

WWT shows how vendors can respond to CSPs' changing professional service needs and create new opportunities

November 2019

Dana Cooperson and Michela Venturelli

Telecoms professional service revenue in 2018 accounted for the majority (58%) of the USD66.1 billion spent by communications service providers (CSPs) on telecoms software and services. This comment gives an overview of telecoms professional services market dynamics and notes the direction of Analysys Mason's related research. Finally, it highlights World Wide Technology (WWT) as an example of a company that is taking advantage of the changes in the telecoms professional service market to create new business opportunities.

Analysys Mason estimates that CSPs' spending on telecoms professional services market in 2018 was USD38.6 billion

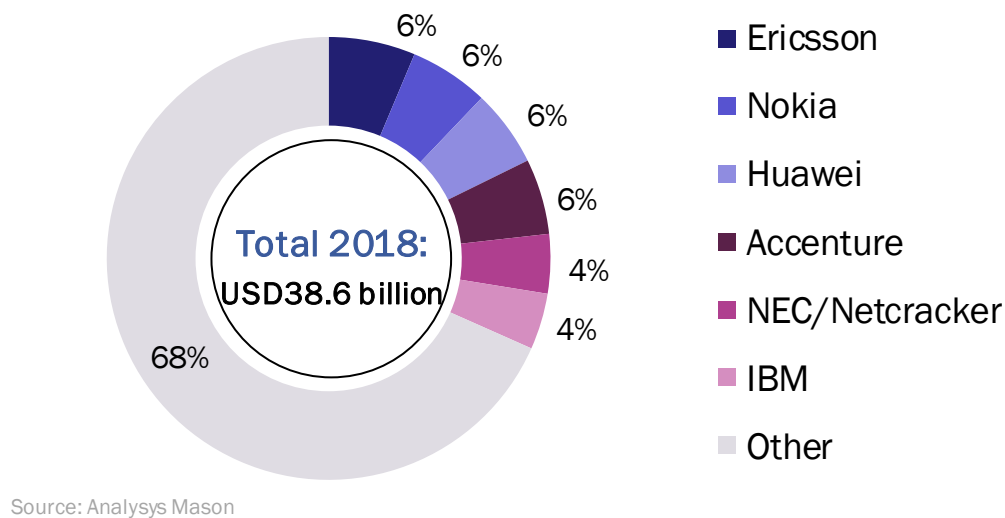
CSP professional services spending grew by 0.5% in 2018¹ compared with the previous year across seven telecoms software market segments.² This positive trend is a result of spending growth in two segments: network automation and orchestration (which includes network function virtualisation (NFV) network orchestration and NFV/SDN (software-defined networking) automation) and AI and analytics, which grew by 14.2% and 3.2%, respectively, in 2018. CSP professional services spending in the other five market segments either declined by a small margin or remained flat despite being positively affected by the following key revenue growth factors:

- CSPs' desire to move towards multi-vendor network virtualisation and automation, and the need for expertise in order to support this process
- the need to significantly improve efficiency and customer experience by tackling a broader scope of end-to-end problems using advanced digital tools and data analytics
- the general requirement to significantly improve efficiency and reduce opex by automating or outsourcing operations where possible.

The professional services market is highly fragmented. As Figure 1 shows, Ericsson was the top vendor in Analysys Mason's professional services revenue market share in 2018, thanks to the wide range of professional services that it provides to a broad array of CSPs in all regions of the world. It has retained its top position from 2017, but only by a margin of USD209 million in 2018 in front of second-place Nokia. All the major players in the market have similar market shares, and the top-six vendors in Figure 1 account for only 32% of total CSPs' spending.

¹ See [Telecoms software and services: worldwide market shares 2018](#) for a breakdown of spending and for more details about the drivers of spending at the software product and professional services segment and sub-segment level.

² AI and analytics (AIA), automated assurance (AA), customer engagement (CE), monetisation platforms (MP), network automation and orchestration (NAO), service design and orchestration (SDO) and video and identity platforms (VIP).

Figure 1: Telecoms software professional services revenue by vendor, worldwide, 2018

The professional services business is changing, and Analysys Mason is focused on tracking its evolution

Professional services spending growth in 2018 was limited by CSPs' desire for software productisation and componentisation to reduce vendor lock-in and encourage best-of-breed innovation. Analysys Mason expects that the trend for CSPs to minimise future professional services spending for customisation of monolithic and vendors' proprietary software solutions will deepen in 2019 and beyond. CSPs want modular NFV/SDN-based systems underpinned by open-source software, and for professional services providers to help guide them in their digital transformation journey and assist them with complex tasks for which they lack expertise.

Analysys Mason is commencing research to understand more fully the drivers behind CSPs' changing requirements and how those drivers impact the professional service business. We expect these factors to alter how services are delivered, who delivers them and what new partnerships must add to a solution.

World Wide Technology is an example of how one company responds to changing market needs and creates a new business

World Wide Technology (WWT), a private company headquartered in St. Louis, Missouri, is a good example of a company that is taking advantage of new telecoms professional services opportunities, including those related to NFV/SDN. WWT offers VAR³ and technology integration services to multiple verticals. Roughly 40% of its over USD12 billion revenue comes from global service providers (telecoms, multiple systems operators (MSOs) and cloud providers), almost all of which comes from spending by global service providers on its VAR services, including supply chain management, integration and logistics.

Professional services represents a growing part of WWT's telecoms business, and its Advanced Technology Center (ATC) is a key component of this growth. The ATC is a 'collaborative ecosystem' through which customers and partners, working with WWT experts, can test network architectures and integrations. The ATC

³ Value-added reseller.

supports hardware/software solution validation, function testing, proofs of concept, benchmarking, integration and other 'as-a-service' customer needs. The ATC also hosts an extensive array of on-demand labs, including NFV and SD-WAN labs, for customers and partners. The ATC enables WWT's customers to drastically reduce the time and money required to test and deploy new solutions compared to what would be required if a customer had to build, equip and staff its own lab.

The Red Hat OpenStack VNF Validation Lab is an on-demand lab that performs NFV solution validation. It can be used to replicate production network function virtualisation infrastructure (NFVI) environments and test virtual network functions (VNFs), such as those for vEPC and vIMS applications, before deployment. Another showcase of WWT's expanding NFV capabilities is its Red Hat Virtual Central Office solution, through which customers can test flexible service deployment options at the mobile network edge for different capacity/latency scenarios. The solution includes many different technology partners⁴ and can be modified according to a client's needs (Cisco, Silver Peak and VMware are other vendors that feature in on-demand labs for NFV/SDN-related topics).

WWT is also collaborating with global edge computing marketplace MobileEdgeX on edge infrastructure validation using the ATC. Finally, NFV/SDN and other integrated solution fulfilment (including materials planning, staging, testing, integrating and shipping) can be provided through WWT's four global integration centres, located strategically in St. Louis, Amsterdam, Singapore and Mumbai.

New telecoms professional service providers such as WWT are expanding the routes through which CSPs can get help with validation, integration, supply chain, installation and management to create more-flexible, modular and best-of-breed virtual networks and to improve operations efficiency. Incumbent vendors that have historically provided end-to-end solutions and traditional system integrators should take note of the new competition.

⁴ Affirmed Networks, AltioStar, Amdocs, Cumulus Networks, Edgecore Networks, F5 Networks, Hewlett Packard Enterprise, MYCOM OSI and Trilio, according to the February 2019 news release.