

http://www.lightreading.com/services/cloud-services/asias-telcos-still-figuring-out-their-cloud-moves/d/d-id/709285?f_src=lightreading_lightreading_asia_weekly_newsandviews&_mc=NL_LR_EDT_LR_asia_20140604&cid=NL_LR_EDT_LR_asia_20140604&elq=454954a03dd04d05b756bd9642343c3b&elqCampaignId=4339

Asia's Telcos Still Figuring Out Their Cloud Moves

6/3/2014



The cloud is taking off in Asia-Pacific in a big way, but the region's telcos are still figuring out how to profit from it.

IDC's annual survey of regional enterprises has found that the move to the cloud is accelerating. About 60% of businesses are using two or more cloud services, and just 2% are not using the cloud at all, plummeting from 39% a year ago.

It's a dramatic change in 12 months, but despite the market size -- forecast to be worth US\$15 billion by 2017 -- it's not a straightforward business for telcos to crack.

According to Ovum figures, not one telco ranks among the top 10 cloud providers worldwide, and the Asian experience is no different.

Gint Atkinson, network strategy vice president for Tokyo-based data center operator [KVH Co.](#), says telcos are still too focused on cost per bit and have too much complexity to deal with.

When KVH provisions a service for a customer, "every little touch and turn of the knob is attached to a service order," he said at a recent NetEvents Asia-Pac conference. By contrast, the web-scale operators "get to just cut right through all of that complexity. And they don't need to sell connectivity, they just sell the whole thing to their customers."

Telcos are still "doing a lot of things that slow things down," he said. "We can't keep on operating this way. We've got to go agile. We need to restructure the service packages and then out of that we can change the architecture of the systems to be much more simplified."

Jon Vestal, vice president, product architecture, at [Pacnet](#), agrees. (See [Pacnet Turns On SDN in APAC, US.](#))

"The whole point of an agile model is fail fast," said Vestal. That compares with the traditional practice of operators to carry on for a couple of years before deciding "Oh, I made a mistake, you throw it away and start all over again," he added.

Kevin Buckingham, Asia general manager for BT Compute, part of [BT Global Services](#), said cloud adoption has been slower in Asia/Pacific than in Europe, where it was "easier to sell a service."

He said telcos were not a "pure cloud play," but he sees opportunities for operators to compete with web-scale players by helping businesses move to the cloud.

Customers are coming to BT asking to transfer their existing infrastructure "server by server" to the cloud.

"It doesn't work like that," Buckingham said. "You've got to have a strategy. You've got to work with your customer to understand where they're going in the next one, three, five or even ten years so that you can help them build that strategy. We have cloud and professional services -- we don't separate the two. Professional services, I think, is the sweet spot for telcos."

KVH's Atkinson said operators shouldn't "play on Amazon's and Google's terms." Telcos and the big cloud players offered different products and services, and telcos' networks are still a critical differentiator. "Operators must keep their infrastructure updated," he added.

The positive is that customers have higher expectations from their telecom providers. "They ask us for five 9s performance. But when Amazon goes down for hours at a time they suck it up. So that tells me the market is very unstable with respect to product and service definitions, there are different expectations."

The downside is the telcos have to manage those expectations. "Customers are paying for a bigger bundle of service mix. They bought connectivity at five nines, [so] they want database at close to five nines. They want one more package. So definitely if the telcos are going to go into that space, not only do they have to get really good at the product and service side of it, but they have to learn to manage the customer expectations and get their offerings to fit in with the customer's needs and to get recognition when it's deserved."

But the impact of the web-scale players can be challenging, as the experience of Thai broadband services operator [United Information Highway \(UIH\)](#) suggests.

Passakorn Hongsyok, director of network planning and design at UIH, said one of its biggest customers, a bank, had decided to move its email system to the Google cloud. "We had been servicing this customer for the last, say, five years. We had hooked up all their 1,000 over branches throughout the country. But now they're telling us, 'we want to use our enterprise applications on the cloud service.' That was a big story for us internally. And once the bank started doing this, people in the same vertical industry will try to follow suit. And of course people started saying, 'if even a bank does that, why can't we do it?'"

The only response for a service provider is to adapt, he says. "So we have to go out and talk to the cloud people, not just Google, but we have got to be on Amazon, one of the biggest players, and on Microsoft Azure."

— Robert Clark, contributing editor, special to [Light Reading](#)