

# Using Network Edge Orchestration to Increase Profits

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**White Paper**

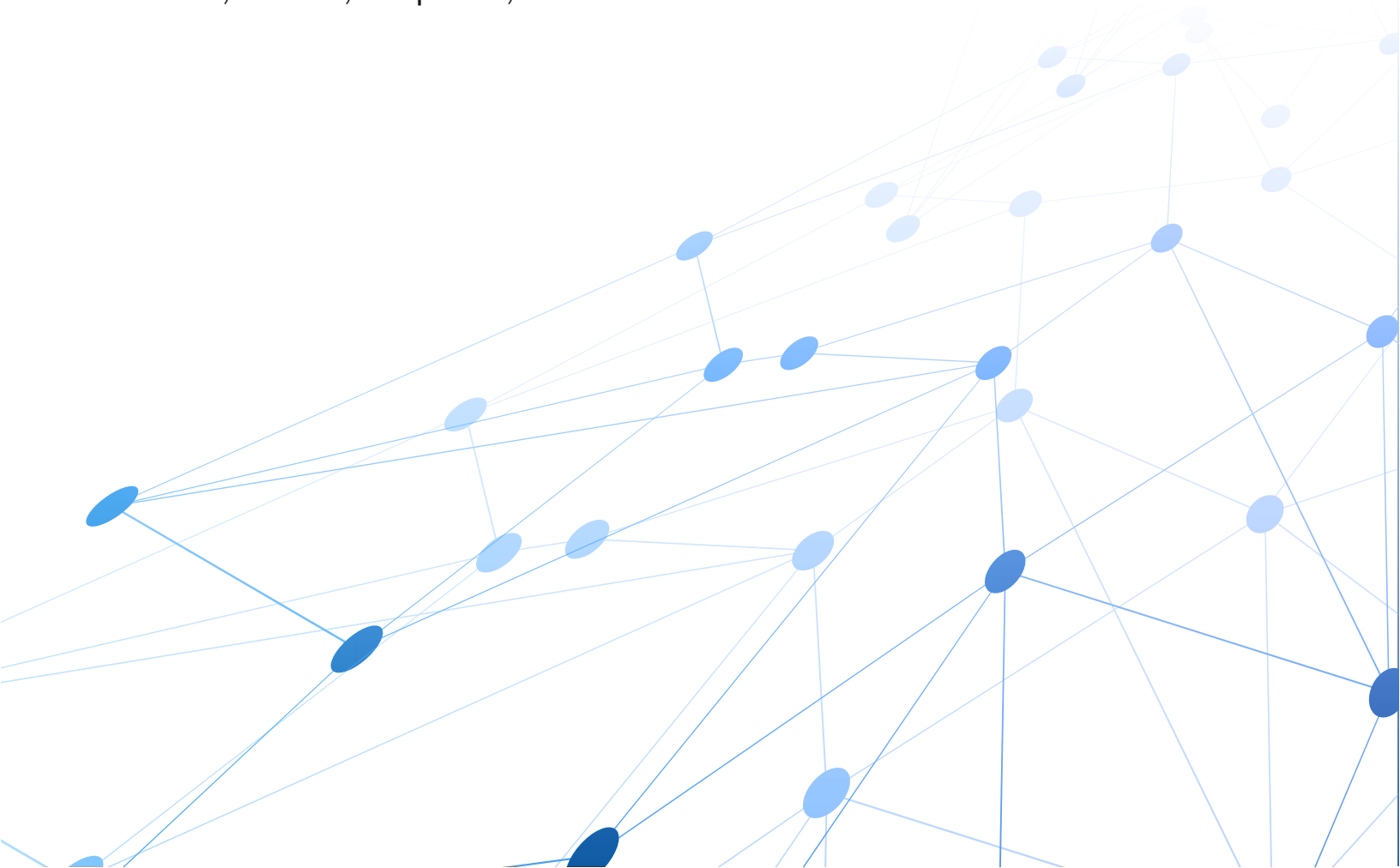
# Introduction ◦

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Turning a profit selling Network Edge Orchestration in today's competitive telecommunications market can be difficult considering increasing operational costs, support costs, and resource limitations that slow deployments. Providers have until now been at a disadvantage, requiring a complete shift in the way services are delivered to enable a return to profitability.

The introduction of Software as a Service (SaaS) is the potential game changer that provides a lower total cost of ownership and reduces the barrier to entry for organizations formerly considered too small to take advantage of the benefits found in a unified communications platform.

A Network Edge Orchestration platform combines a cloud-based service control center and customer premises-based intelligent edges to ensure security, problem identification, VoIP endpoint management, centralized troubleshooting, and customer network visibility. Additional value arises from broad network interoperability that allows the platform to be deployed in nearly any network configuration and with work with an unlimited number of network switches, firewalls, routers, endpoints, and others.



# Today's Telecom Needs Have Changed

There have been tremendous revenue-generating enhancements for telecommunications service providers over the last few years. [Reports are predicting](#) the Unified Communications market size will reach \$96.0B by 2023 and the WAN optimization market will be worth \$12.1B by 2019. With companies of all sizes diversifying their networks, we are observing new technology that neutralizes and resolves issues that impede business productivity.

Despite the perceived benefits of the digital transformation spurring these growth statistics, legacy equipment and outdated deployment methods are cutting into revenue for service providers and VARs, reducing their ability to competitively gain and retain customers.

## Declining Margins and New Revenue Streams

For nearly a decade, operators have employed the term transformation to paint an image of the shifting landscape. As the telecommunications community moves from a public-utility business model to one that better serves our connected age, so must the revenue engine.

While the industry is in a time of growth and change, many providers are grappling with how to use the innovations to create fresh revenue streams for their businesses. Over-The-Top (OTT) applications such as Skype for Business are putting a strain on carriers looking to produce revenue from their core services. While communications service providers lay the infrastructure for tomorrow's network, OTT providers continue to reap the benefits.

With usage-insensitive pricing, operators are struggling to maintain low operational costs and optimize Average Revenue per User (AVR). If providers are unable to identify the services that have higher demand as well as greater margins and make them readily available to their customer base, they will continue to see profits decline.

# Challenges Limiting Profitability

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In the 1990s, enterprises would have paid \$10,000 a month for data connection that is comparable to today's baseline offering. Despite this, [operators widely believe](#) that connection services will have a negative return on investment before the end of the decade. The Internet's ability to impact profits by drastically pushing down per bit transported costs is just one aspect of how transformation is outpacing the establishment of next-generation networks. Other profitability roadblocks include:

**Limited Interoperability:** Traditional service providers are stuck in legacy IT infrastructure with siloed applications. With stringent capabilities that only fit a specific customer base, providers limit not only the business they can take on, but also how fast they can turn up sites.

**Service Reliability Issues:** With heavy data transfer across the network, it can be a challenge to maintain Quality of Service (QoS). But with staggering competition, pressures are placed on operators for regular network monitoring and timely remediation. Issues must be dealt with in real time, or face losing customers to more innovative providers.

Operators lacking end-to-end visibility face the inability to pinpoint and fully diagnose issues. With incomplete problem resolution, costly truck rolls, and low customer satisfaction, smaller profit margins are inevitable.

**Inefficient IT Processes and Infrastructure:** Deploying new features and services that are not automated or standardized will continue to hamper margins. Without creating efficiencies on back-end capabilities, it takes too long for the impact to be felt on customer-facing services.

# Cost-Controlling Edge Technology

Network Edge Orchestration is a cost controlling, hybrid cloud and edge technology solution for service providers and VARs. This approach uses bi-directional communication from the service control center to the intelligent edges to endpoints, and back. Data is collected throughout the service provider WAN through the customer LAN and is automatically analyzed at the service control center, enabling both proactive and reactive management by the operator.

## Features that Stop Revenue Loss and Increase Profits

Through a joint approach, a service control center coupled with intelligent edges that provide enterprise session border controller capabilities overcome common challenges of deploying transformative communications solutions in conjunction with legacy equipment. Through Network Edge Orchestration's agility and 360-degree customer view, operators are able to increase profit margins through efficiency and innovation opportunities:

- Intelligent edges collect and send real-time network traffic information to the service control center that helps expedite issue recovery, reducing the risk of churn.
- Auto detection provides zero-touch provisioning and parameter-based configuration so that additional IT support is not required. IT budget is then freed for other revenue-bearing projects.
- On-demand provisioning of services like security, traffic shaping, and survivability means a reduction in operational expenses.
- Real-time monitoring with reported device statistics and quality metrics allows for service providers to be proactive in customer service. This reduces the possible risk of churn based on dissatisfaction while also bolstering brand perception.

- Intelligent edges are enabled with reference architectures, configuration scripts, and endpoint/device/switch interoperability to ensure that lengthy and costly planning is not necessary. The plug-and-go technology removes incompatibility problems that create expensive issue management through the life of the customer.

## SaaS: Pay As You Go

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SaaS is transforming today's technological landscape and creating alternate pricing models that increase its attractiveness to potential customers and create continuous revenue streams for providers, often with higher margins. Now software providers are able to own, deliver, and manage their solutions remotely. With one set of common code and data definitions, a one-to-many model can be used for all customers on a pay-for-use basis or through a subscription that is defined by use metrics.

The popularity of this business style is largely in part to the impact on total cost of ownership in the tight economy. [IDC projects](#) the cloud software market to grow to \$151.6 billion by 2020 with a five-year compound annual growth rate (CAGR) of 18.6% - far exceeding the growth of traditional software.

Traditional on-premise enterprise applications often share the following attributes:

- A hefty upfront license fee
- An annual maintenance fee
- On-premise hardware requiring large capital expenditures
- The need for ongoing IT support

In totaling the related cost of these factors, it becomes nearly impossible for some providers to even find a way to pay off the investment in the application within a fiscal year.

SaaS applications resolve the return on investment (ROI) issue by providing:

- No initial capital expense
- No annual maintenance fee
- Low monthly operational cost
- Less demand for IT resources

## Money Making Benefits

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**Paying Based on Consumption** – There are no hidden costs associated with SaaS. Payment is strictly based on usage. Service providers and VARs are able to extend services that enhance call quality to every customer site by purchasing a pack of transferrable licenses. Because it is managed through monthly payments, services can be turned on or off as needed.

**Revenue Opportunity:** In traditional telecommunication deployments using intelligent edges, the provider or VAR would purchase a given concurrent call license for the Intelligent Edge and often not charge for it because it would help the provider manage the site. But if the customer decided that it did not want the licensed service, the purchase would be a complete loss.

With the shared success model, cost is tabulated at the account level and not the device level. For instance, in the case of a customer not wanting or utilizing the licensed service, there is no loss in operational or capital expenses. The provider simply would not pay for the unused service.

With transferrable licensing, a VAR could buy 1,000 concurrent licenses for 500 customers, with seven calls a month for each. If the customer only used two calls that month, but were charged for seven, the VAR would immediately make money using the SaaS model. Plus, if other customers decided they needed more call licenses, the operator could quickly oblige.



**Accessibility** – With Network Edge Orchestration, telecommunication services providers now have access to large amounts of data, which they can harness to reduce service issues and truck rolls at customer sites. Without the need for capital outlay and high up-front costs, all businesses can now afford functionality that was once reserved for enterprises.

Revenue Opportunity: Service providers and resellers are able to place services at smaller sites with SaaS that were once cost prohibitive. Even if the customer only has a one to five seat deployment, the functionality can be switched on immediately with much lower hardware costs. Once turned up, providers have a 360-degree view of all customers, no matter the size. Through the availability of rich analytics, network operators have metrics on key information trends, patterns and behaviors of system and network characteristics. Plus, summaries and detailed call quality metrics for all sites, guaranteeing higher quality customer support.

Providers can also be offered a view of the single pane of glass through the service control center. By switching on a view-only mode, service providers have another offering to enhance their service portfolio.

**Easy Deployment** – A major benefit of SaaS is the efficiency of turning up services. Providers no longer need lengthy lead times for engineering a customer deployment that could pose additional costs in planning resources, which then delays the time to begin billing. Generally speaking, SaaS instances can be provisioned in just minutes and configuration can be done from anywhere without costly truck rolls.

Revenue Opportunity: Roadblocks such as time to engineer the overall deployment or building a foundation of capital to get the deployment off the ground are removed with a SaaS model. While most deployments require at least \$1,000 to start, followed by two other payment installations, a SaaS model removes these cost barriers.

This revenue opportunity is not just limited to already signed and delivered deals. Demonstration licenses are simplified due to the core qualities of SaaS. With fast deployment, and licenses costing only dollars each month, providers and VARs are able to affordably demonstrate the value of Network Edge Orchestration often with several months.

In showing, not telling, the customers about the service benefits, it is easier to charge upwards of \$50 per month on the fourth month, and be cash flow positive immediately. This provides exceptional margins for the provider that once could not even afford to extend services to each customer's edge.



# Cloud2Edge Complete ◦

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Leveraging Edgewater Networks' new Cloud2Edge Complete, service providers, operators and value added resellers (VARs) have a way to transform their business by extending Network Edge Orchestration to all customers through a pay as-you go structure. Because Cloud2Edge Complete bundles a service control center account, customer premises-based intelligent edges, technical support, and professional services via a SaaS model, it creates a revenue stream for providers by removing the burden of maintenance and unpredictable costs and optimizing expenses.

[Cloud2Edge Complete](#) allows operators to deliver Network Edge Orchestration to all customers, regardless of size, with a core-to-edge view that complements any network infrastructure.

Additionally, with EdgeView VoIP Analytics and EdgeView Report Server bundled into the offer, providers, resellers, and customers are provided with a deep and broad view of the communication network. The inside view of the entire network comes at a predictable monthly cost that innovates revenue streams to keep pace with the digital transformation.

## About Edgewater Networks ◦

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Founded in October 2002, Edgewater Networks is a market leader in enabling IP-based voice, video and data services. Service providers and enterprises of all sizes use Edgewater Networks solutions to simplify customer premise configurations for quick and smooth installations, reduce time to market and deliver rapid return on invested capital. The company helps customers deliver intelligence at the network edge with its Network Edge Orchestration platform that includes the EdgeView Service Control Center, and EdgeMarc Intelligent Edges and QuickConnect certification program.

To learn more, please visit [www.edgewaternetworks.com](http://www.edgewaternetworks.com) or follow us on Twitter at [@ewn\\_inc](https://twitter.com/ewn_inc)



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