Multinational companies with networks spanning the Asia/Pacific region have many network service providers to choose from. This report will help them identify the right provider for their needs in a crowded field of disparate players.

Market Definition/Description

This Magic Quadrant evaluates network service providers (NSPs) that offer international network services to multinational companies (MNCs) with regional networks in Asia/Pacific. The providers focus on data services, especially Internet Protocol (IP) VPNs and, increasingly, Ethernet offerings. Most also offer voice services, especially voice over IP (VoIP) and IP telephony in association with IP VPNs.

Asia/Pacific's connectivity market is fairly mature, with a large number of providers, many with good network infrastructure and geographic reach. There is limited differentiation between NSPs in terms of connectivity. The main difference is in local service and support in developing markets, which can result in big differences in installation and restoration times — an important consideration as many MNCs are expanding aggressively in the region in search of growth.

The market is moving progressively beyond the provision of connectivity, with most providers also offering a range of managed services, including WAN management and optimization, IP telephony, network security and videoconferencing. Most managed services have improved significantly in terms of features and performance due to advances in networking technology, which will help drive demand. Providers that excel in this area will be in a better position to become leading players.

Several providers are also moving into network-related IT services. However, it is difficult and costly for even large players to gain sufficient skills to address customers' requirements across the region. They also face competition from local IT services providers, which typically have more IT skills and experience in their own markets. As such, entering the network-related IT services business presents considerable risks, which may affect a provider's ability to compete in the wider network services market.
### Vendor Strengths and Cautions

**AT&T**

AT&T remains a strong and stable provider, with good infrastructure and a broad portfolio of products and services. It is now more willing to take on large and complex projects that include full service outsourcing, which will strengthen its ability to compete in the very large global MNC segment. However, its strategy of focusing on very large global MNCs leaves many smaller MNCs unaddressed, which limits its opportunities to become a dominant regional player.

**Strengths**

- AT&T understands the market and its strengths well, and it has consistently executed a balanced strategy to maintain its competitive edge in network and managed services.
- It has continuously invested in network infrastructure, data center facilities and regional presence. It has a stable organization and mature processes. These attributes enable it to offer consistent service quality over extended periods — something that many providers find a big challenge.
- It has a comprehensive portfolio of managed services, including telepresence, conferencing, unified communications (UC) and security. It is introducing UC as a service (UCaaS) as a step toward more cloud-based services.
- It has a sizable number of technical specialists spread across the region to support its increasing focus on managed and IT services.
- It has good regional hosting capabilities, enabled by its strong data center footprint. It is adding new data centers in Singapore, Hong Kong and India to support its growing hosting business.
- It provides a good customer portal for service administration and network management, with good functionalities and ease of use.
- It has experience of strategic account management, which gives it an edge in supporting very large MNCs with global requirements. However, this experience is limited to a small number of very large clients.
- It continues to have a large market share in Asia/Pacific, and is strong in China, India and Japan — key markets where it invested early to build a direct presence.
Cautions

- AT&T focuses on very large MNCs with global requirements, and not on the broader enterprise market. This leaves smaller MNCs, which form a large part of the market, unaddressed.
- It lacks the flexibility to support nonstandard requirements that are outside its core competencies and require significant upfront investment.
- It is beginning to take on large network outsourcing projects — an important requirement for very large MNCs — but has little experience in this regard and is approaching the opportunity cautiously.
- It is more expensive than most players for network services, even though it is constantly improving its cost structure, particularly its access pricing.
- It is making good progress expanding its Ethernet WAN coverage in Asia/Pacific, although it still lacks full regional coverage. Customer experience is uneven across its large customer base, due to its tiered service and support structure.

Bharti Airtel

Bharti Airtel aspires to be a regional player in order to win MNC business. It is competitive for connectivity to and within India, and for high-capacity circuits for key international routes. For its international IP VPN, it prefers to expand to a small number of key markets, using Multiprotocol Label Switching (MPLS) interconnections with other carriers to extend its regional coverage.

Strengths

- Bharti Airtel provides good connectivity to and within India, a key destination for MNCs with IT support operations in this country.
- It is expanding its IP VPN, with points of presence (POPs) in several key Asia/Pacific markets. It has set up MPLS interconnections with multiple foreign carriers to extend its international coverage to the rest of the region and the world. These interconnections will also allow foreign carriers to provide seamless IP VPN connectivity into India, boosting Bharti Airtel's market share.
- It has good international fiber infrastructure, the result of its investments in submarine cables. Bharti Airtel's ownership of capacity will make it easy for it to roll out its own IP VPN.
- It is very price competitive for large circuits on key routes, drawing on its extensive submarine cable infrastructure. It continues to sustain its investments in cables to support its bandwidth business.
- It reported a significant jump in customer numbers in the past year, although growth was from a low base and largely limited to large circuits. To build on its initial success, it plans to roll out high-speed Ethernet WAN services by the end of 2012.
- It has good network infrastructure in India, including long-distance, metropolitan and access networks — an important consideration for MNCs with extensive requirements in India.
- It has substantial experience of supporting Western MNC customers in India, and a track record of providing above-average local service and support.

Cautions

- Bharti Airtel's IP VPN coverage is limited to a few key markets, and it depends on MPLS interconnections to extend its coverage. Although it can offer full regional coverage through its partnership approach, it needs to expand its own network to compete effectively against established players.
- It has limited experience supporting MNCs outside India. Its regional customer base is small, and it is unclear whether it will be able to maintain its quality as its customer base increases.
- It has a small portfolio of managed and network-related IT services.
- It has a small sales and support presence outside India, which it needs to expand significantly to compete as a regional player.

Return to Top
BT Global Services

BT has improved significantly in the past year. It is increasingly leading with solutions, enabled by its strong product portfolio and the sizable IT services capabilities it has built up during the past few years. Overall service quality remains high, and customer retention is good. The result is strong growth in revenue, and an increasing ability to win customers in multiple markets. With its foundation stronger, it is now well positioned to compete for market leadership.

Strengths

- BT Global Services offers high-quality IP VPN services in Asia/Pacific, and continues to exceed its global peers in overall service quality. This is largely due to its superior service and support. It also has good network infrastructure, and has extended its reach into China and India — its weak point in the past — via MPLS interconnections with local providers.
- It has substantial experience of building very large and distributed networks, especially those with many sites in emerging markets. This capability is important as very large MNCs want to outsource their entire network operations, including in-country networks, to a single provider in Asia/Pacific. BT is winning more customers with this requirement, especially in the consumer packaged goods segment.
- It has a broad and holistic portfolio of managed and network-related IT services, including UC, contact centers, WAN optimization and acceleration, security, and cloud-based services. It will also work with customers to improve their costs and performance through innovative use of new products and technology. It has built up a sizable IT skill set in the region to support its services.
- It has a strong lead in the banking and finance sector. Its BT Radianz network provides extensive connectivity to financial markets worldwide, with low-latency services between key markets. BT has also extended its reach through interconnections with secondary trading communities and networks, so widening the market options for customers.
- It has a good application performance management solution, with application-specific expertise, a unified dashboard for performance metrics, and professional services support for application acceleration.
- It has improved significantly on security, with a sizable number of security professionals, three security operating centers, and a growing base of customers in Asia/Pacific.
- It is strong in commercial flexibility. It is highly flexible in meeting new or nonstandard customer requirements — a key attribute for taking on large or complex projects, which often require significant customization or upfront investments. It has also introduced utility pricing for cloud-based UC and contact centers, as well as its core network services.
- It is getting stronger on solution-led sales, enabled by its broad product portfolio and IT services skills. It has also become more cost competitive, its weak point in the past. Customer retention is good. As a result, BT's revenue has been growing strongly in the past year, with increasing ability to win customers from multiple markets, including Asia/Pacific-based multinational companies.

Cautions

- BT Global Services' Ethernet WAN service is focused on Ethernet over MPLS only. It is making good progress expanding its coverage in Asia/Pacific, although it still lacks full regional coverage.
- It takes on highly distributed networks with extensive domestic requirements in major Asian markets, which requires tremendous resources to support. Although it has successfully executed such projects in the past few years, it needs to take on more similar projects to build real scale.
- It has set up MPLS interconnections with domestic carriers in China and India to extend its connectivity into these markets. However, it still needs to set up interconnections with more emerging markets, particularly in Southeast Asia/Pacific, to close the gap with competitors.
- Its Frontline IT services unit has not been fully integrated into the company, which may dilute its ability to provide high-quality IT service and support capabilities.
Cable&Wireless Worldwide

Cable&Wireless Worldwide is now a wholly owned subsidiary of Vodafone, a leading mobile player with presence in a few markets in Asia/Pacific. Vodafone has deep financial pockets, a broad range of mobility products and services, and strong aspirations to penetrate the large enterprise market for both fixed and mobile services. It will want to build on Cable&Wireless Worldwide’s strengths and integrate their different capabilities to create a stronger vehicle for growth. This should be good for Cable&Wireless Worldwide, which has long been constrained by a lack of investment as a stand-alone company. Vodafone has not announced its plans for Cable&Wireless Worldwide, which will operate separately until at least April 2013. Vodafone has committed to investing £500 million in Cable&Wireless Worldwide to upgrade its network, systems and customer service capabilities — an early indication of its commitment to the company.

Strengths

- Cable&Wireless Worldwide takes a focused approach to competing in Asia/Pacific. By concentrating on fewer, larger customers, it is executing well in terms of service quality.
- It takes a flexible approach toward meeting customer requirements, in particular to building large distributed networks and providing connectivity to remote sites in difficult markets.
- It delivers consistently high-quality service and support, resulting in good customer satisfaction. Customer retention is high — a validation of its customer-focused approach.
- There was no drop in service quality during the period leading to the company’s sale to Vodafone and afterward, based on feedback from its customers in Asia/Pacific. The ability to deliver consistent performance during a period of uncertainty is a reflection of its solid operations in Asia/Pacific.
- It has ample cable capacity and continues to invest significantly in cables, especially on new routes to emerging markets such as India and the Middle East, in order to provide better diversity and latency. Vodafone has approved new investments in cable capacity — an indication of its commitment.
- It is price-competitive, drawing on its ample cable capacity. This, together with its good service quality, makes Cable&Wireless Worldwide good value for money.
- It has a good regional IP network, with strong coverage in India and good alternative routes back to Europe, its home market.
- It is strong in Ethernet WAN services, offering good coverage and a choice of Ethernet technologies.
- It has expanded its portfolio of managed services significantly. Its new products include a cloud-based contact center, a mobile application for reducing international direct dial and roaming charges, and a managed data center service.

Cautions

- Cable&Wireless Worldwide has a limited market presence in Asia/Pacific, which puts it at a disadvantage when competing against larger and more established players.
- It has limited resources and experience in managed and network-related IT services at this stage. Its sales capacity is also very small, relative to its network capabilities, which limits the number of opportunities it can address. However, Vodafone has approved investments to increase its sales and service delivery teams significantly from January 2013.
- Its business is relatively small, and might lack the scale to compete effectively on pricing in the long term.
- Although Vodafone will want to build on Cable&Wireless Worldwide’s strengths, it is not ready to announce its plans. Cable&Wireless Worldwide has a competent — but small — team in Asia/Pacific. If the integration is poorly executed, it will lose experienced staff, which will reduce its currently high service quality. Customers need to monitor the situation until it is clear.

Hutchison Global Communications

Hutchison Global Communications (HGC), based in Hong Kong, is a niche regional provider. It specializes in delivering connectivity to emerging markets in the underserved Greater Mekong
Subregion. Its capability is unique and will become increasingly important as MNCs are looking to new emerging markets for growth. It continues to build on this capability by expanding into new emerging markets in Central Asia and Africa, driven by the natural resources and commodity sectors. However, it is not ready to compete against established regional players, many with better network infrastructure and a broader range of products.

**Strengths**

- HGC offers superior IP VPN coverage of the Greater Mekong Subregion, including Thailand, Vietnam, Cambodia, Laos and Vietnam. It's the first foreign telecom company to obtain permission to provide international data and voice services in Myanmar through cooperation with an assigned Myanmar Posts and Telecommunications (MPT) representative.
- It operates a resilient network, addressing the need for reliable connectivity to the emerging markets. It deploys two fiber paths for each POP, using a combination of terrestrial and submarine cables.
- It offers good service-level agreements for performance, with guarantees on latency for every network path.
- It provides a one-stop-shop service for installation, monitoring and management of network services and related customer premises equipment (CPE) — an important consideration for MNCs entering difficult emerging markets.
- It places strong emphasis on local service and support to speed up provisioning and restoration times. It has local support offices in all the Greater Mekong Subregion markets, and makes continual efforts to build better relationships with local carriers to gain better access to their markets.
- It has extensive network and data center infrastructure in Hong Kong, and investments in major submarine cable systems to extend its international footprint.
- It has good relationships with Chinese carriers, and experience of supporting connectivity to and from China. It has a small but growing number of enterprise customers.

**Cautions**

- HGC operates a regional IP VPN in Asia/Pacific, but its network is not comparable to those of more established players in terms of geographic coverage, dual-POP architecture and diversity. It is weak in India, a country it connects to via an MPLS interconnection with a local provider.
- It has a small portfolio of managed services, which limits the scope of its services to connectivity and associated CPE.
- Its brand-name recognition is low among MNCs, and few understand its capabilities.

---

**KDDI**

KDDI, based in Japan, is a strong connectivity and hosting provider that is placing increasing emphasis on system integration and cloud services. It has stepped up its investments in core networks and data centers, but its investments in other key areas are cautious. It needs to improve its geographic coverage, product development and sales to be a stronger challenger.

**Strengths**

- KDDI operates a high-quality regional network that offers high redundancy and good connectivity to Southeast Asia, the U.S. and Europe.
- It offers a highly reliable Ethernet service in Japan, which it has extended to other major markets in Asia/Pacific.
- It provides consistently good service quality, due to its strong local service and support in developing markets and its network management capabilities.
- It has a good data center footprint in Asia/Pacific, and continues to invest in new data centers in anticipation of growing demand for hosting and cloud services. It has data centers in Japan, Hong Kong, Singapore, Beijing, Shanghai, Seoul and Hanoi. It plans to extend its cloud computing services in Japan to several major Asia/Pacific markets in 2013.
- It has a small but targeted portfolio of managed services, building on its strengths in network management, system and network integration, and data center capabilities. It also focuses on
data-center-related advanced managed services.

- It owns a majority stake in DMX Technologies, a regional system integrator with a presence in multiple markets, including China. DMX supports KDDI in its system integration delivery, in particular with security solutions and managed services.

- It has long experience of supporting Japanese enterprises with network and system integration requirements in developing markets, particularly China, where it has a large number of support staff.

- It has a good content delivery network (CDN) capability to accelerate content distribution and Web performance in Asia/Pacific, including China. It owns a majority stake in CDNetworks, a major CDN player with its own infrastructure in China — a unique capability.

Cautions

- KDDI’s investments have focused on core network infrastructure and data centers, and it has been cautious in other key areas, such as geographic coverage, product development and sales.

- Its network infrastructure has fallen behind in terms of geographic coverage, although its reliability and performance are good.

- Its product portfolio, in particular for managed and network-related IT services, is relatively small compared with those of other major players.

- It is a strong competitor in Japan, but elsewhere its market presence is small and its capabilities are not well understood.

NTT Communications

NTT Communications has become significantly stronger in the past year, through aggressive investments in internal growth and external acquisitions. Its enhanced product portfolio and improved market presence are now comparable to those of established global players in the West. These assets, combined with its good network and data center infrastructure and high-quality service, put it in a good position to challenge for market leadership. But it still needs to integrate the capabilities from its acquisitions in order to compete effectively with global players with complete and holistic solutions.

Strengths

- NTT Communications provides good service quality, a result of its reliable network infrastructure and strong service and support.

- It has the best data center footprint in Asia/Pacific, including hosting facilities in key emerging markets — an increasingly important requirement for MNCs. It has 28 data centers in nine countries in Asia/Pacific, and it continues to invest aggressively ahead of its competitors in data centers, with more facilities coming on stream in the next 12 months.

- It has a broad and well-thought-out portfolio of managed and IT services, the result of sustained investments in product development in the past few years. Its product portfolio is comparable to those of large Western carriers.

- It has a full range of communications and collaboration products, including IP telephony, videoconferencing, UC, UCaaS and contact center solutions.

- It is strong in security, boosted by its acquisition of Integralis and Secode, two managed-security specialists. It provides a full suite of security services, including professional services and consulting, premises-based solutions and cloud-based services. It provides 24/7 support, with over 400 specialists in 13 countries.

- It is strong in local service and support, especially in key manufacturing markets. It is particularly strong in China, where it has a large base of 600 support staff, a single point of contact for customers, a help desk offering local-language support, and customer service centers in Shanghai and Dalian, China, for IT and security services.

- It has established a strong foothold in India with the acquisition of a majority stake in Netmagic Solutions, a fast-growing hosting and managed IT services provider with seven data centers and over 600 staff spread across five cities. This augments its improving network reach and local service and support in India.
It has boosted its market and sales presence in Singapore and Hong Kong, the key regional hubs. It has also stepped up collaboration and cross-selling with sister company Dimension Data. These efforts have resulted in strong growth in sales, with managed and network-related IT services revenue growing faster than connectivity. More than half its customers are non-Japanese enterprises, indicating that it is transforming into a more international player.

**Cautions**

- Its managed and IT services capabilities are relatively new and spread between itself and its recent acquisitions and associate companies. It is currently integrating their IT services capabilities with its core network and managed services, but it will need time to deliver a complete and holistic product portfolio and delivery capability.
- It operates a good IP VPN, with improving resilience, latency, and reach into developing markets via MPLS interconnections with local carriers. However, its network infrastructure is still slightly behind in terms of dual POPs in key markets, and is generally undifferentiated in terms of capabilities.
- There is a slight inconsistency in its service and support quality, due to its rapid growth.
- It has introduced a dedicated WAN service, but coverage is limited to six markets. This will complement its Ethernet-over-MPLS service, which offers good regional coverage.
- It has limited experience in India, a key market for Western MNCs, although it has significantly increased its network presence, support staff and system integration partners in this country.

**Orange Business Services**

Orange Business Services has improved significantly in the past year, and is now a stronger player. It is making good progress in transforming itself from a network provider into a solution-based service provider, enabled by its good product portfolio and IT services skills. It has improved significantly on its customer satisfaction — its weak point in the past — by providing better service and support. It has also stepped up investments in sales and marketing and customer support roles. As a result, its revenue is growing at a healthy pace. However, it still needs to improve its local service and support and back-end processes to become the preferred service provider in Asia/Pacific.

**Strengths**

- Orange Business Services offers good network service quality and maintains a distinct lead in terms of geographic coverage. It is strong in providing connectivity to remote and emerging markets, an important requirement for MNCs.
- It has a well-thought-out plan for going beyond connectivity and into managed and cloud-based IT services, and it has executed its vision consistently.
- It has a comprehensive managed and network-related IT services product portfolio, which is more complete and holistic than those of other players.
- It is strong in product innovation, and is constantly introducing new products and services, the latest being cloud services and mobility and wireless solutions. It has a relatively large IT services team, which enables it to handle large and complex managed services projects.
- It is strong in IP telephony, UC and contact center solutions, and has early experience of offering usage-based pricing for these services.
- It is highly flexible in its approach to select complex projects, and draws on its broad product portfolio, IT skills and innovative pricing to deliver solutions to customers.
- Customer satisfaction, its weak point in the past, has improved significantly through good account management, better project delivery, installation improvements, and faster and more accurate responses to requests for pricing quotes. As a result, customer loyalty has improved.
- Revenue is growing healthily, with managed and network-related IT services growing faster than connectivity. This validates Orange's strategy of going up the value chain and its improved execution.

**Cautions**

- Orange Business Services' service and support quality is slightly uneven across its large customer base, as most of its recent service and support improvements have focused on large
customers.

- It lacks the flexibility to support nonstandard requirements that are outside its core competencies and that require significant upfront investments.
- It continues to cost more than most providers for connectivity services. However, it is beginning to be more flexible with pricing, and this has contributed to better retention and new wins.
- Its Ethernet WAN service focuses on virtual private LAN service (VPLS) only. It is making good progress in expanding its coverage in Asia/Pacific, although it still lacks full regional coverage.

Pacnet

Pacnet maintains its lead as an infrastructure player. It continues to invest significantly in network infrastructure, enhance its connectivity with a strong CDN capability, expand its data center footprint, and extend into cloud infrastructure as a service (IaaS) offerings. However, it has a limited managed services portfolio, without which it will have difficulty addressing large customers with complex needs. There is also some uncertainty over its future, due to major changes in its executive leadership team.

Strengths

- Pacnet is well positioned to lead in connectivity through its ownership of the East Asia Crossing (EAC) and City-to-City (C2C) submarine cables, which have been integrated into a single meshed system with automatic failover capabilities. This gives it a big advantage over others in terms of capacity, diversity and redundancy.
- It continues to invest aggressively in capacity upgrades and new cable systems to maintain its lead. Through its dedicated bandwidth on the i2i cable, it can provide high-speed connectivity from the U.S. (West Coast) to India on a single Pacnet network.
- It is drawing on its strength in cable systems to build high-capacity and high-resilience IP and Ethernet networks. This is putting it in a strong position to compete with large global and regional carriers.
- It offers a high-capacity, low-latency dedicated Ethernet service for the banking and finance industry. This service provides a choice of dedicated routes, including the ability to specify the backup route for restoration, with guaranteed latency for every path.
- It offers a fast CDN service, enabled by its superior cable infrastructure, to accelerate content distribution and Web-based applications, both of which are increasingly important requirements. The CDN has POPs in 10 major cities.
- It has established a presence in China through its joint-venture company, Pacnet Business Solutions, which has a domestic IP VPN license. It has connected its regional backbone to Pacnet Business Solutions' network, giving it the ability to extend direct IP VPN coverage to 20 cities in China, with similar class-of-service and service-level agreements across both networks. In October 2012, Pacnet Business Solutions announced plans to expand its IP VPN footprint in China, after obtaining an enhanced value-added license that allows it to extend its IP VPN service to 23 provinces.
- Over the years, Pacnet has demonstrated its ability to win large customers with highly distributed networks. Customer satisfaction is good, due to personalized service and support, and retention is high. Although the number of large customers is small, this is an indication that Pacnet can compete effectively in the large MNC segment over time.

Cautions

- Pacnet remains the most price-competitive carrier in the market, but its lead is small. It faces strong price competition from other players with the arrival of new cable systems.
- It has a limited portfolio of managed and network-related IT services, which limits its ability to support large MNCs with complex requirements.
- It has made limited progress in terms of gaining market share, despite its superior infrastructure capabilities.
- There is a degree of uncertainty due to major changes in Pacnet’s executive management team.
PCCW Global

PCCW Global continues to provide good value for money in terms of price/performance, with its high network service quality, competitive pricing, and good customer service and support. However, its advantage is small as other players have improved significantly on service quality and price competitiveness. PCCW Global’s strategy focuses on extending connectivity to new emerging markets outside Asia/Pacific — an increasingly important requirement for both Western and Asian MNCs — rather than competing head-to-head with market leaders in Asia/Pacific, and this limits its role to that of Challenger.

Strengths

- PCCW Global offers consistently good service quality for all network services, largely due to its high-quality service and support. Consequently, customer satisfaction is high.
- It is price-competitive and, given its high service quality, offers good value for money.
- It is strong at installation and restoration, especially in developing markets. This is due to its strong project management, effective processes and good local support capabilities.
- It operates a very-high-capacity IP/Internet backbone in an aggressive approach designed to deliver high performance and cost savings through scale. It has superior Internet peering, which translates into lower latency for business Internet traffic.
- It has good videoconferencing capabilities, with support for hosted high-definition (HD) videoconferencing. It has deployed CDNs at 23 POPs worldwide to improve video performance. It has also set up an IP exchange for partner carriers to exchange video traffic with guaranteed performance. With this, it plans to offer a switched HD videoconferencing service, enabling its customers to make video calls to users in other networks, similar to switched voice calls.
- It has a strong understanding of conditions on the ground in China, and superior relationships with Chinese carriers, which give it back-to-back service-level guarantees for high performance.
- It is an early proponent of switched Ethernet services, with the ability to support high-speed connectivity to China via interconnections with the main Chinese carriers. It is now using its high-speed IP/Internet backbone to support VPLS services.
- It is one of few carriers that offer good IP VPN coverage to emerging markets in the Middle East, Africa and Eastern Europe — an important consideration for Asian and Western MNCs looking for new growth markets.

Cautions

- PCCW Global’s IP VPN reliability and performance are good, but its geographic coverage in Asia/Pacific is not comparable to that of leading players.
- It lacks its own network nodes in India, preferring to rely on MPLS interconnections with Indian carriers to extend connectivity to this market.
- It is a strong competitor in its home market of Hong Kong, including for connectivity to China. But it has a small market presence in other major regional hubs, such as Singapore and Japan.
- It has a limited range of managed and network-related IT services, as it prefers to focus on high-quality connectivity.

Reliance Globalcom

Reliance Globalcom retains its strengths as a virtual network operator in Asia/Pacific, where it excels in customizing specific network solutions for customers. It has also restored its service quality in Europe, which had been impaired by the transfer of back-end support to India several years ago. The company still needs to rebuild its reputation for excellent service companywide, but it has regained the stability it needs to grow again.

Strengths

- Reliance Globalcom is strong in network sourcing, service integration and vendor management,
based on its past strengths as a noninfrastructure network integration player.

- It takes a consultative approach when addressing customer requirements, and is willing and able to meet nonstandard requirements.
- It is good at network integration and has experience in WAN optimization, especially for connectivity to remote markets with poor infrastructure.
- It has strong installation and restoration processes, with experience of building large distributed networks with many remote sites in Asia/Pacific.
- It offers good service and support in Asia/Pacific, based on feedback from several large customers and the company's internal performance data.
- It has a sizable customer base in Asia/Pacific, and its retention is good, with a high level of customer satisfaction. It is also winning new customers, an indication of renewed stability in the company.
- It has good international cable infrastructure, especially for connectivity to new emerging markets such as the Middle East and Africa, and the ability to compete on bandwidth pricing for key routes.
- It has extensive network and data center infrastructure in India, which will benefit customers with extensive needs in this country.

Cautions

- Reliance Globalcom has limited IP VPN coverage and relies on interconnections with other carriers to deliver IP VPN services in Asia/Pacific. It is still largely a virtual network operator, even though it has ample cable infrastructure.
- It will increasingly include its own infrastructure in its solutions, since it is also an infrastructure player. Customers need to ensure that all elements in a solution are selected on their own merits, with full transparency on carrier selection.
- It has a limited portfolio of managed and network-related IT services.
- Its market presence in Asia/Pacific is small and concentrated in Australia and Singapore, which puts it at a disadvantage when competing against established providers in the other regional hubs.
- Its service quality in Europe, which was impaired after back-end operations were transferred from the U.K. to India three years ago, is now stable. Nevertheless, customers need to monitor whether it maintains its service quality.

SingTel

SingTel has grown significantly stronger in the past year. It has rolled out a broad range of managed and network-related IT services. It has a strong lead in cloud IaaS services. It has also launched a full regional mobility solution, which addresses a key concern for MNCs. It is also in the process of integrating its large IT skill set with its telecom and networking skill set to form a single organization that can deliver end-to-end IT and communications services across the region. However, it needs to regain its strength in overall service quality and customer satisfaction, which have waned slightly over the years.

Strengths

- SingTel has a comprehensive portfolio of managed and network-related IT services, having accelerated its rollout of new products and services in the past few years.
- It has good UC and security capabilities, with vertical solutions for the maritime, financial and logistics industries.
- It is the first carrier in Asia/Pacific to launch a full regional mobility solution, addressing a major requirement for MNCs. Drawing on the Bridge Alliance of mobile partners, in which it is a driving force, SingTel's solution offers a "one-stop shop" for regional mobile service procurement, fixed roaming rates for voice and data, and a single point of contact for service and support across 12 markets in Asia/Pacific. It also offers telecom expense management and other value-added services.
- In a major reorganization, SingTel is consolidating and integrating the IT skills of IT services
arms (NCS and Alphawest) with its main telecom and networking skills to form a single organization that can deliver end-to-end IT and communications services across the region. If it executes this successfully, SingTel will be well placed to support the increasing overlap of IT and communications technologies.

- It has one of the best IP VPNs in Asia/Pacific. It offers superior geographic coverage, especially in Southeast Asia and the Indian subcontinent, high redundancy through dual-node architecture in all major cities, and good connectivity to emerging markets via MPLS interconnections with more domestic players than other providers.
- It is strong in Ethernet WAN services, offering a choice of Ethernet technologies and superior geographic coverage, including China and India.
- It is price-competitive, aided by its well-managed cost base.
- It is reporting strong growth in new accounts, the result of strengths built up during the past few years.

Cautions
- SingTel no longer exceeds on overall service quality, its biggest strength in the past.
- It has become less price-competitive for high-bandwidth services in recent years, but it remains a player in this market and has increased its investments aggressively in cable capacity on key routes to compete more effectively again.
- Its managed and network-related IT services capabilities are relatively new, and it needs to gain more experience to be a strong leader.
- It is gaining market share in Hong Kong, but its market presence in that regional hub remains relatively small compared with other major players.

T-Systems
T-Systems has laid the foundations to compete in Asia/Pacific. It has a regional network and data center infrastructure, and a targeted portfolio of managed and IT services. These assets, combined with its experience in utility-based IT services and pricing, put it in a good position to sell cloud-based services. It is beginning to win more customers in Asia/Pacific, with its ability to handle network projects with complex IT requirements. However, it is growing from a low base and needs to gain more momentum and scale to mount a challenge in this region. It is an important player to watch, especially by those considering tapping its IT services capabilities.

Strengths
- T-Systems operates a reliable IP VPN, with connectivity to all major markets in Asia/Pacific. This includes extended reach into India via an MPLS network-to-network interface (NNI) with a local provider.
- It provides good service and support, with regional service desks in Singapore and China, and support for major Asian languages.
- It brings deep experience in IT services from its home market of Germany, which it is combining with connectivity as part of its total value proposition. This is a strong differentiator.
- It has a good portfolio of managed and network-related IT services, including managed hosting, UC, security and application performance management. It also specializes in hosting SAP applications, which it bundles with network services. It offers end-to-end SLAs, up to application level. It also has experience offering utility-based IT services and pricing schemes.
- It is price-competitive for network and related managed and IT services projects that include a high proportion of IT services.
- It has won and fulfilled several transformational projects with complex IT requirements in Asia/Pacific, including those with LAN, WAN and UC requirements, outsourcing, and utility pricing. This puts it in a stronger position to compete for similar projects in the future. It is winning more customers in Asia/Pacific, albeit from a low base.

Cautions
- T-Systems' network is not comparable to more mature networks in terms of coverage of major
Tata Communications

Tata Communications has reached an inflection point in its development. It has rolled out a good portfolio of innovative services. Combined with its consultative selling and commercial flexibility, it has won more large customers, some with very complex requirements. This indicates growing market recognition of its capabilities — a breakthrough for the company, which has been investing aggressively in all areas of development since its inception. It remains a relatively new player, but it is now ready to pose a strong challenge in Asia/Pacific.

Strengths

- Tata Communications is among the few Asian carriers with a good chance of competing against the global players in Asia/Pacific in the long term. By going global itself, it could potentially gain the economies of scale needed to be highly cost-competitive, an important attribute for future success.
- It has excellent international fiber infrastructure and continues to invest aggressively in submarine cables, especially for connectivity to new emerging markets such as the Middle East and Africa. This positions it well for building large and redundant networks. Newly completed cables include Tata Global Network (TGN) Gulf, which connects five major markets in the Middle East, and TGN Eurasia, which provides a low-latency route from Mumbai, India, to Marseille, France. Tata also has a stake in the West Africa Cable System (WACS) through its majority ownership stake in Neotel, a South African network provider.
- Its global IP backbone can now offer connectivity to most major markets in Asia/Pacific, with good coverage of emerging markets in the Indian subcontinent. In addition, it has stepped up MPLS interconnections with local providers in China and Southeast Asia to provide extended connectivity to emerging markets.
- It is a leader in Ethernet WAN services. It operates a global Ethernet backbone using Provider Backbone Bridge (PBB) technology, which offers a choice of routes, deterministic routing and guaranteed latency for each route. It provides extended regional coverage via a choice of Ethernet technologies, including Ethernet over Synchronous Digital Hierarchy (SDH), Ethernet over MPLS and VPLS.
- It has good network infrastructure in India, including long-distance, metropolitan and access networks. It is also building highly reliable data centers to augment its network capabilities. These capabilities put it in a strong position to support MNCs with extensive requirements in India.
- It is very strong in product innovation. It has rolled out a broad suite of managed services, with feature-rich and well-differentiated security, telepresence, and content distribution solutions. It has also set up an advanced solution team to support customers with complex requirements. It is strong in the media and entertainment sector, and in low-latency products for the banking and finance sector.
- It is beginning to win more large accounts, including very complex projects — a significant breakthrough for the company. With its innovative products, consultative selling and commercial flexibility, it is well positioned for growth.

Cautions

- Its IP VPN coverage is not comparable to that of more mature networks in terms of geographic coverage and redundancy.
- Its network service quality is above average, with good service and support. However, this has
not been tested across a large customer base.

- It has limited local support capabilities in developing markets, which are important for improving installation and repair times for customers with highly distributed networks.
- Although price-competitive, it is not a price leader, despite its superior cable infrastructure.
- It has limited experience in managed and network-related IT services.
- It still has low mind share in the regional hubs where most MNCs are located, and its capabilities are not well understood in the broad market.

**Telstra Global**

Telstra Global is laying the foundations to compete for market leadership. It is enhancing its strength in connectivity through continued investments in network infrastructure, building up a strong local service and support team, and augmenting its customer experience with a newly launched customer service portal. It is also aggressively accelerating its rollout of network-related IT services. Additionally, it will expand its IT services capabilities significantly outside Australia to support its new products. Telstra is beginning to win more large accounts as a result of its efforts, but it is still in the early stage of execution. When execution of these initiatives is complete, Telstra will be in a stronger position to compete for market leadership.

**Strengths**

- Telstra Global has a good IP VPN, comparable to those of leading players in terms of coverage, reliability and performance. It continues to expand its reach and redundancy.
- It has good submarine cable assets and continues to invest in cable systems. Its ample capacity gives it an edge in the building of large and redundant IP and Ethernet networks.
- It is strong in Ethernet WAN services, offering good coverage, a choice of Ethernet technologies and end-to-end management.
- It offers good local service and support, and it recently launched a customer service portal to improve its level of service and responsiveness to customers.
- It provides high service quality, due to its good network infrastructure and support capabilities.
- It is price-competitive, especially for high-bandwidth services.
- It is accelerating the rollout of new products and services, with a clear road map for the next two years. Its new products include a low-latency Ethernet WAN service, IP conferencing and a cloud-based contact center application.
- It is reporting strong growth in new customers, albeit from a relatively low base, due to its enhanced capabilities.

**Cautions**

- Telstra Global has a limited portfolio of managed services at this stage.
- It has a small IT services skills base outside Australia to support its managed services.
- It has low mind share outside Australia, and its capabilities are not well understood, which puts it at a disadvantage when competing against established players based in Singapore and Hong Kong, the key regional hubs.
- Its business is still small, and it may lack the scale to compete effectively on pricing in the long term unless it can grow significantly.
- Its high service quality is based on a small customer base, and it is unclear whether it will be able to maintain the service quality as its business grows.

**Verizon**

Verizon is a dynamic and fast-growing company. It has acquired several companies in the past few years and is undertaking transformation initiatives to enhance the customer experience and expand the business. These changes, along with executive leadership reorganizations, have caused some disruption. Service and support quality have been impacted, and there was a slight slowdown in
Verizon's growth momentum. Both issues are being addressed, and service quality and growth are returning to previous levels. With its good infrastructure, broad portfolio of products and services, and focus on solution-led services, Verizon will pose a strong challenge when it has stabilized.

**Strengths**

- Verizon operates one of the best core network infrastructures in Asia/Pacific, which enables it to offer high network performance. Its high-capacity, meshed optical core backbone connects the top seven markets in Asia/Pacific, including China and India.
- It has a good IP VPN, with full regional coverage, dual POPs in major cities, and NNIs with local carriers in emerging markets, including Southeast Asia. With its strong infrastructure, it offers good network reliability and performance.
- It has a good Ethernet WAN service, offering good regional coverage and a choice of Ethernet technologies.
- It has an extensive portfolio of managed and network-related IT services, which gives it the ability to provide a wide range of solutions to customers, including WAN optimization and acceleration, security and cloud IaaS services.
- It has a clear lead in the field of security, for which it provides a full suite of services, ranging from consulting to managed security. It has a big consulting practice in Australia, as well as presence in several Asian markets.
- It is getting stronger at selling solutions, aided by its broad suite of services. It has been investing continuously in professional services to support its strategy. In anticipation of more solution-led sales, it is developing processes and tools to deliver complex projects successfully.
- It is highly flexible in business development, being very willing to adapt to local market conditions and to partner with complementary providers to develop large and complex opportunities.
- Its revenue continues to show healthy growth, particularly in managed and IT services, aided by Verizon's ability to compete effectively in multiple markets.
- It provides a good customer portal for service management. The portal is feature-rich, and there is flexibility to customize it for individual requirements in the future.

**Cautions**

- Verizon is becoming less competitive in terms of price, which was formerly one of its main strengths.
- Its service and support quality, another traditionally large differentiator, had slipped significantly due to a reorganization that impaired its support structure. This decline has been addressed, and support quality is improving again, although it is not back to its previous level.
- It lost some growth momentum last year, due to its transformational initiatives. But the situation is improving, as shown by strong forward bookings.
- It is more selective about the customers it pursues, now that it has a sizable customer base.

*Return to Top*

**Vendors Added or Dropped**

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor's appearance in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It might be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

*Return to Top*

**Added**

Hutchison Global Communications

*Return to Top*
Inclusion and Exclusion Criteria

The selection of service providers for this Magic Quadrant is based on the following criteria:

- Service providers need to have a regional presence, with the ability to support panregional networks.
- Service providers need to provide connectivity to the 13 major markets in Asia/Pacific using their own network infrastructure. Those without comprehensive network coverage but able to extend their reach via partners will be considered, but would receive lower ratings.
- Service providers need to offer both data and voice services, including managed and network-related IT services.

Evaluation Criteria

Ability to Execute

Enterprises selecting an NSP need to pay particular attention to candidates’ Ability to Execute. Asia/Pacific, with its large and fragmented geography, presents more challenges than other regions when it comes to delivering panregional network services of consistently high quality.

When evaluating an NSP, we:

- Place most emphasis on service quality and price-competitiveness. NSPs that exceed in both areas present better value for money — the most important consideration when choosing a provider.
- Put emphasis on operational efficiency and effectiveness, especially with regard to local service and support capabilities, which are needed to deliver consistently high service quality for installation and restoration across the region.
- Place strong emphasis on the range of products and services. While the main focus is on essential network services, we put a lot of emphasis on services beyond connectivity, including managed services and network-related IT services. We award high marks for innovation and relevance to customers.
- Assess its overall financial health, especially the financial success of its business unit in this market, and its likely ability and willingness to sustain investments in product development and service delivery.
- Review its marketing and sales execution, including its success and consistency in building its brand name, market share and track record in this region.

Table 1. Ability to Execute Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product/Service</td>
<td>High</td>
</tr>
<tr>
<td>Overall Viability (Business Unit, Financial, Strategy, Organization)</td>
<td>Standard</td>
</tr>
<tr>
<td>Sales Execution/Pricing</td>
<td>High</td>
</tr>
<tr>
<td>Market Responsiveness and Track Record</td>
<td>Standard</td>
</tr>
<tr>
<td>Marketing Execution</td>
<td>Standard</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>High</td>
</tr>
</tbody>
</table>
Completeness of Vision

When evaluating an NSP, we:

- Assess its market understanding, especially with regard to challenges in Asia/Pacific. We then review its business model for successful operation in this market, awarding higher marks to providers with a strong, clear focus.
- Place strong emphasis on geographic focus, which refers to an NSP’s vision, commitment and strategy to deliver services that meet the needs of enterprises with panregional requirements.
- Put strong emphasis on its strategy for products and services. Although the focus is essential network services, we also look for innovative services that will meet emerging and future needs, particularly managed services and network-related IT services.
- Review its marketing and sales strategy, how it communicates its value proposition to customers, and its acceptance in the market.

Table 2. Completeness of Vision
Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Understanding</td>
<td>Standard</td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td>Standard</td>
</tr>
<tr>
<td>Sales Strategy</td>
<td>Standard</td>
</tr>
<tr>
<td>Offering (Product) Strategy</td>
<td>High</td>
</tr>
<tr>
<td>Business Model</td>
<td>Standard</td>
</tr>
<tr>
<td>Vertical/Industry Strategy</td>
<td>Low</td>
</tr>
<tr>
<td>Innovation</td>
<td>Standard</td>
</tr>
<tr>
<td>Geographic Strategy</td>
<td>High</td>
</tr>
</tbody>
</table>

Quadrant Descriptions

Leaders

Leaders demonstrate strong vision, especially in terms of defining future market needs. They back their vision by investing ahead of competitors in new or unproven areas, and are generally better positioned for the future. However, significant differences exist between the Leaders in terms of strategy and execution.

Challengers

Challengers exhibit strong operational capabilities and competitive pricing. However, they tend to limit their investments and risks in unproven areas. Either they lack a good understanding of the market's direction or their long-term direction is unclear. There are several Challengers focusing on delivery of high-quality connectivity services — the main requirement today. Most have stepped up their managed services capabilities to close the gap with the Leaders.

Visionaries
Visionaries have a good understanding of the market and its direction. They may take an alternative approach to the market, which could give them a chance of competing for leadership. However, they either lack the resources to execute their vision or are still in the early stages of executing their strategy. There are no Visionaries in this Magic Quadrant.

Niche Players

Niche Players focus on a narrow strategy or a specific geography. They have limited ability to challenge the Leaders, but their focused approach can provide significant value to specific groups of customers. There are three Niche Players, and they differ significantly in strategy and value proposition. Most are in the early stages of executing their strategy.

Context

This Magic Quadrant evaluates NSPs that offer international network services to MNCs with regional networks in Asia/Pacific. The criteria used in the evaluation are consistent with those of the previous Magic Quadrant in order to provide continuity in our assessment.

We measure the progress of individual providers against that of others, based on the needs of enterprises today and in the future. A service provider that performs less well than its competitors in today’s highly competitive market would see its market position decline relative to other players.

When selecting a provider, network managers need to pay particular attention to its Ability to Execute. The large size and fragmented nature of Asia/Pacific make it more challenging to deliver consistently high-quality network services there than in regions such as the U.S. and Europe.

In our evaluation, we give high marks to providers that exceed competitors in the following areas, based on feedback from enterprises and information from the carriers:

- Service quality, based on high network reliability and performance, good service and support, and strong service-level commitments.
- Local service and support in developing and remote markets, particularly China and India, to improve installation and restoration times.
- Competitive pricing, due to the continued emphasis on cost controls, especially in the current uncertain economic environment.

We continue to give weight to managed services and network-related IT services to reflect their increasing importance. The differences between providers in terms of product portfolio have lessened significantly as most carriers have rolled out a suite of important managed services. However, there remain big differences between providers in terms of skill sets, experience and ability to offer solution-based services.

Leading players in Asia/Pacific have good network infrastructure, with a broad suite of managed and IT services capabilities, the result of investing ahead of the market in new or unproven areas. They are pulling ahead because of their growing ability to meet MNCs’ increasingly varied and complex requirements. Challengers generally offer good network service quality and often competitive prices, but have a smaller suite of managed service capabilities, which limits their ability to take on complex projects. Due to their lack of differentiation, they are falling behind.

Market Overview

The MNC market in Asia/Pacific has been characterized by several major developments in the past year. The strong players are getting stronger; in contrast, the weak players are falling behind. And for the first time, major Asian carriers are posing a strong challenge to the large global players. Overall, competition has intensified among the Leaders, but the gap between Leaders and Challengers has widened significantly.
The Leaders are increasingly able to lead with solutions, enabled by their broad portfolio of products and services, skill sets, and consultative selling approaches. As a result, they are winning more large customers with complex requirements and gaining market share. Getting more entrenched within their customers has also improved their customer retention, and strengthened their long-term viability.

This development is due to continuous efforts by leading players to invest in managed and network-related IT services. Their investments are finally beginning to pay off, and are benefiting core connectivity services in the process. Their improved performance is a validation of their strategy to go beyond connectivity, which is a relatively mature offering, and up the value chain into managed and network-related IT services.

The providers that have made the most progress during the past year are BT Global Services and Orange Business Services, both of which rate higher for Completeness of Vision and Ability to Execute in the Leaders quadrant.

Two leading Asian carriers, NTT Communications and SingTel, have also made significant advances in the Leaders quadrant. This is based on the progress of their managed and network-related IT services portfolios, which are almost comparable to those of the large global carriers, in addition to other competitive attributes such as strong regional presence, good service quality and competitive pricing.

NTT Communications has been investing aggressively in both organic growth and acquisitions, and is now set to be among the fastest-growing providers in the region. SingTel looks impressive as well, especially for product development. Its most notable products are cloud IaaS services and regional mobility solutions, two increasingly important requirements for MNCs.

The Challengers offer comparable networks, good service quality and competitive pricing. But their portfolios of managed and network-related services are small and immature. As such, they are not well positioned to meet the changing needs of large MNCs. Without differentiation, they will find it increasingly hard to gain market share. The gap will widen unless they catch up quickly. As such, we have downgraded the Challengers in terms of Completeness of Vision and Ability to Execute, relative to the Leaders. There have been several other notable developments:

- Tata Communications, formerly a Visionary, is now an emerging Leader. It is a truly innovative provider, and has finally gained traction with large MNCs — the breakthrough it has been looking for.
- Reliance Globalcom is ready to pose a challenge again. Its Asia/Pacific operations are good, with a loyal customer base. Its global operations, impacted by a major reorganization three years ago, have also stabilized. It is beginning to win customers again.
- Telstra Global is mounting a strong challenge. It is investing aggressively in infrastructure, service and support, and in new products and services. The result is a big jump in its customer and account growth, albeit from a low base.
- Hutchison Global Communications, a Niche Player, is a newcomer to the Magic Quadrant. It specializes in connectivity to new emerging markets in the Greater Mekong Subregion, including Myanmar, Laos, Cambodia, Vietnam and Thailand.

**Conclusion**

The network services market is relatively mature in Asia/Pacific, with limited differentiation in terms of network infrastructure and performance. However, there remain significant differences in service and support, and in willingness to support nonstandard requirements, which can impact the end service quality. Managed and network-related services are still in the development stage, and capabilities can differ significantly among providers, including the Leaders.

The fragmentation of service provider capabilities means that MNCs cannot adopt a blanket approach when sourcing for a provider. Increasingly, they will need to understand the business focus and core capabilities of individual service providers to ensure they meet their requirements.