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2013 FROST & SULLIVAN
ASIA PACIFIC ICT AWARDS
TELECOM CLOUD SERVICE PROVIDER OF THE YEAR



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2013 Frost & Sullivan Asia Pacific Telecom Cloud Service Provider of the Year

Overview of the Asia Pacific Cloud Computing Market

The information technology (IT) industry is undergoing a paradigm shift in the way computing resources are procured. Cloud computing is emerging as a key area of focus for CIOs and IT decision makers due to its ability to save costs, increase business agility and deliver IT in an on-demand manner. Indeed, the use of cloud computing has increased significantly over the last twelve months, driven by the benefits mentioned above and the growing need to reduce both the capital expenditure (CAPEX) and operational expenditure (OPEX) associated with IT.

In Asia Pacific too there has been huge interest and steady uptake of cloud computing. The Asia Pacific cloud computing market (including Japan) witnessed an increase of 37.6% over 2011 to reach US\$3.5 billion in 2012.

Some of the key growth drivers include:

- Growing adoption of server virtualization has created the right foundation for delivering cloud services. More than half of the organizations today have virtualized at least 5% of their server infrastructure.
- The global financial crisis (GFC) led to a distinct shift from capital expenditure (CAPEX) based to operational expenditure (OPEX) based model of IT spending.
- Growing enterprise disenchantment with IT inefficiency and lack of IT alignment with business needs.
- Proliferation of start-up firms that didn't want to be constrained in business growth by limitations of IT and wanted to avoid the mistakes of "Traditional IT approach"

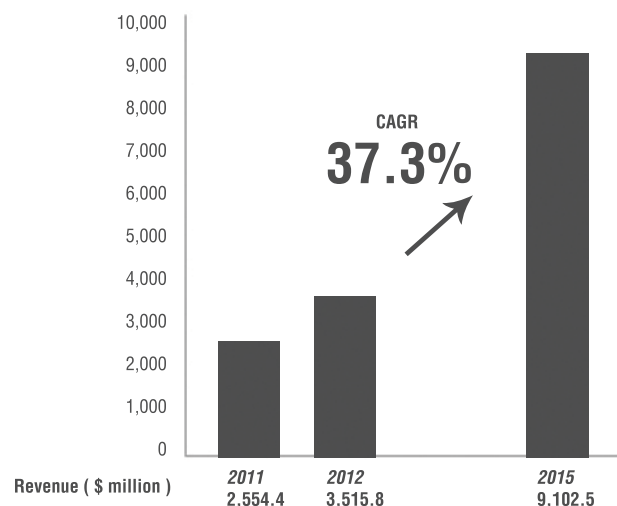
Despite these favorable factors, certain challenges continue to inhibit the adoption of cloud services. Security and privacy of data continues to be a key challenge for enterprise cloud adoption. Though, security issues do exist, some enterprises surveyed by Frost & Sullivan as part of a study in 2012 stated that it can be worked around by following several strategies. The most common belief is that investing in a cloud provider with strong security credentials can limit such concerns. Secondly, some suggest that they would follow a selective approach of placing only low risk applications in the cloud. Other concerns revolve around loss of control; ambiguity about regulatory environment; and doubts about the cloud provider's track record and sustainability

The interplay of these factors continues to make cloud computing a dynamic industry that is witnessing a rapid pace of innovation and the significant revenue potential from cloud services, and has attracted new players into the market. Each new participant has brought with them a new definition of cloud computing and is looking at creating a niche for themselves, creating a complex service provider landscape. While this is increasing the choices available to the end user, it is at the same time complicating the landscape as users struggle to understand the competitive differentiation between various market participants. Hence, it is essential to understand this complex landscape in order to make informed decisions.

Frost & Sullivan expects the market for cloud computing in Asia Pacific to continue its high growth trajectory to grow at a CAGR of 37.3% for the next three years to reach US\$9 billion in revenues and become a regular feature of the CIOs arsenal.

From a regional standpoint, Japan is the largest market in terms of the share of revenue. However, the revenue growth in Japan is expected to witness a slowdown after 2015 due to saturation in the market. The Greater China and Indian markets are expected to continue witnessing strong growth during this period as the demand curve moves from Japan to the other markets in the region.

Figure 1: Asia Pacific cloud computing market size and forecasts





Award Description

The 2013 Frost & Sullivan Asia Pacific ICT Award for Telecom Cloud Service Provider of the Year recognizes the exemplary growth and performance of a telecom service provider for providing cloud services in 2012. The contenders of this award were evaluated based on the following key criteria:

- Breadth of services
- Ecosystem maturity
- Revenue and revenue growth
- Competitive differentiation
- Services maturity

Methodology

The companies' profiles were presented to an independent panel of judges to determine the most deserving recipient for each Frost & Sullivan Asia Pacific ICT Award.

Creating a shortlist of nominees

The companies short-listed for each of the Frost & Sullivan Awards were selected by our analysts, based on their expert knowledge and analysis of the market.

The companies were typically studied on their revenues, product/service innovation, capabilities, and overall contribution to the industry. The short listed companies were interviewed, and the analysts compared the data collected with proprietary Frost & Sullivan resources, as well as secondary research available from public sources.

Selecting the Award recipient

The companies' profiles were presented to an independent panel of judges to determine the most deserving recipient for each Frost & Sullivan Asia Pacific ICT Award.

For this Award, the judges were:

Nitin Bhat

Partner and Head of Consulting
Frost & Sullivan

Andrew Milroy

Vice President, ICT Research
Frost & Sullivan

Andrew Low

Vice President, Solutions & Services
CrimsonLogic

TC Seow

Editor // CIO Asia

Mark Winn

Director, Ancillary Allied Health
Healthcare Analytics Integrated
Health Information Systems

Joseph Tan

Chief Technology Officer
Certis CISCO Security

Tan Hock Hai

Chief Information Officer
Singapore Technologies Engineering

Goh Kim Soon

Senior Vice President Technology Support
MediaCorp

Telstra has made significant investment on the cloud computing market and is progressing strongly on its plans to invest between US\$800 million to US\$1 billion in ramping up its capabilities and setting up the required infrastructure in the region. The strong commitment from key leadership in the company has translated into strong adoption and revenue growth for its cloud services in 2012. Moreover, the company has been successful in establish comprehensive end-to-end cloud services capabilities in the region.

While the addition of four new data centres in Australia have provided it with a strong in-country footprint, the launch of its services in other parts of Asia Pacific is expected to help the company establish itself as a key regional player. The company also has a strong next generation Ethernet network to support its cloud services. The solid performance in 2012 and the right strategic moves have positioned Telstra as the 2013 Telecom Cloud Services Provider of the Year. The following factors highlight the key factors that led this recognition in further detail.

Factor 1: Strong Management Commitment

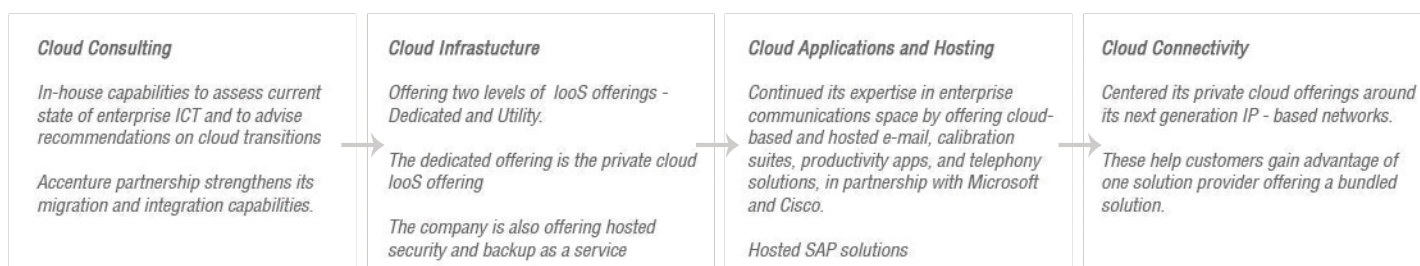
The Telstra management is highly committed to cloud computing and this commitment was translated into action when the company announced plans to invest about a billion dollars into cloud computing. The investment has been earmarked for new data centre, upgrades of existing facilities, and the funding of a new online account management system.

Given the increasing challenges in maintaining ARPU levels and profitability in the entire telecom sector, the company is betting big on cloud computing, as part of its Network and Application Services strategy to drive the next phase of growth for the company. Having achieved success in Australia, the company is ready to expand beyond to the rest of the Asia Pacific region and beyond.

Factor 2: Comprehensive Cloud Services Capabilities

Telstra has been successful in establishing a comprehensive cloud services portfolio encapsulating consulting, infrastructure, applications, hosting and connectivity. The company is committed to offering end-to-end expertise to its customers leveraging the different capabilities it has developed in-house or through its ecosystem of partners. The following figure illustrates its broad range of offerings across the cloud value chain.

Figure 2: Telstra's end-to-end cloud services capabilities



Factor 3: Impressive Growth in Client-base and Revenues

The strong management commitment and a comprehensive cloud services portfolio have helped the company drive strong momentum amongst its customers. The company has witnessed greater adoption for its services, which has translated into a 25-30% growth in revenues from cloud services.

This is further reflected in the fact that 16,000 users depend on Telstra's T-Suite of SaaS offerings. While most of these customers are from the SMB segment of the market, the company is increasingly witnessing greater interest from larger businesses with customers from across verticals such as Jetstar, Volvo, Fitness First, and FedEx.

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Factor 4: Expansion of Cloud Footprint

The company is in the process of expanding its cloud footprint beyond the Australian continent. While the company added four new data centres within the country at Victoria, WA, SA, and Brisbane; it has announced the launch of its services in Asia and the rest of the world. The company's international operations, run under Telstra global are replicating the same cloud platform and services as in Australia to data centres in Hong Kong, Singapore and the UK to offer services initially to its multinational customers. Over the long term, Telstra plans to expand this footprint further in line with customer requirements and win non-Australia logos.

Conclusion

Frost & Sullivan, in conjunction with the judging panel, concluded that Telstra has evolved itself into truly world-class cloud service provider that offers deep expertise across its end-to-end services portfolio to meet the evolving consumer demands. Its mature set of Infrastructure and application offerings gel well with its suite of managed and hosting services. Furthermore, its expanded footprint in Australia and beyond is expected to set the stage for strong future growth.



About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today's market participants. For more than 50 years, we have been developing growth strategies for the global 1000, emerging businesses, the public sector and the investment community. Is your organization prepared for the next profound wave of industry convergence, disruptive technologies, increasing competitive intensity, Mega Trends, breakthrough best practices, changing customer dynamics and emerging economies? Contact us: [Start the discussion](#)