



# Top Service Provider Business Accelerator Trends



## INTRODUCTION

**As connectivity requirements continue to evolve, many service providers (SPs) are ramping up their digital transformation journeys. In order to keep pace, open new revenue streams, and grow their strategic relevance, yesterday's telecommunication SPs are fast becoming today's technology SPs.**

In this new, complex, and competitive landscape, SPs must continue to take a leading role in solving users' connectivity requirements for both businesses and consumers. They must meet growing expectations for improved revenue. And they must continue to find new ways to deliver value to their enterprise customers, including offering digital services that support their digital transformation journeys. Failure to do so puts their long-term revenue outlook at risk. This overview will cover three key trends accelerating business growth in the service provider sector.

## TREND #1

### Need to Accelerate Revenue Opportunities by Quickly Expanding Enterprise Portfolio



#### WHAT'S THE CHALLENGE?

##### Historic Poor Returns for Service Provider Shareholders

Operators are held back by issues intrinsic to legacy business models, such as:

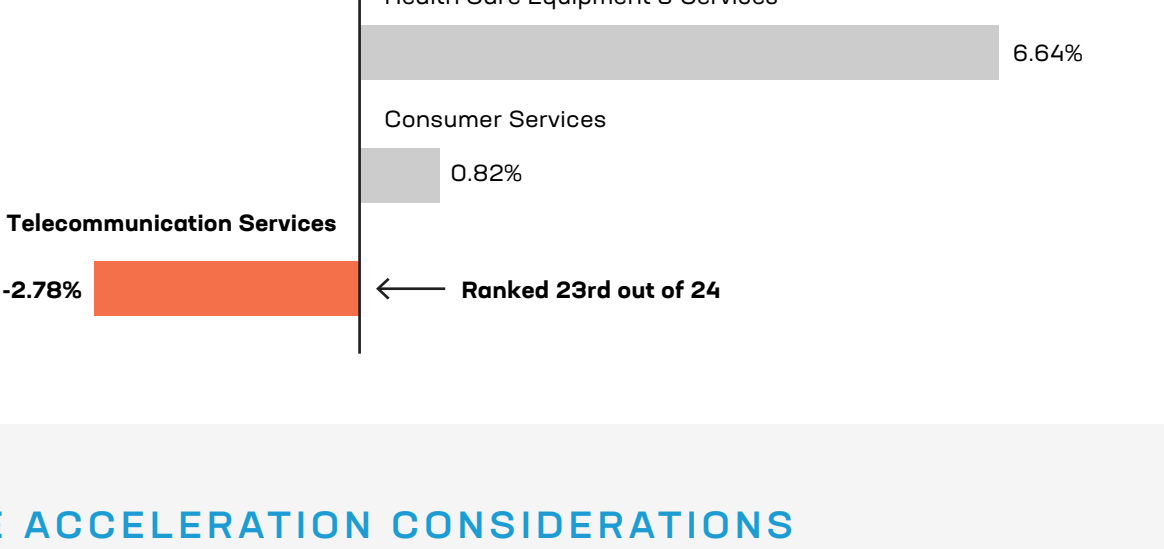
- Capex-intensive innovation cycles
- Siloed organizations
- Slow to leverage public cloud services
- Insufficient investment in automation

##### Today, SPs also face disruptive competition from over-the-top providers:

- SPs have struggled to meet the demand for new digital services
- Hyperscalers are the latest competitive threat, disrupting key sources of revenue and growth

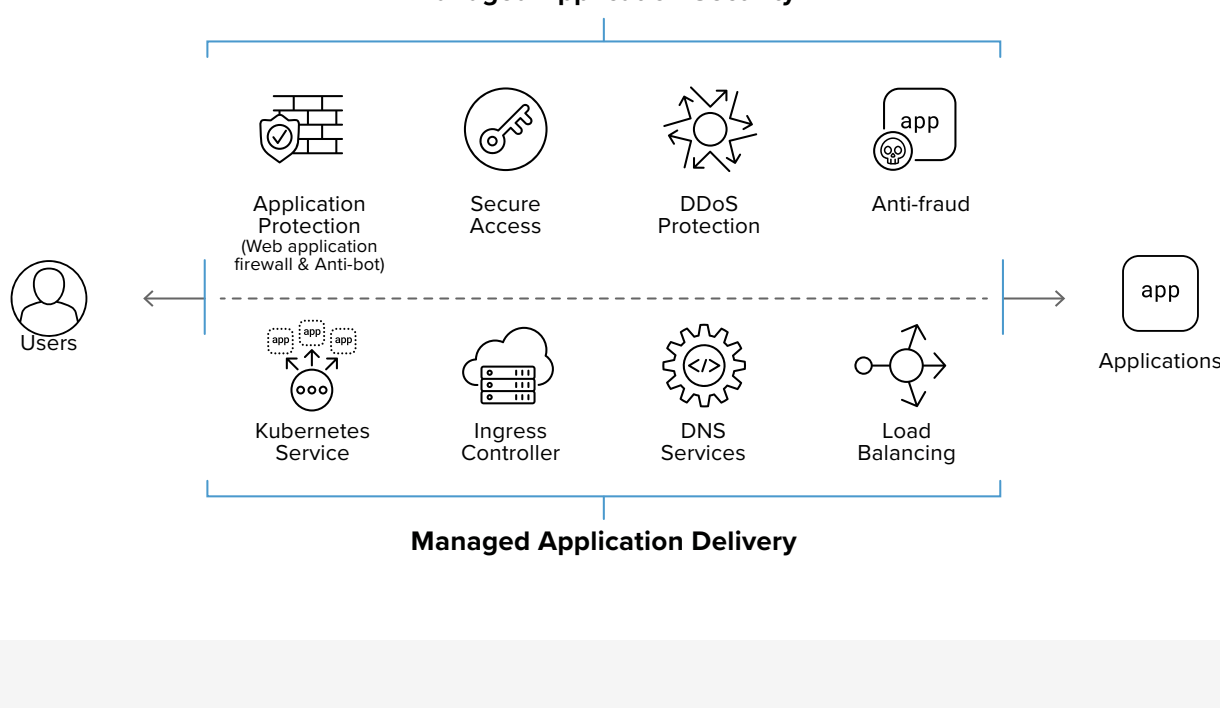
#### Median 5-Year Total Shareholder Returns by Industry, Sept 2022<sup>1</sup>

Compounded annual growth rate



## REVENUE ACCELERATION CONSIDERATIONS

- Offer customers new services in weeks vs. months, with new B2B multi-cloud, Managed Application-Layer Services
- Add incremental security revenue for web apps with new Web Application, API, DDoS and BOT protection Managed Services.
- Expands into new edge sites and hybrid multi-cloud environments with managed application-layer services



With a distributed application cloud services platform, SPs can rapidly offer and operationalize their managed application-layer services in weeks rather than months. This includes:

- Configuration
- Management
- Support services
- Full SaaS from F5
- Plus, seamless integration with OSS/BSS systems

Platforms with the right managed application-layer services can help enterprises:

- Run applications in a simpler, safer multi-cloud environment
- Reduce complexity
- Lower operational costs
- Lower capital expenses

Enterprise applications running in multiple enterprise locations (e.g., branches, headquarters, edge, private and/or public cloud) can be easily networked so other applications and users can reach them. From a centralized engine, providers can apply the required networking and security parameters across all locations for easy connectivity and consistent security.

#### How this impacts business objectives:

- Increases strategic relevance
- Delivers value-added services on top of traditional offerings
- Expands SP business into an increasingly growing market that is projected to be \$30B in 2025<sup>2</sup>

## TREND #2

### Improve Operational Efficiencies to Save Money and Improve User Experience



#### WHAT'S THE CHALLENGE?

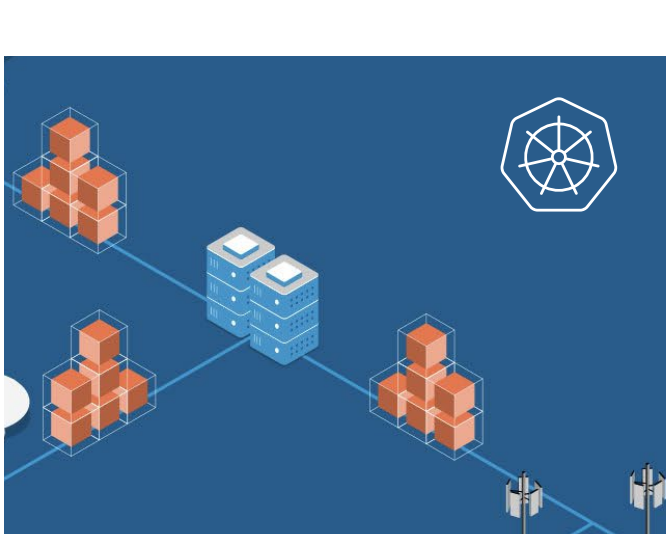
Service providers' traditional network architectures can be static, vulnerable to human error, and far too complex. These complexities are increasing, with capabilities and services delivered from multiple cloud providers—private and public. While the move to cloud-native architectures can address some of these challenges, SPs will continue to be faced with the challenge of adapting to these new technologies.

## OPERATIONAL EFFICIENCY CONSIDERATIONS

##### Simplify and secure Kubernetes networking

- Containerize your 5G infrastructure with CNFs (Edge Firewall, DNS, CGNAT, Policy Enforcer CNF)
- Fix functional gaps in Kubernetes for service providers with the right Service Proxy for Kubernetes (SPK)

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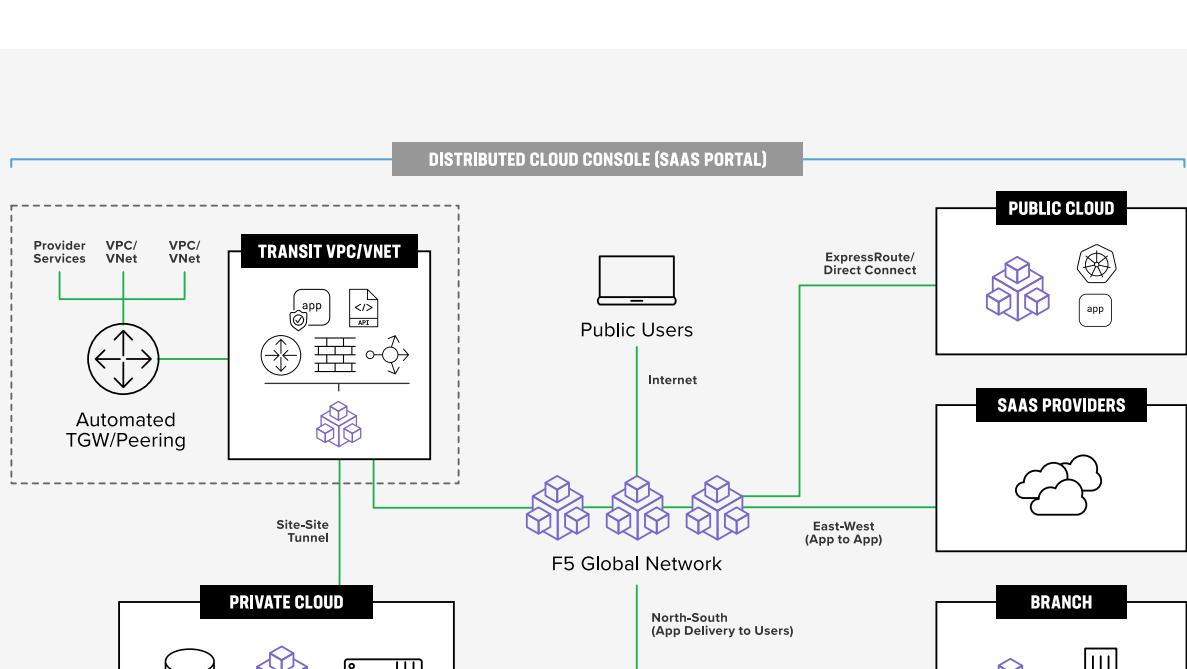


##### Connect, protect, and deploy apps across distributed clouds

Enable enterprise service delivery with advanced 5G Multi-access Edge Computing (MEC) services.

Employ the right integrated platform that enables your IT Ops to move applications to the cloud in a fast and secure way. Look for a platform that offers:

- A complete cloud-native security and 5G signaling solution
- A strong 4G customer base, 60+ SPs rely on F5 for mobility network services
- Simplified operations and deployment to solve scale and operations challenges
- Industry-leading, managed, cloud-based application-layer services that can be quickly delivered to enterprises, supporting them in addressing an increasingly growing market.



## TREND #3

### Adoption of a Subscription-Based SaaS Approach



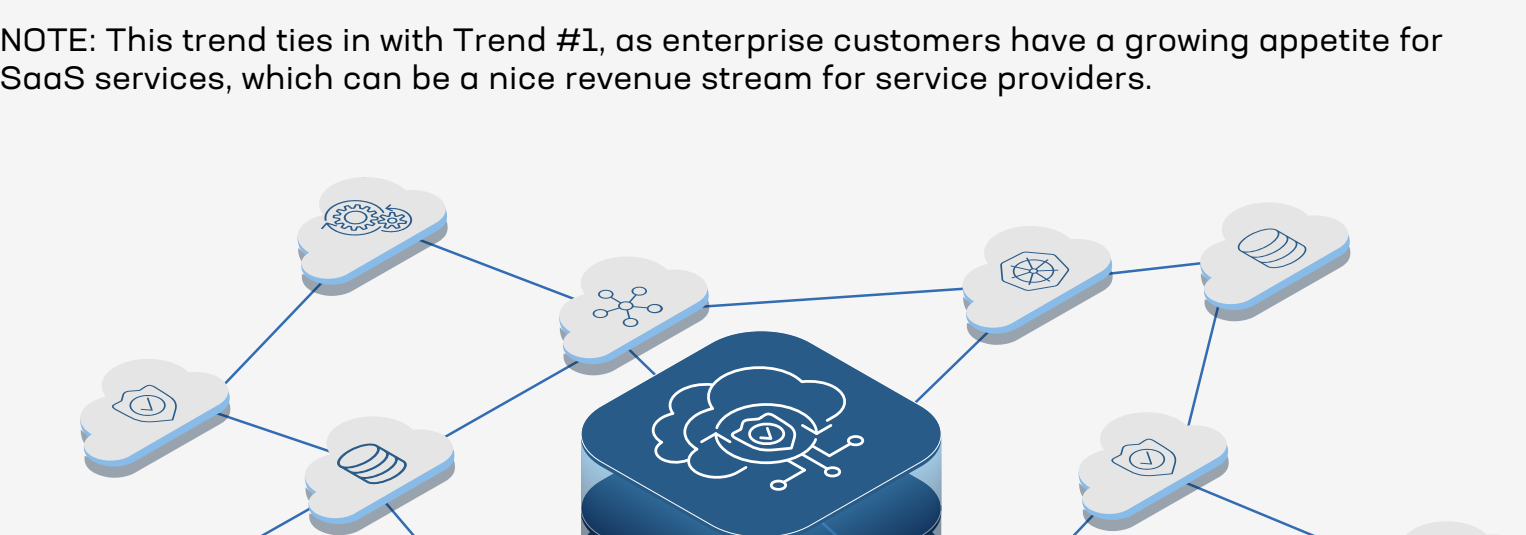
#### WHAT'S THE CHALLENGE?

The biggest hurdle is cultural. SPs have come to prefer solutions that put the ownership and management of infrastructure in their hands. Thus, they overlook the advantages that an ongoing subscription model can deliver despite the time, energy, and total cost of ownership (TCO) implications that self-owned and managed solutions require.

## SAAS APPROACH ADVANTAGES

- Cost reduction of the in-house technical expertise otherwise required to maintain the hardware or cloud infrastructure, and its associated avoidance of significant staff training or new recruitment costs.
- Improved agility and a speedier time to market.
- The elimination of costs related to extra power, cooling, and physical storage space.

NOTE: This trend ties in with Trend #1, as enterprise customers have a growing appetite for SaaS services, which can be a nice revenue stream for service providers.



For more information on the F5 integrated platform for service providers, visit [www.f5.com/solutions/service-providers](http://www.f5.com/solutions/service-providers)

#### Sources:

<sup>1</sup> <https://www.issgovernance.com/policy-gateway/industry-group-us-tsr-medians-performance-related-policy/>  
<sup>2</sup> IDC, 2022.