

NaaS: Finding the way to simplicity in a complex network environment



The next network transformation wave is underway – are you ready?

Connectivity used to be simpler. Today's environments are software-defined, virtualized, cloud-centric, and secured. Add the faster pace of business, and networks have become even more complex and demanding.

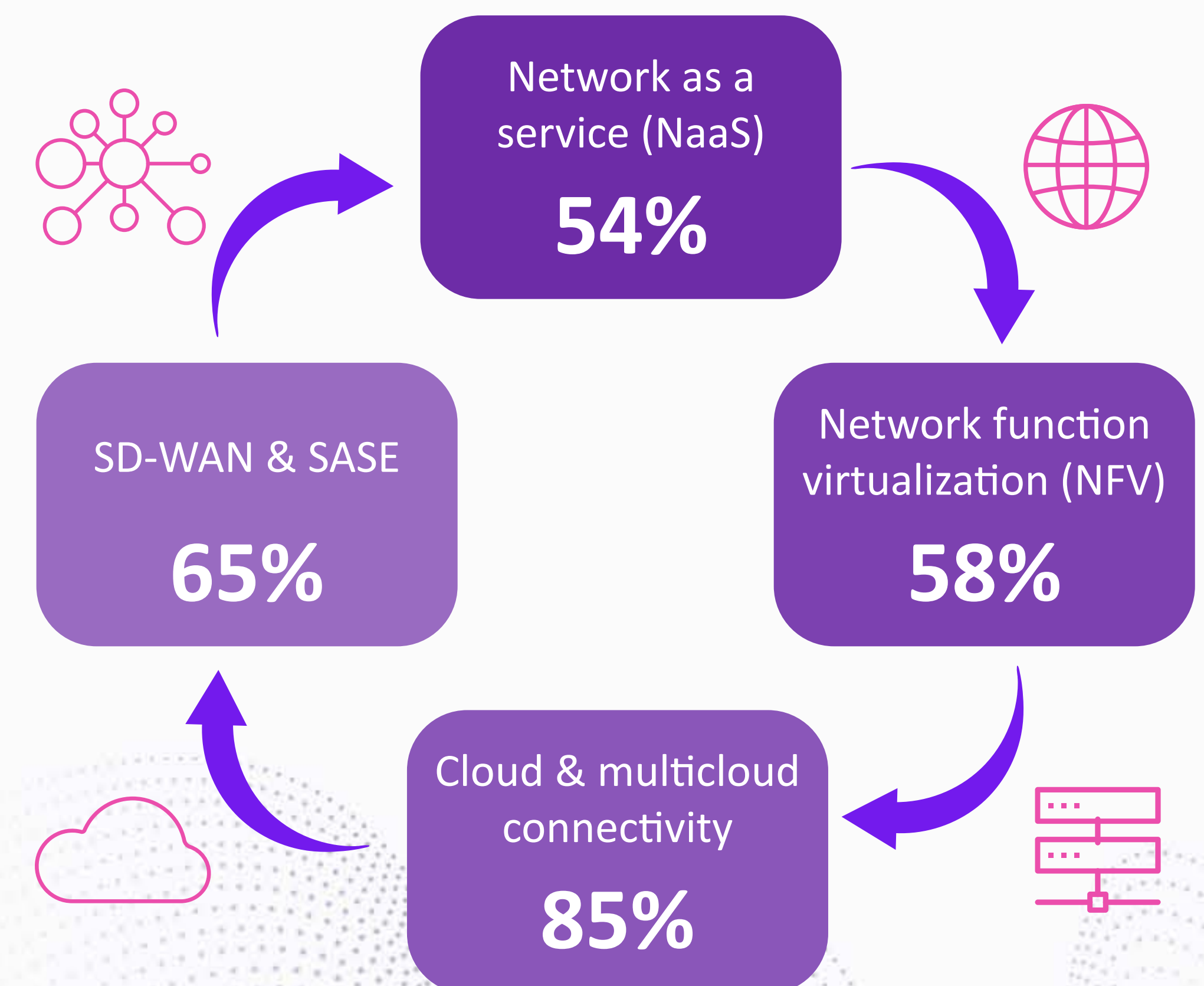
Networking used to be simpler: connecting sites and setting up routers and firewalls. SD-WAN and virtualized networks, clouds, and network security were going to make IT easier. But instead, pulling them all together is more complicated than expected.

If your business is like most, time frames for change cycles are tightening. The network needs to be more flexible: it must add, swap, and reconfigure resources on-demand.

Enter network as a service (NaaS). This goes beyond capacity and into dynamic services. Adjust cloud capacity, swap out network functions, add security, and reconfigure SD-WAN, all with observability and control through a digital gateway.

Omdia research finds businesses moving toward this goal: pulling together network transformation to deliver the promise of “simple.”

Large enterprises' adoption of network transformation technologies



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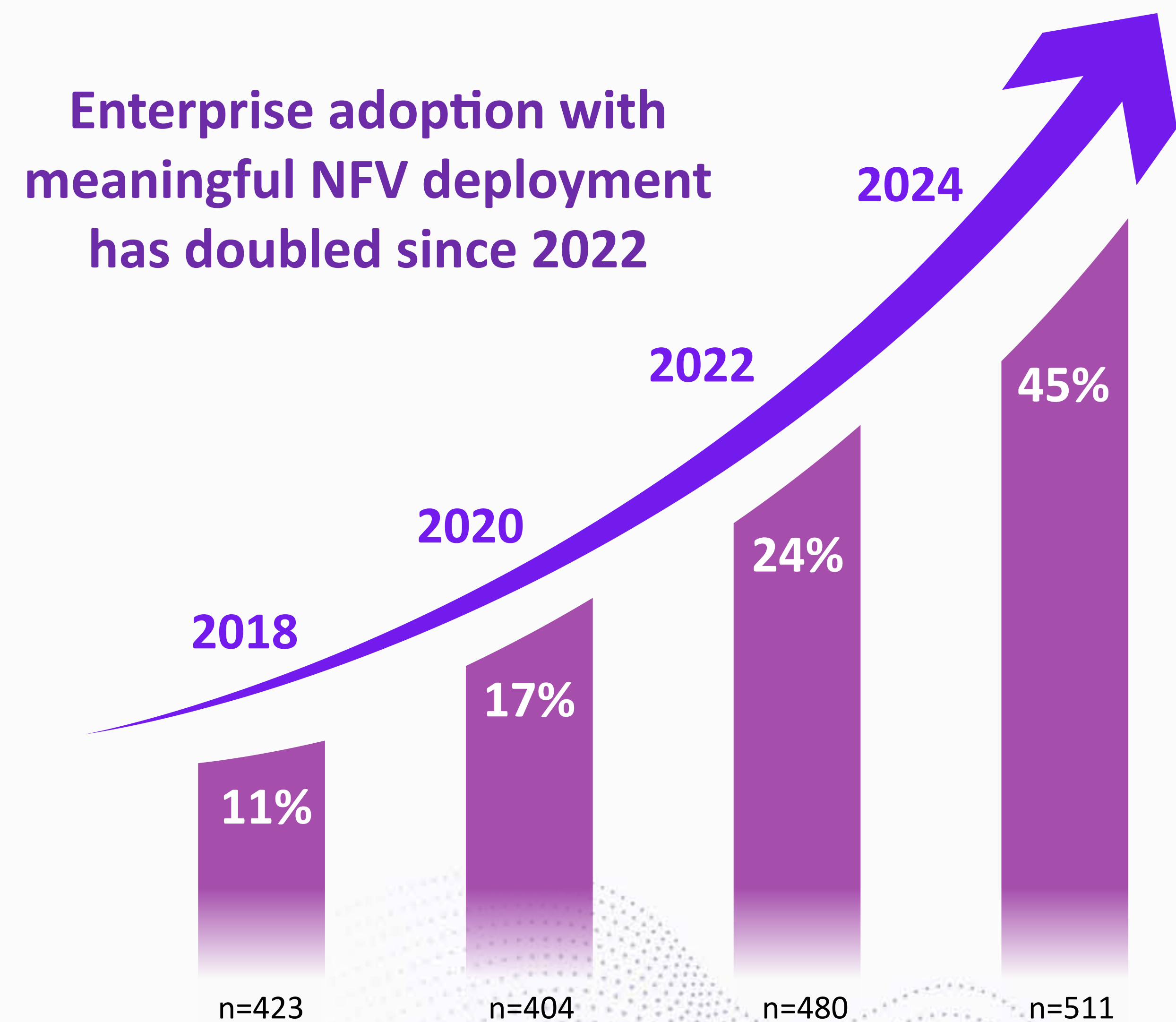
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NFV's role in network transformation solidifies

Mainstream enterprises are finally embracing virtual network functions (VNFs). They find that loading routing, networking, firewall, SD-WAN, and other functions flexibly into cloud environments, data centers, and on-site is practical and effective.

Network function virtualization (NFV) made a big splash when it arrived in the market in 2016. However, the first efforts were proprietary and static. Buyers found them too restrictive.

There has been a sea change. In the last two years, buyers have widely embraced a new, dynamic NFV. It gives network as a service control over what functions are used, where they are located, and shifts between DIA, MPLS, SD-WAN, SASE, and firewall platforms.



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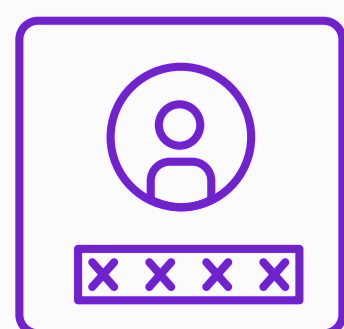
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Enterprises lean toward security for upcoming virtualization plans

Businesses are widely upgrading to virtual SD-WAN, routers, and firewalls. They will next focus on virtualizing security to protect hybrid working, cloud-based applications, and the shift from private WAN to public internet connectivity.

Network functions that businesses will prioritize over the next 24 months

+11%



Virtual gateway
(secure access)

Functions for secure access, and for security applications such as logging, authentication, threat detection, and analysis, will be top use cases for virtualization in the coming years.

+8%



Other
security

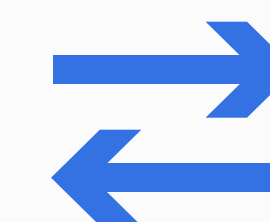
+7%



Custom
applications

Enterprises want to virtualize custom applications they are currently running on dedicated hardware.

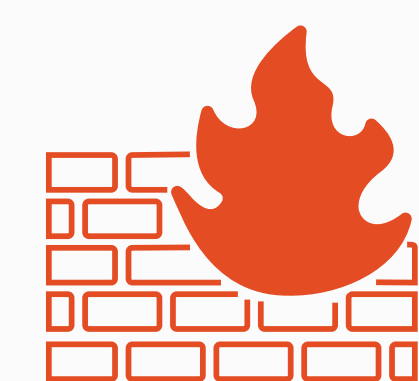
+7%



Traffic
handling

Enterprises will adopt virtual functions for traffic handling such as monitoring, optimization, and load balancing.

+/- 1%



SD-WAN/SASE,
router, firewall

SD-WAN, firewall, and router functions remain primary use cases for network virtualization, although new growth will level off.

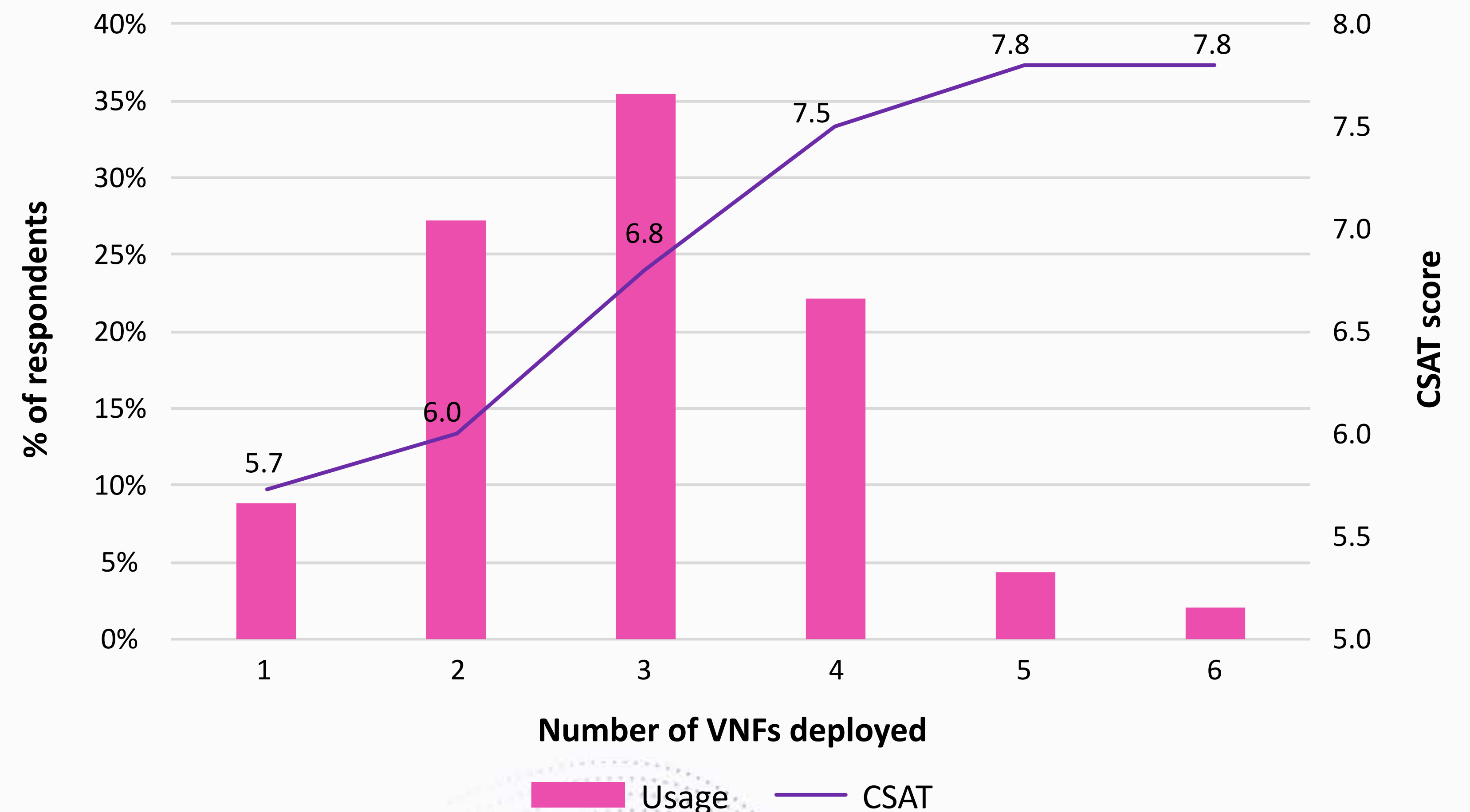
Satisfaction grows with VNF deployment

Enterprises that have deployed NFV are happy with the flexibility and scalability that it brings. Bringing in NaaS adds simplicity and greater control to enterprises when procuring and managing network services.

The average large enterprise NFV adopter has **2.9** functions deployed. The more functions an enterprise has deployed, the higher these customers rated their satisfaction. Nearly **75% of NFV adopters rely on partners** for VNF orchestration.

Enterprises appreciate the **flexibility** that NFV gives them to decide which network functions to deploy and where to deploy them—hosted in the cloud or network or resident on uCPE.

Managed service provider partners can make ordering VNFs easy, using **click-to-order** interfaces to buy and provision network functions. Today, around **40% of NFV adopters have also deployed NaaS**, and around 76% of those adopters use NaaS to connect to cloud services.



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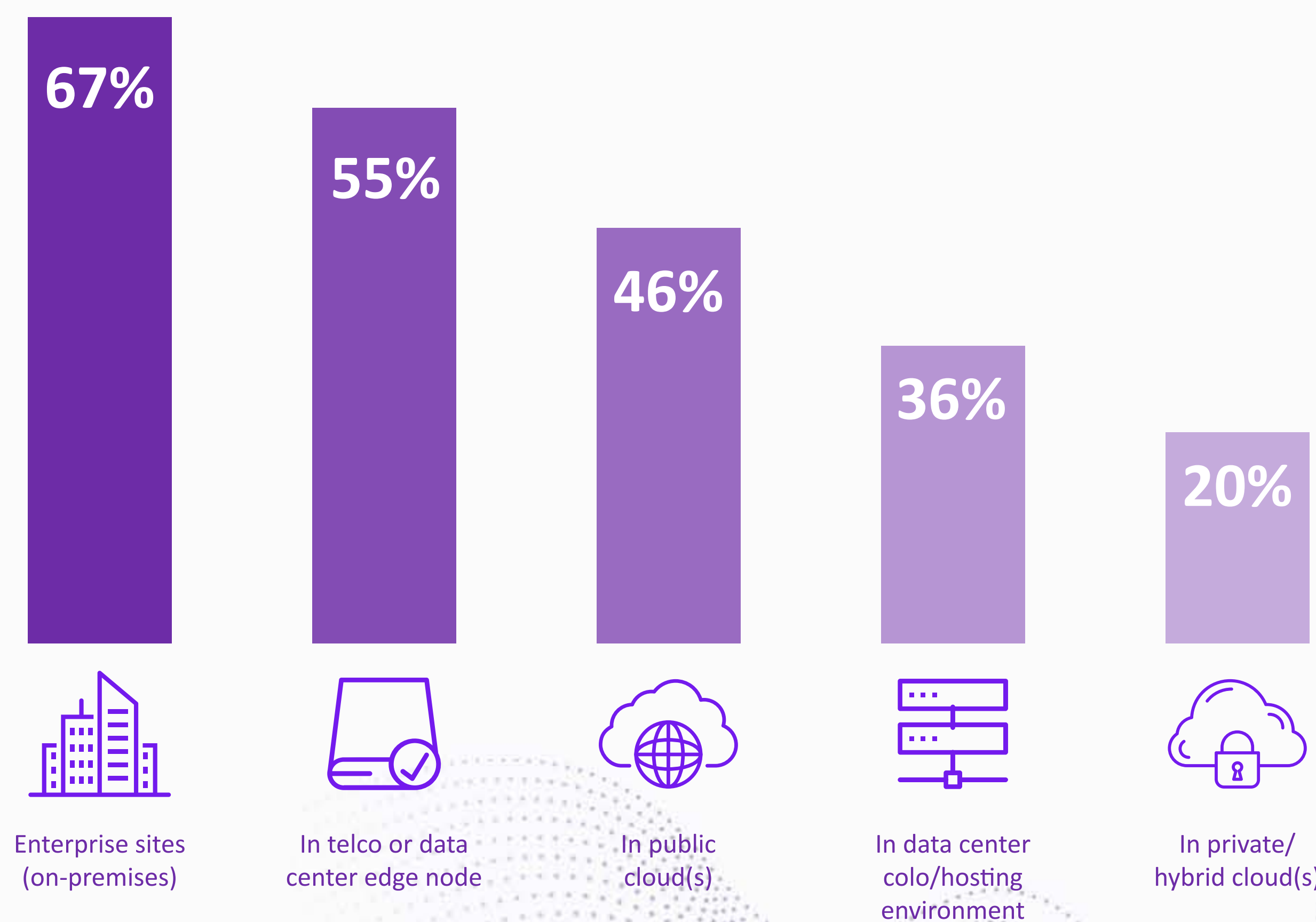
Enterprises are pragmatic about where network functions are located

Enterprises benefit from the ability to deploy NFV wherever they need to. This flexibility gives IT managers control over how services are managed, allowing them to implement the service where it makes the most sense for the business.

Enterprises have increased their use of cloud resources in recent years, but in many cases, they are opting to keep functions on-premises or bring them back to local hosting sites.

Enterprises need to consider many variables in deciding where to host virtual network functions. Factors such as latency, cloud hosting costs (egress fees), security concerns, internal policies, and regulatory compliance/sovereignty requirements are all important elements in this decision.

Enterprise preferences for NFV hosting locations



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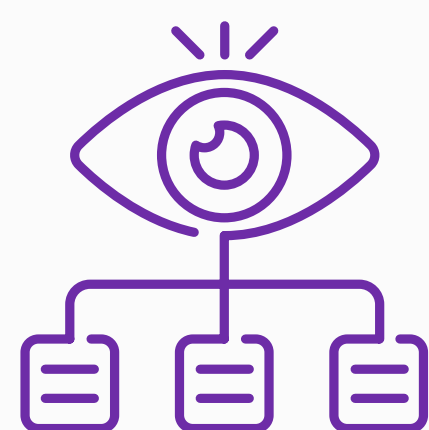
Network observability is critical in managing today's networks

With more applications running in real time, administrators require up-to-date network information to understand alerts, troubleshoot problems, and address service issues.

AI-based network tools are giving enterprises the ability to monitor and manage networks in real time. Collecting and correlating data, providing proactive notifications to potential problems, delivering remediation recommendations, and automating network tasks help IT managers stay on top of the health of the network.

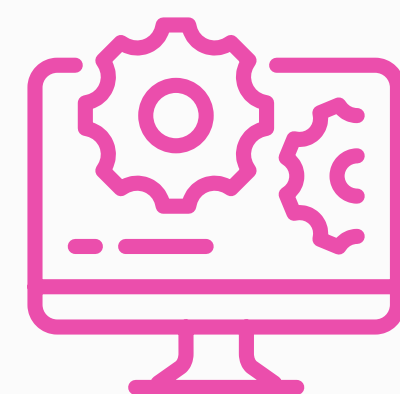
Critical factors for enterprises when making network procurement decisions

60%



Real-time analytics

48%



AIOps & service automation

40%



Single pane of glass

38%



Green & sustainable

25%



Self-service digital tools

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Enterprises favor NaaS for flexibility and quick service delivery

Enterprises want more control over their services and shorter service delivery times. Sending a service request to a provider is cumbersome and time-consuming. Enterprises want to make changes on their schedule, not their providers’.

NaaS gives enterprises an efficient option to consume network infrastructure services, simplifying the process of moves/adds/changes and enabling greater control over the management of the network.

NaaS started as “bandwidth on demand,” a tool that allowed enterprises to flex bandwidth under a usage-based model. The real value to enterprises is not the pricing model, but the flexibility and control that NaaS gives them in managing services.

NaaS offers the promise of supporting more services in the future as providers build out their infrastructure and processes to support new services.

NaaS features deployed by enterprises

Flexible contracts, rapid service delivery



Online portal for MACDs



Scaling bandwidth and QoS



Service bundling



“as-a-service” pricing



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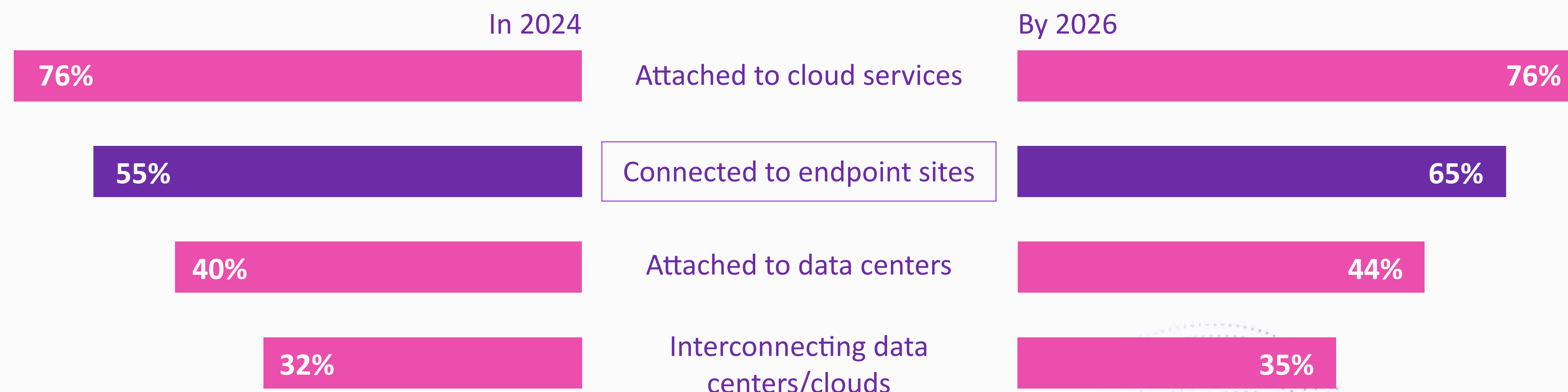
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Enterprises will prioritize endpoint connectivity in the future

Early NaaS adopters focused on deploying NaaS to connect to cloud resources. These enterprises are now turning their attention to headquarters and branch locations that require flexible connectivity.

Enterprises are ready to expand their NaaS deployments beyond the cloud. Extending the service flexibility and control of NaaS to other office locations—headquarters, branches, manufacturing facilities, retail locations, and other sites—allows enterprises to manage services to these locations more efficiently.

Current and expected enterprise NaaS usage



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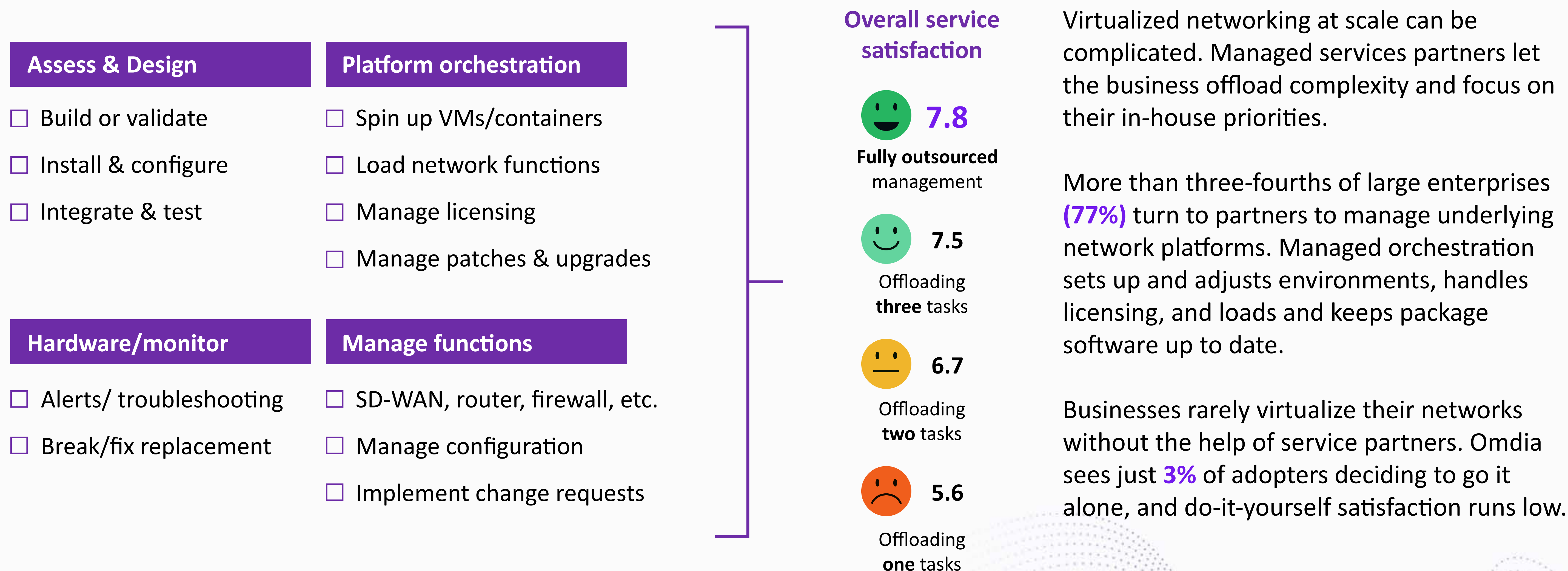
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Managed services partners make simple possible

A do-it-yourself approach to design, deployment, and running large networks leads to poor results. Almost all large enterprises rely on managed services partners: businesses find offloading more tasks produces better results.



Communication service providers lead overall satisfaction

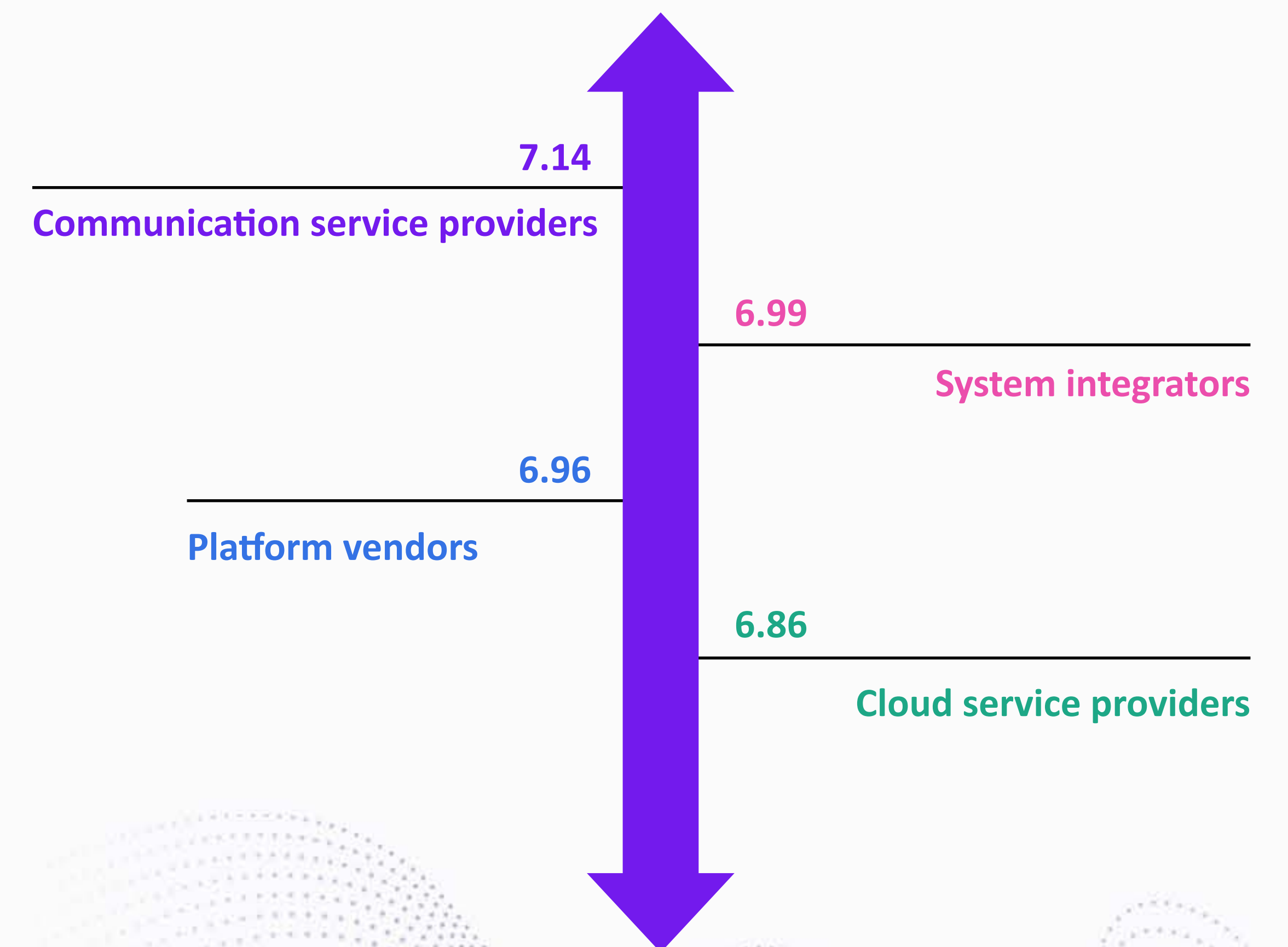
Enterprises may do business with a range of partners to transform their network. However, they tend to have the highest satisfaction when working with communication service providers for large-scale solutions spanning multiple service types.

Communication service providers complement their network service portfolios with dense regional and/or global connectivity. Smaller alternative providers bring expertise in the integration of diverse network services and may highlight a personalized approach relative to their telco peers.

System integrators have deep local expertise and partnerships they can bring to bear to assemble solutions in a region, country, or around the world.

Platform vendors often have a foothold in the enterprise through legacy routing and security products. Enterprises are familiar with them and comfortable with their level of expertise, particularly in security.

Cloud service providers can provide access and cloud resources, but they do not offer the dense network reach of network services expertise that communication service providers can offer.



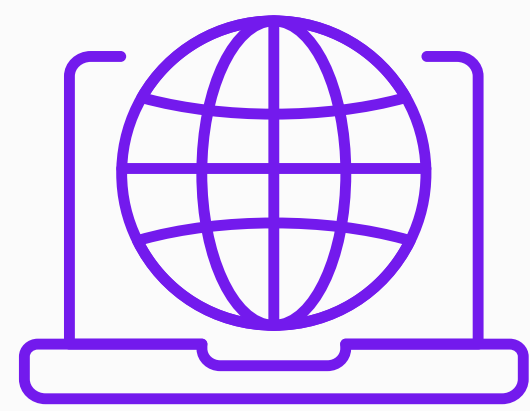
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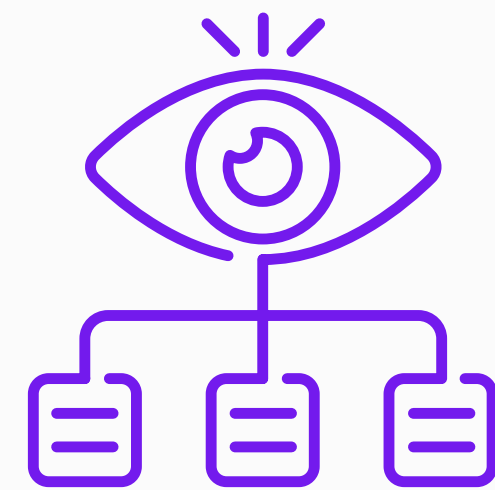
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Key takeaways: Networking isn't simple, but it doesn't have to be complicated

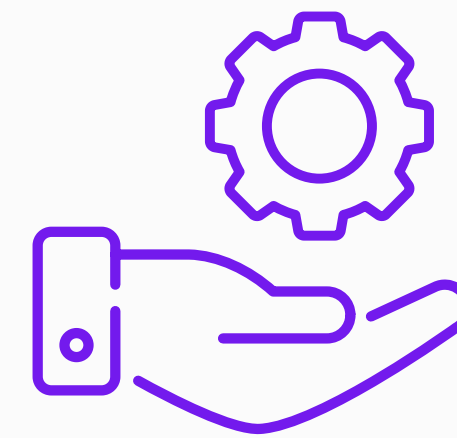


Network as a service

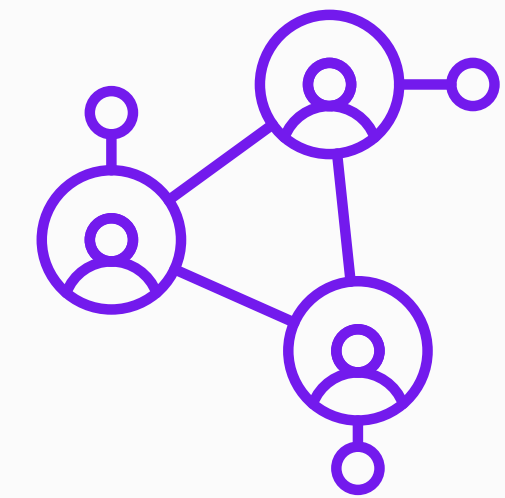
powerfully brings together network virtualization, SD-WAN, cloud, and security. The pace of change is speeding up: services need to keep pace by being flexible and easy to consume.



As networks carry ever more applications, tools for **real-time observability and analytics** become critical. Network administrators need to know what is happening as it happens.



Large modern networks are complex, and a do-it-yourself model is risky. **Managed services** do much more than just configure network gear. Services partners can take on a range of tasks. These expert partners make for better outcomes.



Network services providers

make good partners. They know networks and have long-term commitments instead of project mindsets. Look for partners that support advanced, dynamic services and give clients personalized attention.

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Appendix

About GTT Communications

GTT Communications is a leading networking and security as a service provider for multinational organizations, connecting people and machines to data and applications—anywhere in the world. The company started as a virtual network operator in 2006, and since then, has amassed a global reach that combines a global Tier 1 IP network with more than 3,000 connectivity and cloud partners worldwide. GTT serves thousands of organizations, bringing together the right people, partners, and technology to reduce the burden on IT teams and solve the most pressing networking and security challenges. The GTT Envision platform provides visibility, insights, orchestration, and control, enabling customers with consumable solutions to achieve business missions and meet ongoing demand when, where, and how needed. The portfolio includes SASE, SD-WAN, security, internet, voice, and other connectivity options, complemented by a suite of professional services and exceptional sales and support teams in local markets around the globe partnering with customers to deliver Greater Technology Together.

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Methodology

This report was created by Omdia as part of a custom work engagement commissioned by GTT. The survey of more than 500 enterprise decision-makers was conducted by Omdia and a third-party survey provider during 1Q24.

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