What telcos talk about when they talk about cloud

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Put ten telecom service providers and an analyst in a room to discuss the cloud and you'll get a widely varied discussion in terms of trends, experience, expectations and monetization opportunities. Telecom Asia did just that recently, organizing a roundtable, which was sponsored by Equinix. While everyone had their own market-specific views on the cloud, some common themes did emerge.

For example, one recurring theme around the table regarding monetization opportunities was private-cloud services for enterprises, which for many telcos seems like a logical start point – partly because enterprises prefer a managed-service offering, and partly because the public-cloud space is already dominated by the likes of Amazon and Google.

"We decided consciously not to compete head-on with the Amazons," said Francisco Claravall, head of ITES products and services at Globe Telecom. "So we've gone with managed IT services, because that's where we're organized and we can add a lot of value."

Jason Heng, VP of IT strategy and development at YTL Communications, added that while public cloud is an option, it's one best explored via partnerships because the case for investment in public cloud is unclear.

"Working with partners is probably the best way forward instead of replicating what other people are already doing. The investment's too high and the ROI may not be there."

Navonil Roy, general manager of acquisition and partnership for Maxis, said that his company has had success with private-cloud services for CRM and ERP, but is also targeting consumer cloud services like picture storage and is also implementing cloud as an internal cost-mitigation strategy. "So we're trying all three to see which ones work."

Clement Goh, Equinix's managing director for South Asia, added that operators offering private cloud also have the option of a hybrid cloud model, "where you build APIs that connect to all the public clouds. So if a customer comes into your private cloud, you can also have the option to connect them to the public clouds out there."

Meanwhile, global carriers like Tata Communications are looking to leverage their infrastructure to go beyond what we think of as "traditional" cloud services, said Amit Sinha Roy, Tata's VP of strategy and marketing.

"For example we just launched a free business video solution, Jamvee, which allows connections to telepresence rooms and standalone videoconference, document sharing, and that's all in the cloud – all you need is a client," he explained. "We've also launched a hosted contact center solution. So this is what we're looking at beyond IaaS, PaaS and SaaS, and it's interesting to watch that space because that's where the real monetization is happening."

Expertise challenge

Naturally, there are various challenges to overcome in the cloud space, and one of the biggest ones is expertise – as Verizon Business Services found out the hard way, said Christopher Rezentes, Verizon's head of network planning and carriers for Asia Pacific.

"We bought Terremark thinking we would buy a data center provider that has all the cloud services, but it turned out it was more like buying a data center but you weren't getting the cloud expertise," Rezentes admitted. "Not that it was a bad investment, but we had to take a step back and evaluate our own Terremark cloud services and what we can offer."

Glenn Miller, CIO at Cambodian ISP Ezecom, noted that expertise also matters when it comes to actually selling the services.

"In Cambodia the senior executives [at enterprises] have no idea about IT," he said. "Typically when you walk in and try a pitch to a senior exec, he'll tell you to talk to the IT guy. So will the finance guy. So we're learning how to talk to the owner, the CEO and the CFO to make it not an IT conversation but more of a business conversation, and training our sales guys to do that. That's proven to be the hardest thing."

Location concerns

Another recurring issue in terms of customer expectations is concerns over just where the data resides in the cloud.

"Everything I'm hearing from customers right now is complete paranoia. The fact that I'm a local company that they know and trust is my biggest advantage right now," said Miller.

"I could sell them a brilliant desktop back-up solution hosted out of Australia but because of the mere fact that it's hosted in Australia, they just won't take it. They want it in Cambodia. Or we can get them a really good Exchange/SharePoint that's hosted in Vietnam, but they don't want it. And that's the investment I end up having to make on that platform for that customer."

Clement Teo, senior analyst at Forrester Research, agreed that more enterprises in the region are asking about regulatory issues and whether the data is in-country or out-country, especially in the wake of revelations about the US National Security Agency's PRISM program.

"Enterprises are starting to say we want our data to be, say, in Singapore, but then it's a question of what hub devices you're using to connect, are they compliant, etc, so it becomes a legal issue instead of a technical one," Teo said.

Infrastructure partnerships

When asked about their infrastructure needs for offering cloud services and whether they're up to speed, most telcos said they're in reasonably good shape for now, but are keeping an eye on future growth and service opportunities, and the demands they'll place on infrastructure.

"Right now we're okay with the things we're doing, but we're looking at things we want to do in the future, such as concepts around brokerage, and solutions that allow us to do things more efficiently in the orchestration layer so we can do a lot more with less people and do things faster," said Claravall of Globe.

Roy of Maxis noted that scale will be an issue for data centers going forward. "When you start playing with the global guys, your cost to deliver is going to be much higher."

A number of telcos stressed the importance of partnerships in their infrastructure strategies.

"If we get the customer with the right needs for such high processing and use of infrastructure, then we probably prefer partnerships with regional players to see how to leverage excess capacity instead of building it ourselves," said YTL's Heng.

Rezentes of Verizon also favored the partnership approach to infrastructure. "Interestingly enough, we've never been very good on ROI in terms of capital investment. So we're looking more at partnership opportunities as well, some ways so that we don't have to have the burden of the capital on us. We're partnering with Equinix now, and you'll probably see more of that as far as how to gain monetary value."

He added that the main focus in Verizon's own network is enabling more automation and flexibility. "We're looking to redefine our network and make it more automated, scalable and flexible so that instead of months to deliver a service, it takes weeks or days or hours, so we can be more focused on the customer."