IDC MarketScape

IDC MarketScape: Worldwide Managed SD-WAN 2020 Vendor Assessment

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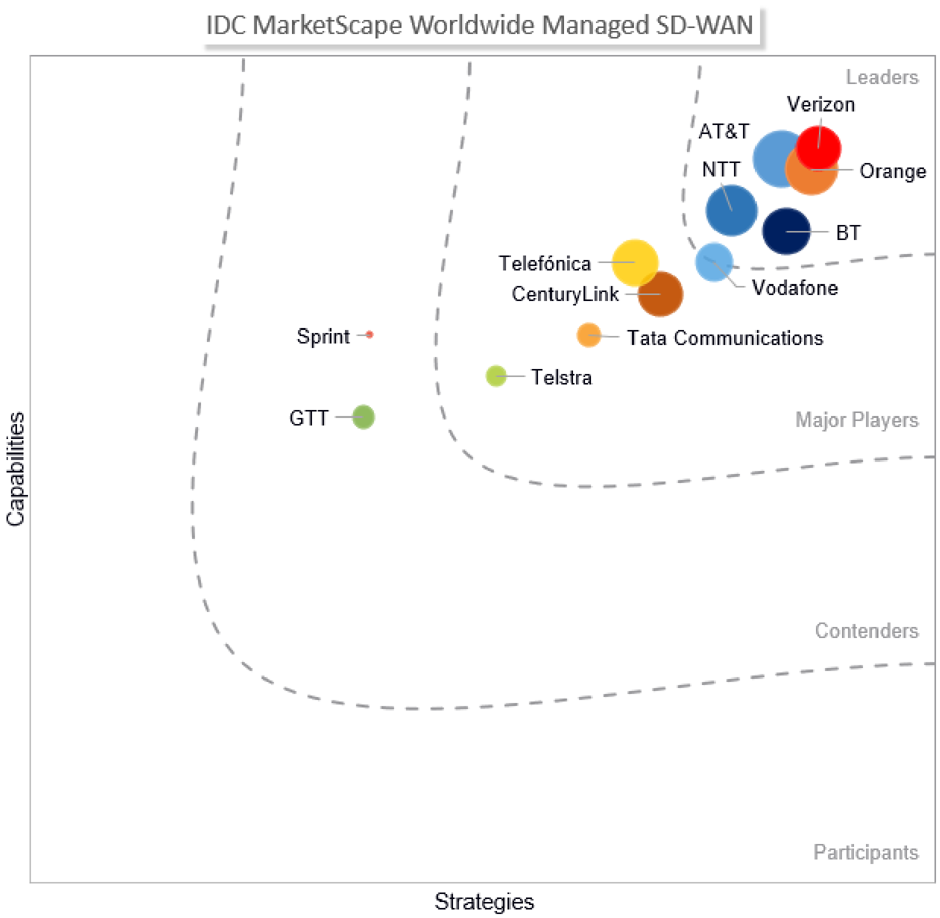
THIS IDC MARKETSCAPE EXCERPT FEATURES ORANGE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Managed SD-WAN Vendor Assessment



Source: IDC, 2020

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

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IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Managed SD-WAN 2020 Vendor Assessment (Doc # US45837420). 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

This study utilizes the IDC MarketScape methodology to evaluate global communication service providers (SPs) offering managed SD-WAN.

The managed SD-WAN market is experiencing a market inflection, transitioning from the early adopter phase toward early majority. With this transition, managed SD-WAN providers are pivoting their efforts to deal with integration and deployment challenges as they are experiencing a strong uptake of managed SD-WAN by enterprises. They are adopting differentiation strategies that emphasize their ability to simplify the full life-cycle customer deployment experience instead of highlighting the technical benefits on SD-WAN technology and architecture.

Several of these providers have responded to the recent COVID-19 pandemic by extending SD-WAN to the remote worker leveraging VPN connectivity and SD-WAN gateways. This is commendable and underscores the resilience of the SD-WAN architecture to deal with unforeseen circumstances. Industries that have been directly impacted by COVID-19 such as hospitality and retail may experience a slowdown of SD-WAN uptake, but we believe the general long-term trend is very positive.

This study captures some key takeaways that are beneficial to all ecosystem players, technology providers, service providers, and enterprises. The key takeaways from this IDC MarketScape include:

- There is a pivot by managed SD-WAN providers to underscore their ability to simplify the enterprise full life-cycle deployment journey instead of the prior focus on the technical merits of SD-WAN.
- There is a move to expand end-to-end reporting at the application level and provide an integrated overlay/underlay view.
- Several global providers are extending software-defined capabilities to the LAN to extend their reach deeper into the enterprise branch.
- Most providers are expanding their global footprint to capture net-new opportunities and defend installed base.
- Most providers have a relatively mature multivendor portfolio, although they continue to evaluate new vendors mostly to address segment gaps.
- Security is gaining stronger traction, especially a wider set of security offers to cover vulnerabilities at the CPE, application, and cloud connectivity layers, among others.
- Despite some progress, most providers lack a cohesive marketing and branding of their managed SD-WAN.
- Interoperability remains a challenge, especially across vendor VNFs and certainly spanning carrier boundaries.
- Orchestration continues to be challenged because of lack of standards and varying APIs underlying the multivendor solutions.

- The SMB segment continues to be underserved despite efforts to provide standardized and easy-to-deploy solutions.
- The top market segments that have deployed managed SD-WAN are manufacturing, retail, and financial services.
- AI/ML has potential to increase efficiency of the deployment journey and provide a richer and actionable customer reporting. Few global providers have the deep bench to take advantage of this technology.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This IDC MarketScape included service providers from all regions — Americas, EMEA, and Asia/Pacific — that met the following criteria:

- Global service providers and ability to serve global multinational corporations (MNCs)
- Service providers that have deployed managed SD-WAN globally and domestically
- Service providers demonstrating commitment to further development of managed SD-WAN services
- Service providers that are driving innovation in SD-WAN and NFV

ADVICE FOR TECHNOLOGY BUYERS

SD-WAN is emerging as a strategic imperative for enterprises as they pursue their DX journey. Managed SD-WAN becomes a compelling choice as it complements the technical benefits of the SD-WAN architecture with a commercial framework that provides full life-cycle advantages. The choice of managed SD-WAN provider is critical to ensure a successful deployment journey and a future road map that incorporates service innovation and shift to edge services and leverages AI/ML to deliver a compelling customer experience (CX). Technology buyers can benefit by taking into account the following considerations in their evaluation of managed SD-WAN providers:

- The ability of the managed SD-WAN provider to de-risk the deployment journey through automation spanning the planning, proof of concept (POC), design, configuration, and deployment phases
- The depth of industry knowledge and pretested configurations that are relevant to certain industry segments such as retail, financial, health, and manufacturing
- The flexibility and adaptability of commercial models to incorporate uniform service-level agreements (SLAs), cloud consumption models, pricing transparency and predictability, and flexible support models
- The depth and real-time aspects of end-to-end performance management including underlay, overlay, and application layer
- The extent of innovation agenda to include the buyer as a co-innovation partner
- The maturity of the orchestration layer to manage multivendor solutions, simplify configuration management, and strive toward self-management
- The availability of multilayer security solutions that mitigate attacks and guard against intrusion and malicious actors
- The global reach of the managed SD-WAN provider to ensure coverage in target geographies

VENDOR SUMMARY PROFILE

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 the vendor's strengths and challenges.

Orange

Orange is positioned in the Leaders category in the 2020 IDC MarketScape for managed SD-WAN vendor assessment.

Orange has been offering managed SD-WAN since 2015. As a global provider of telecommunication services, Orange is embarking on a new strategy plan to evolve from traditional operator to placing data at the heart of strategy, supported by co-invention with key partners. Orange is pursuing growth opportunities in B2B to address enterprise digital and scaling up cybersecurity efforts. As a network-native digital service company, its goal is to connect, protect, and innovate for business growth. In this context, Orange outlined three ambitious business goals: provide end-to-end value proposition, enable real-time business, and transform to network virtualization.

Its new Engage 2025 strategy is underpinned with strong focus on SD-WAN. Orange markets its managed SD-WAN service under the brand Flexible SD-WAN. Flexible SD-WAN has been enhanced with the following:

- **Partnership with Dell and Ekinops in uCPE.** This enables further innovation in edge computing.
- **Extension of portfolio with Fortinet.** This complements its existing Cisco Viptela and Cisco Meraki offers and allows it to target a broad segment of customers, from MNCs to small SMBs. In addition, Meraki allows LAN integration.
- **Addition of Flexible SD-WAN self-care.** This allows customers to manage their SD-WAN with one portal. The portal provides configuration tools, ability to troubleshoot and, more importantly, an end-to-end view of the overlay and underlay.

With the introduction of Next Gen Hub, Orange has expanded its worldwide connectivity to cloud providers, onboarding of customers with varying connectivity options, and hosting of VNFs. Next Gen Hub has been deployed in 30 countries and provides connectivity to 230+ independent SPs, improving latency. Orange developed a three-step process to optimize a successful SD-WAN transformation journey:

- **Walk and takeover:** This comprises understanding customer data and application requirements, perform due diligence, and takeover and manage existing suppliers.
- **Transform:** Develop proof of concept in labs or customer premises. This involves close engagement with technology partners to set transformation milestones and expectations.
- **Run with multiservice integration (MSI):** This involves defining use cases, building required documentation, and reviewing and optimizing policies.

Orange has had good success targeting multiple market segments spanning MNCs to SMBs. Also notable is the response of Orange to the pandemic and growth of remote workers. Orange extended SD-WAN capability to remote workers with VPN services.

Strengths

Orange delivered managed SD-WAN with strong capabilities as well as an innovation agenda that is based on the following:

- Improving automation to reduce risk in terms of configuration and policy application
- Investing in end-to-end performance monitoring tools that span Orange and partner-managed networks
- Increasing Next Gen Hub footprint in locations, such as China, with the ability to host multiple VNFs and managed uniformly with global orchestration
- Expanding co-innovation with customers facilitated with development of APIs across three domains:
  - Business APIs
  - Functional APIs
  - Technical APIs
- Extending software defined to LAN with capabilities such as network automation, analytics, micro-segmentation, and 5G/Wi-Fi 6
- Ensuring availability of MSI that de-risks integration of a diverse set of independent SP partners
- Leveraging a deep bench of AI and data experts to improve performance and develop innovative use cases
- Extending end-to-end visibility to the application layer, security, underlay, and CPE

Challenges

Orange can further solidify its position with the following recommendations:

- Expand its marketing message beyond the capabilities of its Flexible SD-WAN offer toward a compelling message that aligns with the customer transformation journey.
- Explore edge use cases that further differentiates its offer especially in target verticals.
- Drive toward API interoperability by expanding the ecosystem of partners and developers.
- Consider the development of new information technology (IT) use cases, expanding beyond traditional networking functionality.

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.

This document gives more weight to the strategies criteria versus the capabilities criteria using60:40. We believe that providing a higher weight to strategies criteria such as growth factors, differentiation elements, and innovation provide a better prediction of leadership in this market. SD-WAN is a dynamic market that will be more defined in the longer term by factors that drive growth and differentiation.

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.

Because of COVID-19–related business disruptions, IDC was not able to interview as many customer references as usual. These reference calls provide valuable insight into the enterprise deployment journey. Therefore, the conclusions derived from customer reference interviews are directional or anecdotal in nature and too small a data pool to represent a wider view of the market.

Market Definition

Since its inception in 2015, SD-WAN was viewed as a transformational technology that addresses the branch needs for cloud adoption, flexible service introduction, and dynamic bandwidth allocation. It is intended to provide a cost-effective solution for handling increased traffic demand at the edge. Communication service providers (SPs) adopted SD-WAN as a cornerstone use case for the evolution toward a software-defined and fully virtualized network architecture.

Global communication SPs initially offered network-based managed SD-WAN primarily based on Cisco IWAN. They later incorporated OTT solutions from start-ups, such as Viptela, VeloCloud, and Versa, in response to enterprise demand and to fend off against competition from these vendors.

2019 witnessed an acceleration of managed SD-WAN adoption and an increase in commercial deployments. Building on this momentum, IDC has forecast that managed SD-WAN will experience significant growth in the 2020–2024 forecast period, culminating in worldwide revenue around $10.4 billion in 2023. Communication service providers will grab the lion's share of this managed SD-WAN market, reaching 80% market share.

LEARN MORE

Related Research

- *Worldwide SD-WAN Managed Services Forecast, 2020-2024* (IDC #US45376220, May 2020)
- *IDC Market Glance: Telecommunications, 2Q20* (IDC #US46254420, April 2020)
- *CenturyLink 2020 Analyst Summit: Evolving CDN at the Edge* (IDC #US46104620, March 2020)
- *Edge Computing Alliances Gaining Momentum* (IDC #lcUS46115420, March 2020)

Synopsis

This IDC study presents an assessment of 12 communication service providers that provide managed SD-WAN on a global basis. The assessment is based on the communication SP's current capabilities and future plans for delivering SD-WAN managed services. This is the second comprehensive analysis by IDC on this rapidly growing market and provides insights to enterprises deciding on the adoption of SD-WAN managed services for branch applications.

"As managed SD-WAN transitions from the early adopter phase to early majority, global service providers are shifting their emphasis from the technical merits of SD-WAN toward underscoring the benefits that managed SD-WAN brings in terms of simplifying and improving the customer deployment journey. This pivot will entail extensive developments in orchestration, automation of operational processes, gaining insight from data with AI/ML, and simplifying the contractual and pricing frameworks." — Ghassan Abdo, research vice president, Worldwide Telecommunications at IDC

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. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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