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NEC's Cloud Solution

The Profit Opportunities of Cloud Computing for Telecom Operators

Rising traffic volumes, falling incomes, the difficulties of managing facility investment and the increasingly complex needs of Business Continuity Planning are all examples of how the environment of Telecom Operators is changing. It is against this backdrop that many Operators have started to address the possibilities of Cloud-based business.

There have been many examples of Operators who have tentatively started free Cloud businesses, but are these really examples of a full Cloud business? Is it even possible to make money from Cloud businesses? These are common questions, and to answer them, Shinya Kukita of NEC replies:

“Cloud services combine IT service provisioning capabilities with Network connectivity. A Cloud business has many advantages for Operators because they already possess the necessary tangible assets of IT and network capabilities, plus many relevant intangible assets such as a track record of trusted service, a large local customer base of SME with whom they are regularly in contact. Most importantly, they have the trust of their customers – nearly all customers view Operators as reliable, safe and secure enough to entrust them with valuable data.”



How Should Operators Take Advantage of their Strengths to Build a Profitable Business?

Ken Sugata responds:

“Operators provide telecommunication services, and are established entities in every country in which they operate (as well as being subject to each country’s local regulations). In the early days of Cloud Computing, when the ideal was for services to be globally homogeneous, Operators’ local presence and image were seen as a handicap, but it is now turning out to be quite the opposite. Operators should make their local or regional presence a key part of their Cloud business’ strategy. In particular, they should work together with local software vendors and expand their services from their SME and LME customer base in each market. One key area, as I see it, is for cloud applications to be customized for SMEs that have not heavily invested in IT up to now. These services should not simply be copies of general applications designed for the needs of large enterprises but take into account their business characteristics and conditions.”

Furthermore, a close eye should be kept on the trends in enterprise and Cloud services. For example, for large businesses, cloud-based general clerical software has come full circle but industry verticals, such as healthcare, education, retail and logistics are looking to reduce their investment in traditional IT solutions making them likely prospects as customers.

An Advantage of Cloud business is Synergy.

Cloud business is evolving to be more than just connecting IT resources and services. The next wave will address the specific needs of vertical industries such as healthcare, education, retail and government. This will result in increasing amounts of data being accumulated from outside the cloud, and the growing need to integrate services and processes will

require a wider range of sensors and devices to be linked with an Operator’s Cloud.

Increasingly, Machine-to-machine (M2M) communications are coming to the forefront of services focused on vertical industries. This is a prime opportunity for Operators to both start and expand a Cloud business.

NEC’s 3 Advantages for Cloud Business Operators

When looking to start or grow their cloud business, Operators need to find the right partner for their team. They need someone who knows the IT field, knows the Operator’s business needs, and understands the conditions of the local market. Ken Sugata describes the strengths offered by NEC:

Firstly, NEC is a highly experienced, comprehensive IT company with a long record of success. NEC develops both hardware and software for systems and solutions ranging from PCs, Data Storage, and Server Management. As an IT Solution company, NEC can call upon a large internal human-resource pool as well as its connections with ISV (Internet Service Vendor) partners. NEC, as a system integrator, has business know-how and marketing capabilities across all major industries.

Secondly, NEC has deep experience in the Telecom Carrier industry and can meld the IT technologies and models of cloud computing with the realities of a Telecom business.

Thirdly, NEC has a global network of locally-incorporated companies in each country that can fully support local projects while taking into account the specialties and features of a project’s region. NEC’s excellent level of local support is a big advantage over other major players with global standards.

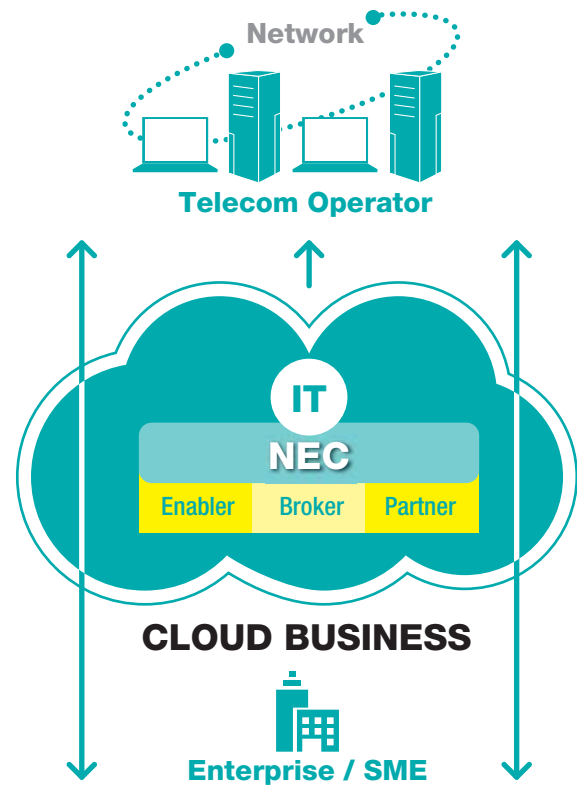


**Now, NEC has three roles in Cloud business:
“Enabler”, “Broker” and “Partner”**

As a “Cloud Enabler”, NEC acts as an IT vendor to help Operators start their Cloud business quickly, by providing them with hardware (e.g. servers and storage) as well as our “Marketplace” software platform, which can be added onto the Operators’ existing service provisioning systems. NEC can also provide management and consulting support, such as reorganizing Operators into a more competitive form to get them off to a faster start in their Cloud business.

As a “Cloud Broker”, NEC provides a rich service portfolio for the Operators’ Marketplace, which NEC has established jointly with more than 100 services partners.

As a “Cloud Partner”, NEC uses their understanding of the Operators’ business to fully utilize their network assets and operational functions to enrich their Cloud business. NEC can also help Operators to create unique Cloud solutions best fitted to their respective requirements by leveraging Operator assets such as user profiles and network connectivity.





NEC has contributed to Cloud commercial service projects globally, such as working with TLF Spain, TLF Argentina, O2 Ireland and MTS Belarus among others.

16 additional projects, covering not only SaaS but also IaaS and VDI/DaaS, will enter their commercial phase by the end of 2012. In the Asia-Pacific region, 3 projects in Thailand and India are already in their commercial phases.

7 more projects in Thailand, India, China, Korea and Philippines are waiting for their commercial start.

NEC's strategy is to further expand access to Cloud business by local SME with mission-critical information in each country, combining Operator assets - especially customer trust - with NEC's solutions across the three roles of Cloud Enabler, Broker and Partner.

In summary, NEC, as a global vendor in both the IT and Telecom industries, has the flexibility and the positioning to become the best partner in Cloud business for Operators looking to maximize their profits.
