

Advisory Report:	AT&T's 2012 Analyst Event Highlights Mobility, Integrated Solutions
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Summary

Issue

Telecommunications providers are looking for ways to move beyond ports and pipes to deliver innovative solutions for business. At AT&T's fifth annual Analyst Conference, held June 13-14 in Bedminster, NJ, the carrier introduced the 'new network,' an always-on platform to support a variety of endpoints and enable the creation and delivery of innovative mobile applications and services. Creating an open network environment and fostering the development of new mobile applications was a key message from AT&T during the conference, and the carrier is clearly focused on delivering flexible, integrated solutions that include managed services and business process applications that target specific customer needs and vertical markets. AT&T provided case studies of mobile applications developed for the government, hospitality, and transportation verticals, and healthcare occupied a prominent role in the discussion as AT&T highlighted progress on its mHealth, Healthcare Community Online (HCO), and Telehealth initiatives. AT&T described a transformation of its sales team, teaching them to 'think horizontally' about the problem and solution rather than focusing on point products, with overlay specialist teams in the areas of security, cloud, and mobility that can address specific customer requirements.

While there was a strong focus on mobile applications, these go hand in hand with cloud, security, and unified communications (UC) features to create a seamless end-to-end solution for customers. AT&T executives described a goal of getting to 'effortless,' with the new network providing the platform for the delivery of innovative solutions and a consistent customer experience.

Perspective

Current Perspective

At last year's event, AT&T introduced the Advanced Solutions (AS) group and its three foundational services for the business market: Network Sourcing, Mobile Solutions, and As-a-Service. These are aligned by an overarching theme: the flexible delivery of integrated content, applications, and services to any device, anywhere, any time. The AS group has grown to a team of more than 1,000, including more than 650 cloud/mobile sales and sales overlay specialists. The strategy is to take AT&T's expertise and core solutions, add third-party components, and meld them into solutions that absorb complexity for the customer. The core solution families include collaboration, business process, outsourcing managed infrastructure, and the developer community that contributes to AT&T's application, platforms, and services. Several examples of solutions developed with this set of assets were described, including those that are improving government efficiency, transforming logistics, providing development of a healthcare exchange, and transforming CRM for retail services. AT&T's ForHealth initiative, which includes mobile health applications, MiiM (a cloud-based imaging service), M2M solutions, the Health Information Exchange, and Telehealth solutions, was also developed within the AS group. The carrier hired a Chief Medical Information Officer in January to help evolve the strategy and solutions for the healthcare vertical.

The messaging from AS executives reiterates AT&T's focus on innovation, solutions, and platforms, a consistent theme throughout the event. The carrier views its role as shifting from providing network services, devices, and software to providing solutions that leverage 'the new network' in which devices, networks, and applications blend seamlessly to serve users wherever and whenever they are needed. Moreover, the new network is adaptive and open; it is always on and knows who the user is, what they want, and where and when they want it. Ultimately, AS is about developing a portfolio of solutions (as opposed to a set of service silos) to drive positive outcomes for its customers. The role of the development community is crucial to this vision; AT&T knows that it cannot do it all, and innovation often comes from third parties. AT&T has made identifying and recruiting developers a high priority and is building out a developer ecosystem in a deliberate, systematic way.

Mobile Solutions

The strategy of AT&T's Advanced Mobile Solutions (AMS) group continues to be the development of cross-carrier, global, fully hosted and managed solutions on a single bill and with a single point of care. The Mobility Solutions Services (MSS) professional services group, devoted to mobile solutions, is a key resource for solution architecture, integration, and delivery. AT&T also has mobile application consultants (MACs) that work closely with sales and bring both horizontal and vertical expertise, leveraging development platforms and resources to build mobile applications (using AT&T's MEAP platform and/or HTML5). In line with AT&T's strategy, the goal of AMS is not to resell point solutions, but to leverage best-in-breed partners to develop complete, integrated solutions. Recent examples of this are Toggle (the carrier's innovative dual-persona solution for BYOD) and its refreshed enhanced push-to-talk portfolio, which will feature many performance and feature enhancements. AT&T is also a leading provider of M2M solutions and its partnership with Axeda for application development and delivery, coupled with its global SIM in 200 countries, is positioning the carrier well to deliver managed cloud-based M2M applications to both U.S. customers and MNCs. AT&T also sees value in offering pre-packaged mobile apps, delivered through the cloud with a consistent user interface, in areas such as asset tracking, mobile marketing and payments, workforce management, and mobile office/messaging. It is leveraging mobile software partners and platforms for these apps in verticals such as retail, transportation, healthcare, manufacturing, and utilities. The carrier's API platform is designed to seed developer solutions from SIs, ISVs, and customers which can incorporate enablers such as location, billing, and messaging into their applications and tap into AT&T platforms to build, distribute, manage, and monetize them. Mobility is also strongly aligned with the carrier's end-to-end cloud infrastructure, and AT&T is increasingly bringing mobile applications and platforms into its Synaptic hosting centers to offer fully managed, turnkey solutions. Enterprise mobility is an area of pride and accomplishment for AT&T; it cites excellent traction in the growth of MSS engagements, tablet sales, MDM deployments, the number of MEAP customers that want multiple applications, and M2M deployments.

Innovation and the Open Platform Most business service providers talk about being solutions providers these days. That is because it is good for the bottom line. When businesses stop paying attention to what they are paying for individual products and start looking for ways to improve their business, the service provider gets out of the tough negotiations for commodity packaged services and starts getting into higher-value approaches to making their clients more efficient, saving them money. AT&T is looking to the next step and is evolving into a platform company. Instead of holding all the answers, AT&T is on a mission of making it easy for partners of all sizes to develop their own solutions on its network and cloud resources.

AT&T describes four key components to its innovation plans:

- The famous AT&T Labs, a 5,000-person organization, has been asked to refocus slightly, to encourage projects that are more commercially focused

rather than academic research to its own sake.

- AT&T Foundry sites in Plano, Palo Alto, and Israel support a vibrant developer community with resources including events, online forums, and on-site testing and collaboration.
 - AT&T's Fast Pitch program, which seeks to identify key partners (down to very small companies) that can provide new technology innovations that benefit AT&T and its customers. Many hundreds of partners have submitted Fast Pitches for AT&T's deployment to date, dozens of projects have been moved to the Foundry for prototyping and rapid development, and more than a dozen projects that originated through the Fast Pitch program are due to be released by AT&T.
 - The Innovation Pipeline (TIP), an internal crowd-sourcing program that taps AT&T employees to identify, vote up, and refine new ideas. TIP has more than 130,000 employees registered for the service and more than one-third of those employees are actively submitting, reviewing, and collaborating on unique new ideas weekly. The program has funded dozens of projects, some of which have launched.
- From AT&T's perspective, being a platform company comes down to three important points. It must have open application programming interfaces (APIs) which developers, whether clients or non-clients, can tap easily to build their own solutions and leverage the power of AT&T's network. This engagement with developers can build a larger ecosystem than the solutions AT&T can deliver through big, centralized partnerships. Related to that is collaboration with developers of all sizes, to encourage their working with AT&T to realize their ideas. Finally, the 'T on T' program involves AT&T moving its own processes from internal systems into the cloud, to save costs while demonstrating the robust, scalable, and secure nature of its cloud services.
- According to AT&T executives, the company estimates a ten-fold return on investment on its Fast Pitch programs, as well as a twelve-fold return on its AT&T Foundry investment. These innovation programs also aim to cut AT&T's development cycles to one-third its prior windows, significantly decreasing the time to market or implementation. A three-month applications upgrade might be achieved in a month, while a two-year infrastructure upgrade might be shortened to eight months by identifying and recruiting the right outside talent through its innovation programs.

Flexibility Across Network Stack and Cloud

At several points during the AT&T Analyst Day event, executives noted that network and cloud resources have been knitted together. The flagship AVPN service can implement real-time configuration changes through the AT&T BusinessDirect portal, which includes class of service, changing logical channels and sub-channels, and IP address changes. What's more, AT&T executives see underlying Ethernet access infrastructure deployments stabilizing to a point that these platforms could start to support automated bandwidth provisioning. Ethernet-level changes would make it possible for enterprises not just to change the size of higher-layer IP ports via bandwidth on demand, but also to increase the underlying available access speed.

AT&T also has completed IPv6 integration in the network, and its upgrade allows existing IPv4 customers to move to dual-stack without disruption – no moving ports and re-provisioning service. AT&T executives note that dual-stack orders are common now, especially with high-speed optical access; some U.S. government agencies and technology companies are even starting to put traffic on the IPv6 part of the stack. AT&T believes it is the first or second-largest carrier of IPv6 traffic worldwide (depending on how it is measured). IPv6 volumes have grown tremendously in the past 12 months, but it still represents less than 0.1% of IP traffic.

When it comes to cloud services, AT&T pairs the network and its security in its discussion of resources, incorporating dedicated and shared, private, virtual private, and public cloud options. AT&T's range of cloud services includes OpenStack and VMware vCloud support, and it reaches out to developers and smaller businesses via the AT&T Cloud Architect service. AT&T differentiates its cloud infrastructure architecture by embedding its proprietary intelligent routing technology into the core, adding dynamic orchestration and cloud nodes to its global infrastructure. In addition to the expected dimensions of enterprise-class cloud services (and its coupling of network and security for a comprehensive solution), AT&T has two angles of interest. One is its adoption services, which proactively reach out to help customers on-board and provide support to help them move into the cloud. The other is AT&T's ability to move workloads around, which could include distributing workloads to put applications geographically closer to their users for high performance or for business continuity.

Unified Communications Evolution At last year's analyst event, AT&T announced its unified communications strategy to provide an integrated platform for voice, messaging, conferencing, telepresence, and collaboration across any device. In 2012, this vision is beginning to become a reality. AT&T Unified Communication Services (UC Services) is comprised of UC Voice, a cloud-based IP telephony and messaging solution; UC Central, a cloud-based client mobile application; and managed UC solutions, integrating vendor-specific UC solutions with AT&T services. AT&T UC Voice was launched in the U.S. in late 2011 and the carrier has begun deploying the service in Europe, but AT&T is seeing the greatest gains from its managed UC solutions offer; as of June 2012, the carrier claims over hundreds of thousands of seats sold or installed so far. AT&T notes an equal number of UC seats in its sales funnel, with more than 60% of those seats for managed UC solutions. Having UC Voice in the U.S. and Europe will be attractive to the carrier's multinational carrier base of customers, and its long-term roadmap includes expansion of UC Voice into the Asia-Pacific region. UC Central will be made available through a controlled launch in Q3 2012.

In keeping with its integrated solutions strategy, as well as industry trends, AT&T noted that very few of its VPN sales were for data-only solutions; most customers are leveraging the VPN for VoIP and cloud services. AT&T described a 'business in a box' solution, in which AT&T packages VoIP and VPN platforms, bonded T1, and WiFi to create a turnkey plug-and-play solution for distributed enterprises such as retail locations, as particularly popular. AT&T also noted that sales of its Managed IP Telephony services, in which AT&T will work with customers to create customized solutions that integrate AT&T services with platforms from multiple vendors, have increased 80% since 2011.

Network Sourcing

AT&T Network Sourcing was launched in Q1 2012. It enables the carrier to position down-market, targeting enterprise customers with a managed services solution tailored to meet individual needs. Previously available on individual case basis to AT&T's very large customers, Network Sourcing is the carrier's next step in creating a continuum of managed network services that includes operating networks, ITIL functions, managing other carrier networks, and spanning to core adjacencies such as mobility and cloud computing. Growth in mobility and cloud computing is putting pressure on traditional networks of enterprises of all sizes, and companies are seeking help to stabilize, consolidate, secure, and scale networks in order to be ready for virtual/mobile applications.

As an example of an AT&T Network Sourcing engagement, the company highlighted Amtrak's three-year project to enable mobile ticketing for its passengers. In 2009, AT&T's Network Sourcing team took over the operation of Amtrak's network infrastructure including MPLS and WiFi. After the network transformation, Amtrak implemented a virtualized computing infrastructure which now enables its mobile applications platform. AT&T believes enterprise customers of all sizes can also benefit from this kind of transformation continuum, not only the largest global companies, where its traditional outsourcing solutions were targeted.

Recommended Actions

Vendor Actions

- Verizon should review and potentially accelerate the pace of its developer community program. AT&T has made identifying and recruiting developers a high priority. The company is approaching innovation through a developer ecosystem in a deliberate, systematic, and powerful way. Verizon has traditionally been known for going to market with many partners, and it has all the elements in play to be an equal player to AT&T. However, it has not stepped up the pace in its program to parallel AT&T's drive.
- Major U.S. providers either already have or are in the process of implementing IPv6. While the amount of traffic being transported over IPv6 is still negligible, they should be seeing orders for dual-stack support among enterprise-class customers go up. The trend toward dual-stack adoption may also translate into an upswing of IPv6-related consulting and network integration opportunities for providers interested in providing these

professional services.

- AT&T and Verizon have similar messaging when it comes to their mobility strategy and services. Solutions rather than point services that are platform-based, cloud-enabled, and leverage a broad partner ecosystem were often-repeated themes from both carriers this year. The only problem with this is that differentiation at a high level is hard to decipher. In reality, customers may have quite different experiences with the two rivals; their actual services and their ability to execute in key areas is not necessarily the same, so they need to make sure that sales can readily explain to customers why to choose one over the other.
- AT&T and Verizon seem to differ when it comes to the importance (or at least the positioning) of securing M2M data. While AT&T can and does often bring in its Commercial Connectivity Services group to provide custom offers for secure APN connectivity from M2M devices, it rarely focuses on M2M security as a key issue. Verizon, on the other hand, has focused on 3G/4G access to its Private Network as a significant differentiator for M2M. It is not clear if either carrier really has a superior solution, but AT&T might consider upping its positioning of security as an important issue, as collection and transmission of M2M data has the potential to cause security breaches and expose confidential customer data. This is especially a concern in government, healthcare, and financial services deployments.
- AT&T is coming to market with a message of flexible solutions for businesses of all sizes. Larger businesses will have the IT resources to create solutions, or they can work with AT&T professional service teams. Smaller businesses may not have the IT or financial resources for these options. While AT&T envisions a platform to simplify service delivery, the carrier could highlight how it will work with these smaller enterprises, be it through channel partners or another type of engagement.

This report is tagged to the following vendor(s):

AT&T

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