor is as important as cloud in this software forecast.

2

5G will drive change in all areas

All software segments are influenced by CSPs' focus on 5G network roll-outs. Virtual networks are a fundamental part of 5G roll-out plans and are resulting in a shift in spending from traditional network equipment to virtualised (cloudified) network functions. All traditional OSS are adjusting to accommodate the virtual network, along with orchestration. Monetisation will change because of 5G charging technology and CSPs efforts to charge for new 5G services.

3

CSPs are relentlessly pushing to automate more processes

Digital transformation has arrived and has resulted in a lot of automation: some to provide a digital customer experience and some to enable CSPs to behave like a digital businesses. All of this transformation has resulted in a broader scope for automated processes, meaning that CSPs require more data and fewer manual processes. Both human job functions and business processes can now be automated.



Executive summary and recommendations

Forecast

Telecoms software and services: overall revenue forecast
and forecast breakdowns

Sub-segment revenue forecasts

Overall telecoms market context

Market definition

About the authors and Analysys Mason

About the authors



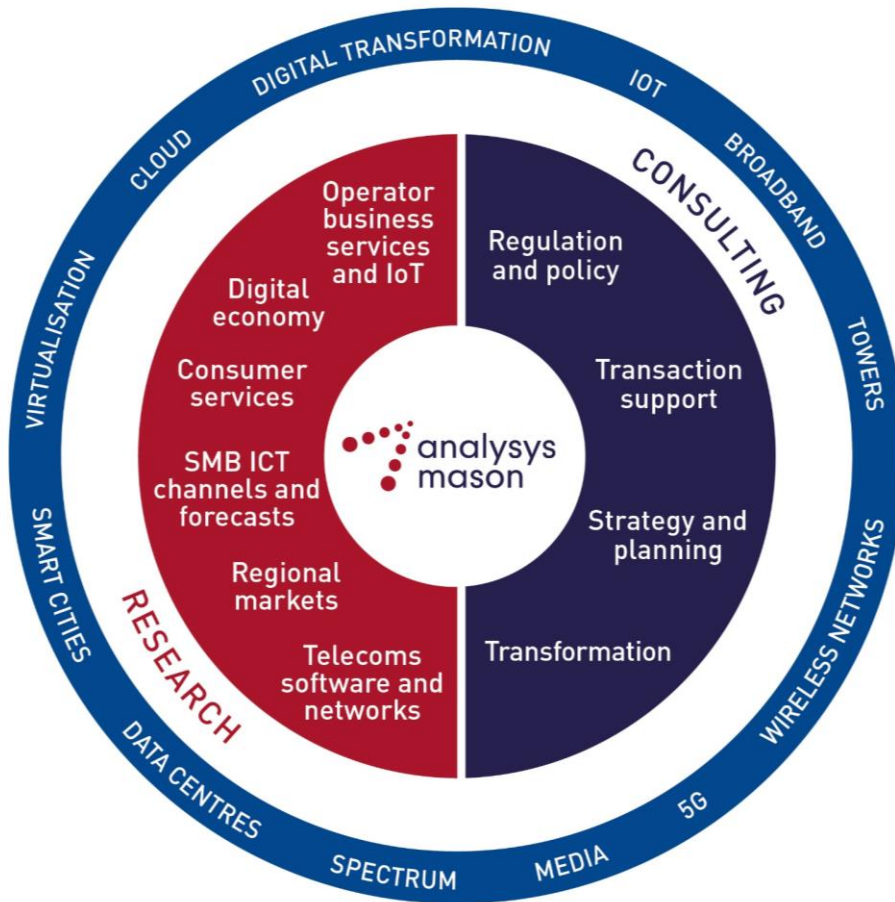
Larry Goldman (Head of Networks and Software Research) leads Analysys Mason's work in telecoms network and software research. His current focus is service provider digital transformation, cloud deployment and the transition to 5G. For the past 20 years he has delivered analysis and forecasts of the rapidly changing role of software in telecoms, leading to the present transformative role of software delivered in the cloud. Before working in telecoms research, Larry held several software management roles at telecoms operators and vendors.



William Nagy (Analyst) is a member of the *Telecoms Software and Networks* research team in London, contributing to various research programmes with a focus on *Automated Assurance*, *Service Design and Orchestration* and *Forecast and Strategy*. He previously worked with the regional markets team. William holds a BSc in Physics from Queen Mary University of London.

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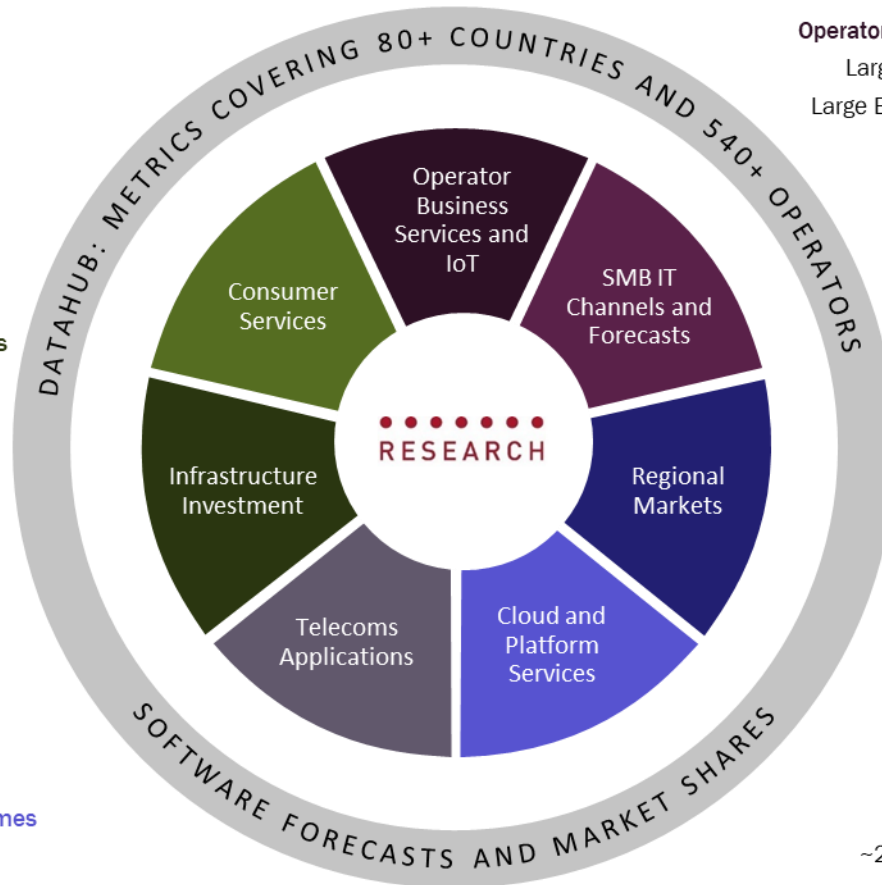
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 - Monetisation Platforms
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 - Automated Assurance
 - Service Design and Orchestration
 - Network Automation and Orchestration
 - Next-Generation Wireless Networks
- 
Cloud and Platform Services programmes
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 - Media Platforms



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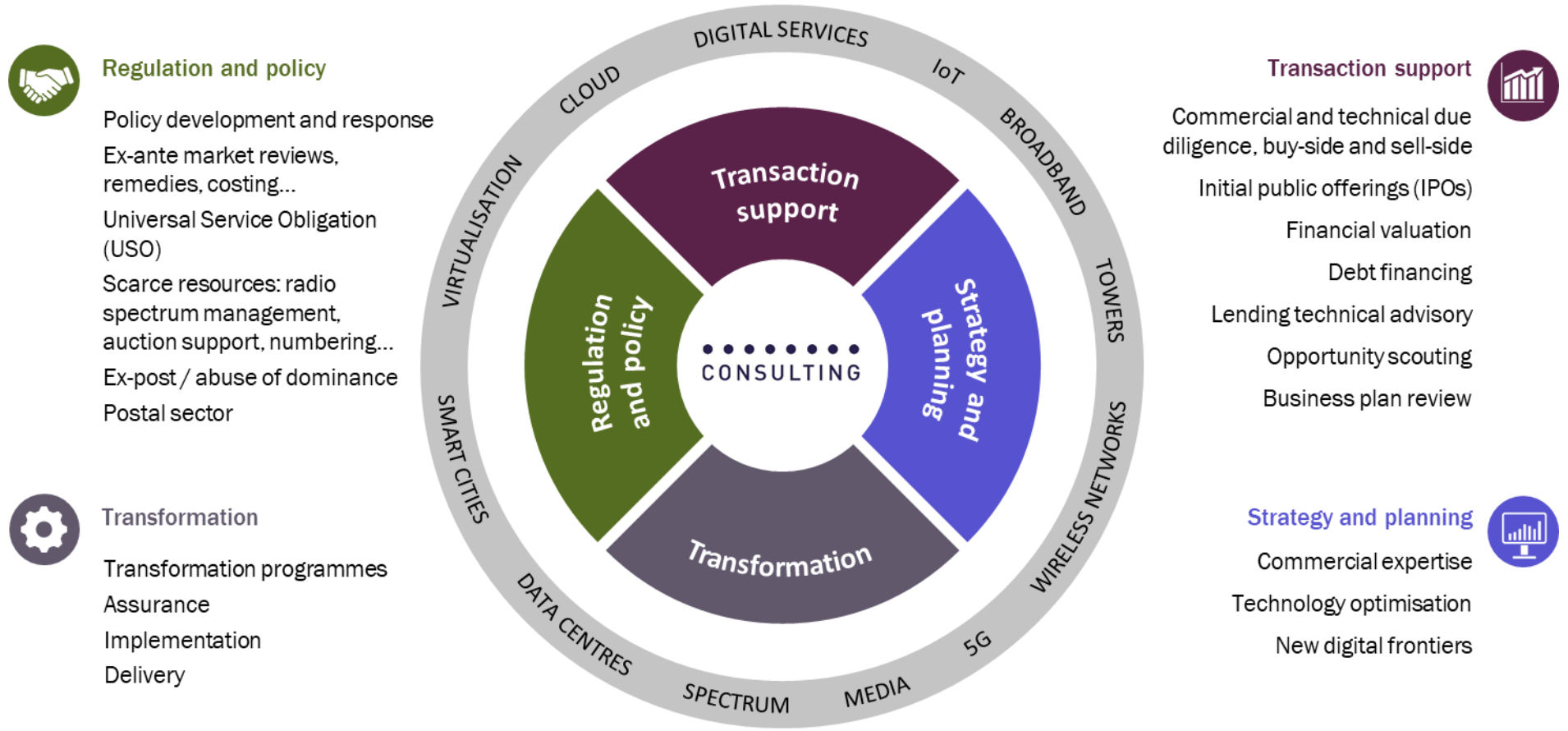
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 - Operator historical data

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Bush House • North West Wing • Aldwych • London • WC2B 4PJ • UK

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