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DRAFT

Conference Round-Up – Analyst reflections and predictions for the future

Led by: Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Panellists:

Erin Dunne	Director of Research Services, Vertical Systems Group
Scott Raynovich	Principle Analyst, Futuriom
Brad Casemore	Research VP – Datacenter Networks, IDC
Vikram Phatak	Founder, NSS Labs

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Thank you. Hi everybody, Jerry Caron, back again from Global Data, and I'm joined – I'm really going to just lead a conversation for just a few minutes, not very long, with some of the analysts attending here. So, I'm going to let these guys introduce themselves. Erin, we'll start with you. Real quick, who are you, and pitch your stuff for a second or two?

Erin Dunne, Director of Research Services, Vertical Systems Group

You guys already know who I am, because I sat in a panel or so ago, but my name is Erin Dunne, I direct the research practice for Vertical Systems Group. We're a market research and consulting firm. We're based out of Boston. We track the wireline, data services industries, layer one through three. However, that doesn't work anymore with

SD-WAN, so now it's four through seven also. We specifically track the enterprise migration from legacy services, how those decisions are made, and into the emerging services markets.

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Cool, that was sort of quick. Excellent.

Scott Raynovich, Principle Analyst, Futuriom

Scott Raynovich, Principle Analyst, Futuriom, my own firm. I'm a research analyst and cloud infrastructure networking and security.

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

And, the lead guitarist in a rock band.

Brad Casemore, Research Vice President, Datacenter Networks, IDC

Brad Casemore, I also chaired a panel earlier. I'm Research VP for Datacenter Networking at IDC. What that means is all the hardware and software infrastructure that you would find in a data centre all the way up the stack, from layer two up to layer seven.

Vikram Phatak, Founder, NSS Labs

Vikram Phatak, founder of NSS Labs. We test the world's service tree products. Customers are banks, governments, folks like that. We have a model of similar consumer reports, so that that the money is flowing in the right direction and keeps everybody honest.

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Thanks. So, what I've asked each of these guys to do is just to have a think about what's the story is. A lot of people here are journalists and you are going to be writing stories and thinking about what you've seen and putting it together for your constituents, your readership. To do that, I've asked them to think about - okay two ways of looking at it, what was perhaps the most – what were or what was the most enlightening, surprising, or uplifting thing that you learned in the past couple of days? Another way of looking at that though is what are the most questionable, disturbing, or dubious things that you have heard? So, I'm going to go one by one and ask that.

Let me just do a quick recap. Beginning yesterday, we talked about AI and there was a lot of scepticism expressed around that. Then there was security. Then there was security again. Today there was security again, and then there was security again. A rather big theme of the two days. My take-away on that is that we are absolutely stuffed. We're in big trouble, we should all go up to the mountains in a cave, frankly. That's what I heard. Multi-cloud, we talked about that, it's hard to deal with it, that's what I learned. 5G, it's a slow roll. Personally, the Huawei situation, being driven out of this country is not helping, because we do analysis at - product level analysis of all sorts of solutions, but we do radio access network and 5G core., Huawei is, in our opinion clearly the best at the moment.

So, 5G, slow roll. SD-Wan - it's about the overlay, agility, visibility, nailed up networks aren't going to go away. Cloud security, management issue – it's a management issue, not a technology issue, that was my big take-away from that. The data centre enterprise hyper scale, I heard a couple of things there but democratisation of SDN, virtualisation, analytics, and automation is going to be important. The digital transformation fails when infrastructure transformation is poor. That made a lot of sense to me. Fortunately, it was attributed to some company called Gartner, but, whatever, it still made a lot of sense to me.

Then finally, Edge computing. The quote I took away from there is, we own the Edge. Yes, love that. Alright, so that's kind of what we heard over the last couple of days. Erin, let's start with you.

Erin Dunne, Director of Research Services, Vertical Systems Group

First of all, you paid of really good attention to everybody speaking, so that's – somebody was listening. I'm not sure if it was us, but it was definitely Jerry.

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

That's my job

Erin Dunne, Director of Research Services, Vertical Systems Group

I have an anecdote, which I think might drive home a lot of what we heard. We heard Ted, from, I think, Spy Cloud on one of the security panels just recently talk about the mortgage scam. That is you're closing on your house, you're going to move the money for the tile, this, that, and the other. That happened to me. So, you're looking at it, and the good thing about it is that it happened in a way that the financial advisors around my company made sure that I didn't get scammed, because they said this is happening all the time. We can predict how it's going to happen, so we're going to give you a codeword verbally. If this word is not in your email when it says to transfer the money, it's a scam.

So, I thought that was really interesting that stuff like that is happening and these kinds of organisations are taking what you think are kind of old-school tactics to make sure that you are safe. So, that was my first anecdote.

My second thought is that with all the security, which is not something that I typically cover, it's frankly terrifying, and I don't know what to do. I've heard differing opinions from everyone, whether it's from the enterprise or the consumer space, so I'm going to leave it at terrifying.

My third, you asked what's uplifting, I don't know if I heard anything truly uplifting here. I think we need to work on that, except that this space is a little more interesting than it has been maybe in years gone past. There's a lot of interesting stuff happening. So, that's uplifting, and I think there's a little more energy in the space, so I feel like we're on a really good track. As we move forward between security, between the new networking technologies, between the wireless and the wireline, I think we're on a good track.

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Okay. I'm actually going to skip – because you started the security thing, I'm going to Vikram. So, your thoughts really quickly, but I came away with a similar sentiment to what you heard. It's like the technology industry has to do better than it's doing now, frankly. Scott put up a slide with tonnes of logos. It's amazing the number of logos, and it wasn't even the tip of the iceberg, right? The technology industry is very good at making money from security, from the security problem, but not necessarily so good about solving it perhaps. That's a bit harsh, I understand that, but Vikram, what are your thoughts?

Vikram Phatak, Founder, NSS Labs

I think that's probably fair. It's – so which question should we start with?

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Well I would say, what's the story for the journalists from the past couple of days? What were the highlights, or what were the lowlights, if you want to take that approach?

Vikram Phatak, Founder, NSS Labs

Okay, so from my lowlights, I think it's that we haven't yet hit rock bottom, but we're probably not too far away from it. The highlight is actually - what I'm hearing is that we're a little further along than I realised with some of the Edge computing, cloud, 5G. When you start putting all of those pieces together, it's a paradigm shift. We're not

going to be computing the same way five years from now than we are today. It's not even 10 years out. We didn't talk about it, but when we start adding quantum, which actually does lend itself more towards AI, weather patterns, things like that, all the different probabilities of things happening - that becomes really interesting.

Where specifically cloud comes in to help, is when, for example, Microsoft has Office 365. We use it, I don't know how many of you folks use it, but probably a lot of you. There's no reason for the IT administrator to have to be the expert in securing your exchange server, securing your SAP server, securing your Oracle, securing your Linux, all the different things. Nobody can be an expert at everything.

The opportunity for the cloud is, with SUN and 5G, is you can actually have secure communications to an expert system that's being managed and secured by the folks that built it, who know better than anybody else. So, it shifts the paradigm to more of a service provider paradigm, but it becomes – and responsibility. Because otherwise, it's clear that technology has exploded horizontally, and security just can't keep up. There are around 2000 security vendors, last I heard, it's a ridiculous number. Most companies have 40 plus vendors that they are trying to support, large companies. It's not sustainable the way we are doing it now. There are not enough people, et cetera, but if you move to a model where you've got a cloud, SUN, 5G, zero trust models, I think Ted was talking about. It changes everything into a more sustainable path.

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Yeah, I think from the session that I moderated on AI - it was interesting because David Cheriton said, we're really – humans are really bad at some things. So, he contradicted himself, frankly, he positioned himself as an AI sceptic, but then went on to prove the case as to why we need AI, or AI driven tools. More security, as you put it.

Vikram Phatak, Founder, NSS Labs

Thanks, that's where I'm a bit of a sceptic, just because I think that complexity is the enemy of security, and we have an enormous amount of complexity. These products are built by engineers, and they expect engineers to run them oftentimes. So that's the gap between my mom and dad, who definitely don't have sophistication on a home user, or even many office workers that come in to be in actuarial or whatever they do - marketing. They don't have the sophistication, and so the security providers, I think, really need to step up to – like the way Apple did with the iPhone, make something that is very easy for the average person to use, so that they don't have to worry about it.

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Cool. Alright, Mr Raynovich, what's the story? You used to be an editor, what's the story, what's the take-away from the past couple of days?

Scott Raynovich, Principle Analyst, Futuriom

I think there's about to be a huge salvation in the SD-Wan space, so if I were a journalist, I'd be poking around. I'm not saying I heard anything in the hallways, but, so many...

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Can you name some names?

Scott Raynovich, Principle Analyst, Futuriom

Well, I'm just saying, if you look at the – well you had a nice leader board there which - I've kind of relapsed with my leader board. So I think it was a four-horse race you depicted it as. The top four, we won't give them any more free advertising than they already got, but...

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

So bad news for Nokia and Nuage then I guess is what you're saying, to name one?

Scott Raynovich, Principle Analyst, Futuriom

Nuage, they have the tools,. I think they missed an opportunity to become an SD-Wan player. They have something that could be SD-Wan, they just – it's a marketing question. But the point is that there are, as Gartner says, more than 50 - I don't know, it's more than 50. I've seen about 30. Four of them are the leaders, so there can't be that many. But, there's a lot of other large companies that you mentioned, like Nokia, Ericsson. Where's Juniper's SD-Wan strategy? That seems to change every three or four months. So, these larger companies are probably going to have to buy some of the – not the number one through three, but the number five through 10, to get a new strategy. So, I would be watching that.

I'll get on my soap box when I read the financial media and the technology media. It's funny, you get two different views. But going back to your point about security, one of my theories - it's more about management. I think Ted backed that up when he was doing his demonstration. Very cool demo. Clearly the tools are out there, but what did he talk about mostly? Human behaviour. We have trouble exchanging and I ask people, who's not using a VPN? Half the people – the technology is there but people choose not to use it. The other thing is the financial managers and the managers of these big companies, if you go through all the big breaches, Equifax, Target, the commonality is they could have fixed it, but they didn't, and usually it was a financial decision.

We were talking earlier, go look at the Equifax share price. It went like this, and then they got slapped on the wrist and fined whatever it was – and the share price, by the way, is at a new high. So, those of you in the media, can we hold these people accountable, is there some way? Apparently, they are not being held accountable at all. They compromise all of our credit records, and put them out as though – Ted told us that now all of our credentials, and credit records, and social security numbers are floating around there in the dark web, and the Equifax executives are making more money than ever before. So, I don't know where that soap box goes, but how do we hold these people accountable? That's kind of a rant, I don't know if it's...

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Yeah, you basically said that - I had said earlier, that maybe the technology industry needed to do better about industry security. But actually, it's really not the technology sellers, it's the...

Scott Raynovich, Principle Analyst, Futurium

Exactly, it's the fires, I mean the Equifax could have fixed – Vikram's more knowledgeable than perhaps I am but from what I understand they could have fixed it, ahead of time, and they knew it was a problem but they wouldn't spend the money.

Vikram Phatak, Founder, NSS Labs

I think the issue is that they had so many different problems. How do you prioritise? After the fact, it's very – not to defend them, because they shouldn't have breached, but this is a problem that's faced by team managers, security managers, financial decision-makers every day. Every dollar put on security is a dollar I'm not spending on marketing and growing my business. So, there is a limited amount of resources, and even with a limited amount of money, the attack surface is growing exponentially. It's growing far too quickly for people to keep tabs on.

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Yeah, let's go back to typewriters and paper. Brad, we need to hear from you, because we're drawing toward the end of the morning session. So, Brad over to you.

Brad Casemore, Research Vice President, Datacenter Networks, IDC

Thanks very much. I think obviously we've heard a lot about security, and I think some great points have already been made by the others on the panel. One thing I will say, is that we have seen through all of these sessions that we are now moved into an era where

it's DX. DX is the goal, but the means are cloud. Cloud is both the destination and cloud is an operating model. That means you need much greater agility, and also means that you do need to transform your infrastructure, because if you don't - and this is true for the network - you will be the long pole in the tent. You will be the thing that's holding up agility. You will be the thing that's holding up flexibility, you will be the element that's also discouraging portability of applications and the speed of your business.

There's a direct correlation there and often we treat the network as still this separate silo, but it isn't anymore. The silos are being broken down and the network, architecturally and operationally, has to be much faster.

This brings us to an important point, and that's that it's not easy change for the network, because if you think about this traditionally - some of us have been around long enough - there was almost a silent conspiracy between the vendor community and the buyers. Really a conspiracy of complexity. The products were very complex to operate, and you said earlier, you know the complexity is the enemy of security. It's also the enemy of agility. We can't go on the way we have been going. We do have to automate extensively. We have to see a direct correlation between the modernisation of your infrastructure and the success of your business in a digital era. It has huge implications for the network.

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Excellent. I think we ought to wrap it up there. I think we've actually gone long. I appreciate you guys – the comments from everybody. Manek am I wrapping this up, or are you coming up and wrapping it up?

Manek Dubash, NetEvents

I'm going to let you wrap it up. I'm going to wrap up the conference.

Jeremiah Caron, Global Head of Research & Analysis – Technology Group, GlobalData

Okay, well, much appreciated, Vikram, Brad, Scott, and Erin, and thank you all.

Manek Dubash, NetEvents

Thanks for the brain power, thanks for your insights, and thank you everyone, in fact, who's spent their time and energy making this conference what it is.

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