

# Pipeline

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## Increasing Demand on VPNs Can Mean Increasing Revenues for Service Providers

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In these economic times, every business is facing the reality of lower budgets and the demand for greater cost efficiency. So it comes as no surprise that both tenets raise a variety of challenges for service providers. The need to generate more revenue opportunities from existing customers becomes paramount just as the enterprise is looking at their VPN and asking the question: Am I using my VPN efficiently? This creates the perfect storm—and the perfect time for service providers to ask their own question: What more can I offer?



A look at the changing marketplace from the perspective of the enterprise suggests potential new sources of business and incremental revenues for service providers. Enterprise and business clients rely on networks to do business, and their business service providers are key to their delivery chain. A variety of trends are transforming the wide area network (WAN) as a business vehicle and pointing both large enterprises and their service providers into new directions. For example, globalization makes it possible for businesses to have offices, employees, and partners everywhere in the world that need access to company resources and applications, which drives the need for hosted, shared collaborative applications to conduct routine business across the Internet—and they must perform at peak. Additionally, tools that enable remote business activities, like video conferencing and data streaming, are increasingly in demand and they, too, must perform reliably. Providing VPN connectivity is no longer enough to remain competitive. The focus is moving away from looking at the infrastructure toward fully managing the delivery of the service and applications.

This is where the opportunity arises for the service provider to provide advanced solutions—offerings that extend their existing VPN offering to the global enterprise, with value added application of WAN capability. Service providers will find new opportunities by deploying new technologies that allow them to provide advanced network management strategies rather than losing business clients to their larger competitors. With value-added WAN capabilities, they can extend their VPN offerings to the global enterprise.

### **Creating A New Business Model**

First, think about the way monitored solutions have typically been deployed, with traditional network performance management of the IP/MPLS and the WAN infrastructure, and then the separate domain of traditional enterprise service management. Many vendors in this second area specialize in monitoring Netflow performance across the local area network (LAN) and across the enterprise network itself, but they are not really concerned about what happens when a packet leaves and goes over to the service provider's domain.

Today, however, these two domains merge so that managed VPN service providers are bringing these two worlds together. Those who specialize in the enterprise market are now trying to extend their product offerings and realize that they need to view what's on the WAN. When service providers broaden their scope to include both these operational spheres, they can grow alongside their customers and incrementally increase their revenues.

Application-based services come in different flavors and, ultimately, the nirvana of these services is application control. Achieving control requires monitoring various applications components utilizing several key tools and capabilities. The first one is gaining visibility into enterprise applications as well as the WAN. Second, traffic analysis lets the operator see which applications are going across the network and which sites are using specific applications that potentially need individual management. Third, optimization and acceleration of applications means making sure there is sufficient bandwidth optimization to manage the applications moving across the network. Fourth, finally, is the ability to accelerate specific applications that have critical business value.

When all four components work together, as soon as any deterioration in specific applications is detected, automation is brought into play to begin prioritizing these applications and making adjustments to the way they are delivered. This ensures the end user's all-important QoE (Quality of Experience).

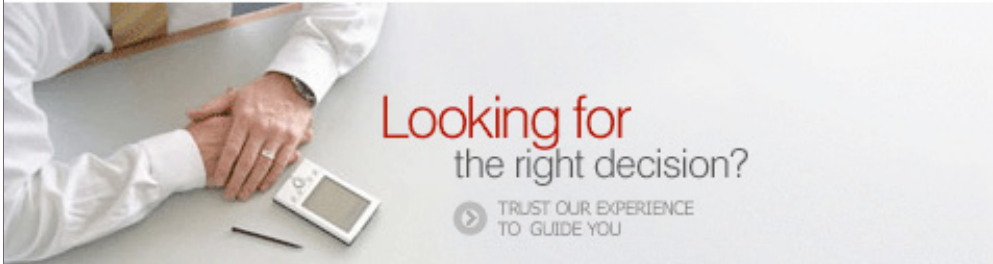
### **Adding Another Dimension**

It's important to note that enterprises realize that in order to improve their overall operating efficiencies in the current economic environment, they can't afford to hire new people to focus on all the processes involved in application optimization. Considering the number of sites that may be part of a global network and their remote geographic locations, along with the increasing number of applications being used, many enterprises are looking to outsource these tasks to those service providers that can manage their applications as well as their networks.



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As VPN services and applications services converge and overlap, and with the new technologies available, service providers can develop additional revenues by offering professional consulting services, essentially managing enterprise applications in order to relieve their business customers of the expense and resources required to do this for themselves. Solutions are now on the market that enable the visibility, reporting, and monitoring capabilities they require on a common platform, reducing the need to add staff and improving the ability to control applications delivery and QoE.

Enhanced service offerings also help service providers differentiate themselves from their competitors. In many cases, they can upgrade their services by building on existing hardware and software rather than having to replace it. This protects the investments they've made already as well as optimizing their functionality. By providing a wider range of business services tailored to the needs of enterprise clients, service providers can forge a true partnership with their enterprise clients to ensure long-term, mutually beneficial business relationships that meet the demands of today's economic environment.

There is no getting around the fact that customer expectations for business services delivery continues to mature. Customers are aware of what's possible and demand the very best quality of service. The future success of service providers will depend on the breadth of services that they offer that ensure QoE. The good news is that there are growing opportunities for new revenue and business efficiency in this ever-enlarging demand for expanded managed services.