



The Business Case for Ethernet Business Services for Enterprise

June 1, 2010 9:50 am

According to Arun Chandrasekaran, Research Manager – ICT, Frost & Sullivan, Singapore, Asia is one of the hottest growing regions in the world, so there is a lot of redistribution of connectivity, a lot of Asian multi-national companies, a lot of regional companies in Asia, because a lot of connectivity is happening between the Asian countries rather than looking at connectivity from a Western perspective towards the Asia Pacific region.

Think the evolution of Carrier Ethernet Services in Asia is also very closely tied to all the geo-political scenes [actually] in the Asia Pacific region. So from the start of the 90's when we started seeing a lot of liberalisation happening in this part of the world, so if you're a history buff, China opened up in the late 70's, and China really kind of big [steam] in the 90's. India opened up the early 90's.

So Asia was predominantly a cost centre in the 90's. So we were seeing a lot of connectivity being dictated by the regional centres that were sitting in the Europe and the North American region. So the predominant technology, the predominant service in terms of adoption would be IP and [C] circuits.

So we started seeing a shift in the 2000's when Asia was not just a cost centre but Asia was increasingly a profit centre. So it was not just a market of a one-way connectivity from the Western countries to the Asian regions, but we were emerging as a demand and supply centre. So we are seeing a lot of redistribution of connectivity in the Asian regions.

And if I look at it today, Asia is one of the hottest growing regions in the world, so there is a lot of redistribution of connectivity, a lot of Asian multi-national companies, a lot of regional companies in Asia, because a lot of connectivity is happening between the Asian countries rather than looking at connectivity from a Western perspective towards the Asia Pacific region.

And that is very, very closely tied to the evolution of Carrier Ethernet Services as well, particularly from a business perspective in terms of what is driving the demand for Carrier Ethernet Services in the Asia Pacific region? We see a few factors being very important one is the convergence of voice, video and data.

In a lot of emerging markets, as you might very well recognise, the data traffic is growing at a

much, much faster rate than the voice traffic and for a lot of providers today. In fact there's more data traffic in markets like Japan for example than voice traffic. So we see the convergence as being one of the key drivers, the need for high-speed where Ethernet (inaudible) obviously has a huge advantage over (inaudible) circuits or MPLS activity in circuits.

We see the evolution of border-less enterprises. More and more companies using unified communication tools, voice tools, video conferencing tools, web conferencing tools, and that being a huge driver for Ethernet again, the demand for more bandwidth, the demand for high-speed.

We see compliance in terms of disaster recovery centres, in terms of business continuity planning. And, which is why we are seeing a lot of data centre to data centre connectivity, for example in this part of the world being covered by Metro Ethernet and International Ethernet Services.

And of course, the need to reduce costs, there's been tremendous migration from the legacy such as the ATM frame relay, IPLC circuits to what extent PLC activity and the Ethernet Services predominantly because of the simplicity of management and the lower total cost of ownership.

So if I look at what is specifically driving the demand for Ethernet Services in Asia we see a [a liability], the lower cost per Mbps, particularly at high-speeds. And the simplicity in terms of the flexibility that you have with the Ethernet in terms of the self-managed nature of Ethernet versus the managed services nature of most of the other services, being very, very critical in terms of driving the demand for Ethernet Services. And we expect the growth to be quite robust in this part of the world, in excess of 30% in the next seven year period.

(Story Courtesy: NetEvents 2010 APAC Press Summit)