

benchmark-it performance

This comprehensive 854-page report profiles, compares and assesses 35 key providers of international business networking and related services.

The report includes the following:

- Detailed profiles of 35 leading IB2B service providers:
 - Verdict on strategy and performance
 - Geographical coverage and reach
 - Product/service portfolio details and availability
 - Target customer types (segments/verticals) and market positioning
 - Revenue, organizational and management information

Who should buy the report?

- Providers of IB2B services, their customer and suppliers
- Strategy/business development and marketing teams, and product managers of IB2B service providers

Key benefits:

- Source of key, detailed information on 35 service providers
- Independent, insightful and informed market analysis and comparisons
- Enables customers to focus on implications and formulate action plans

Key conclusions:

- The digital enterprise is changing how business is done all over the world and in every sector, driven by developments in ICT services
- Despite a number of political, economic and technical headwinds, the IB2B market remains vibrant and highly competitive
- Service providers are having to balance investing for the future with a market that is growing in volume if not in value
- Service providers are looking to cloud services, IoT/M2M, security, unified communications, mobility, managed and professional services to provide growth to compensate for shrinking legacy revenues
- The sheer scope of change is making service providers focus on areas where they can differentiate themselves
- The future market will have interconnected clouds at its heart
- Security is a key concern right across every aspect of the market

Pricing is £1,995 for a corporate licence (intranet licence).

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International Business-to- Business Services

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Executive Summary

Despite a number of political, economic and technical headwinds, the IB2B market remains vibrant and highly competitive, which is often better news for customers than for service providers, who have to strike a balance between investing for the future in a market that is growing in volume if not in overall value.

All major service providers across the ICT sector are looking to developments such as cloud services, IoT (Internet of Things)/M2M (Machine-to-Machine), security, unified communications, mobility, managed and professional services to provide revenue growth to compensate for the shrinking legacy portfolio of traditional fixed voice and data services.

The above product trends are driven both by technology developments and the rise of the digital enterprise, where ICT is no longer a support activity but increasingly is the heart of the business – no matter what vertical sector.

The digital enterprise requires that end users get access to data, applications and communications tools at any time, anywhere and consistently across devices in order better to serve customers, collaborate with partners and deliver their products and services tailored to customer needs as rapidly as possible.

Service providers have responded to these challenges remarkably well, given concerns about the global economy, geopolitical issues and tough competition in a crowded market. The complexity of value chains in the global ICT market reflects the fact that players range from global IT services companies like IBM, through niche cloud providers like Amazon Web Services and then the full range of network operators providing the infrastructure to deliver communications, data and applications.

This complexity also gives rise to challenges in terms of what can be achieved – some overlaps are being resolved by tactical withdrawals from non-core markets and partnerships and relationships with third parties, most notably at the moment in the areas of Cloud Service Providers and in the ecosystems that are evolving to facilitate the delivery of IoT/M2M solutions.

As communications and applications become more unified to meet customer demand, a key parallel trend is the need for ever more sophisticated security products, services and practices, which is also giving rise to issues about data protection and sovereignty. These challenges represent opportunities for service providers, but they are battling for scarce resources which they are looking to develop both organically and through acquisitions.

It is to be hoped that the issues that most threaten global stability (the US election, Brexit, the Middle East/North Africa) will not lead to a breakdown in trade through a rise in protectionism but, even if they do, the ICT market is set to continue its dizzyingly rapid evolution, driven fundamentally by the rise of the digital enterprise.

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Market Analysis

The market for IB2B services continues to become more competitive across all regions of the world as service providers strive both to reach all the geographies required by their customers and to serve the full spectrum of their needs in terms of products and services. The fundamental driver for the IB2B market and its evolution has traditionally been that trade (and life in general) is globalizing, and markets around the world continue to open up to the free trade of products and, increasingly, of services - although there have been some signs over the past year of a stalling of globalization and of some resistance to market liberalization and international trade deals.

Market Sizing:

There is no definitive size to the IB2B market as virtually all players articulate their target markets differently and customers range from the largest MNCs (defined as operating in more than one country outside its own domestic market) to small businesses operating on an international scale. The market also encompasses (fixed and mobile) network and IT services, as well as a growing range of software applications, systems integration activities and professional/consultative services.

Nevertheless, a few key facts and statistics can be established to give an indication of how the market is developing and thus driving demand:

- In the mid 1980s, the average US-based MNC generated 15% of their annual revenues from operations outside the USA;
- Today, the average US-based MNC generates about 45% of revenues from outside the USA;
- It is widely estimated that there are over 85,000 MNCs worldwide, with over 20,000 of them headquartered in the USA;
- Other national markets that tend to have a disproportionate number of MNCs tend to be characterized by their openness (e.g. UK, Netherlands), expertise in exploiting advanced technology (e.g. Germany, Japan) or national sector champions (e.g. France, Switzerland);
- The most dynamic markets (e.g. ICT, media) see the fastest rise of new MNCs, notably through new players that establish dominance in their target market – obvious examples include Google, Amazon, Facebook, Weibo and Alibaba, although Apple proves that there can yet be new life breathed into once faded leaders;
- The MNC ‘middle market’ is the fastest growing segment expanding internationally;

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- The growing need for ‘big data’ and analytics services will further accelerate the role of these CSPs and the applications using their computing power, meaning that service providers will need to focus on strategic services where they can offer differentiated propositions to tie in with and complement other cloud services, as well as their core competence – connectivity;
- In addition to connectivity to third-party CSPs, service providers are also building up their own ‘app stores’ where customers can access applications from a range of providers to add value above and beyond connectivity;
- A further implication of ubiquitous fast access is that location becomes ever less important, meaning that the entire global base of enterprises theoretically becomes a potential target market. Of course, this is in fact limited by aspects such as regulation, customer service and contracts, but you only have to look at the global take-up of applications such as WhatsApp to see the possibilities;
- M&A (merger and acquisition) activity has continued in the last year or so as service providers look either to fill gaps in their portfolios or reach (or both), with examples including:
 - Claranet’s acquisitions of Morea, Runiso and Aspaway in France;
 - Dimension Data’s acquisition of the communications division of Jebsen & Jebsen Group in Asia Pacific;
 - Equinix’s acquisition of Telecity;
 - Equinix’s acquisition of Bit-isle in Japan;
 - GTT’s acquisition of MegaPath Managed Services in the USA;
 - GTT’s acquisition of One Source Networks;
 - IBM’s acquisition of Ustream;
 - IBM’s acquisition of Clearleap;
 - Interoute’s acquisition of Easynet;
 - Level 3’s acquisition of Black Lotus;
 - NTT Com’s acquisition of e-shelter in Europe;
 - NTT Com’s acquisition of Cyber CSF in Indonesia;
 - Orange Business Services’ acquisition of Ocean in France;
 - PCCW’s acquisition of Syntelligence in the UK;
 - Telstra’s acquisition of Pacnet in Asia Pacific;
 - Verizon’s acquisition of XO Communications in the USA;
 - Zayo’s acquisition of Latisys in the USA;
 - Zayo’s acquisition of Viatel in Europe;
 - Zayo’s acquisition of Allstream in Canada.
- There is a growing trend of consolidation amongst the parent companies of global service providers, with many former national incumbents ‘in the game’ for combination – this process is well advanced in the USA, but has yet fully to establish momentum in Europe, Asia Pacific and other regions;

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Benchmarked Suppliers

The next pages include the benchmark-it Verdict for each profiled service provider and provides a top-level view of their customer focus, positioning, global presence and portfolio.

Name: AT&T				
Customer Focus: MNCs, Carriers				
Positioning: Worldwide networking solutions provider				
Presence				
North America	Latin America	Europe	MEA	Asia Pacific
Nationwide	Key cities	Most countries	Some	Key cities
Portfolio				
Fixed Networking		Mobile/Mobility		IT/Cloud Services
Yes		Yes		Yes

Verdict: AT&T has recently committed substantial investment for international expansion – although much of this appears destined for Mexico rather than for global services. Nevertheless, AT&T will be investing in network expansion and in key product areas such as IoT, Unified Communications, security and cloud. With a key and increasingly expanding partnership with IBM, AT&T is looking to exploit its early domestic success with NetBond and SDN/NFV technologies on the global scene to differentiate itself in a world where extended network ownership is becoming less important than interconnectedness, whether that be to data centres or third-party networks for last-mile delivery.

Name: BT Global Services				
Customer Focus: MNCs, Carriers				
Positioning: Global networking and IT services provider				
Presence				
North America	Latin America	Europe	MEA	Asia Pacific
Key cities	Growing	Strong	Growing	Growing
Portfolio				
Fixed Networking		Mobile/Mobility		IT/Cloud Services
Yes		Yes (access)		Yes

Verdict: BT Global Services is in the process of restructuring, with much of its UK base of large enterprises being combined with another BT division, leaving Global Services focused on MNCs, the finance sector and large customers in markets where it has a substantial national presence. BT Global Services' cloud of clouds vision and clear portfolio propositions have continued to lead the way conceptually and the launch of IWAN alongside further efforts in security and mobility are positive additions to the overall proposition. BT Global Services will hope that its renewed focus will help to return the division to revenue growth once the restructuring is over.

SAMPLE PAGE**NTT Com**

Verdict: NTT Com continues to demonstrate a strong commitment to the IB2B market, investing heavily both in organic growth and acquisitions, notably in the areas of cloud and security. Following its acquisition of Virtela, NTT Com is also positioning itself as a leader in SDN-enabled services. These positives are balanced against only small progress in integrating various NTT service providers (most notably Dimension Data) and a tendency to roll new services out piecemeal. Nevertheless, NTT Com poses the greatest threat to the dominance of the 'Big Four' global operators.

Summary

Headquartered in Tokyo, NTT Communications (NTT Com) was founded in 1999 and is the wholly-owned long-distance and international communications and ICT solutions provider of Japan's NTT (Nippon Telegraph and Telephone Corporation), one of the world's largest telecoms companies.

“NTT provides consultancy, architecture, security and cloud services to optimize the information and communications technology (ICT) environments of enterprises. These offerings are backed by our worldwide infrastructure, including a leading Tier 1 IP network, the Arcstar Universal One VPN network reaching 196 countries/regions, and 140 secure data centres worldwide. NTT Com's solutions leverage the global resources of NTT Group companies including Dimension Data, NTT DOCOMO and NTT DATA. NTT Com has subsidiaries and offices in 124 cities in 43 countries/regions around the world, with 21,650 employees worldwide.”

“NTT Communications is becoming a global leader of ICT services under its Vision 2015 growth strategy, helping companies worldwide quickly to expand their global operations. At the same time, we work to strengthen our core competitive advantages in Asia and beyond. We also partner with residential customers, empowering them with advanced tools and applications for a new way of communication to leverage secure and convenient ICT services.

- Innovative: our innovative ICT services, including cloud computing, enable customers to succeed in this increasingly complex world. We anticipate both market trends and needs to develop innovative services ahead of the curve, giving our customers an important advantage;
- Reliable - as a reliable global ICT partner, we provide high-quality services that earn the customer's trust. Reliability is emphasized in everything we offer, including applications, services, operations and maintenance, backed by our robust global infrastructure of networks, data centres and much more;
- Seamless - ICT services are provided on a seamless basis in markets worldwide, supported by the comprehensive standardization of our global operations as well as services. Customers promptly receive the consistent, high-quality ICT services they require no matter where in the world they may be.”

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- Europe:
 - Austria:
 - Fully-owned subsidiary of BT Germany;
 - Benelux:
 - 5,800km network in the Netherlands with 51 PoPs and 2,127 interconnection points;
 - 1,100km fibre-optic backbone network in Belgium, with interconnection points in 13 cities;
 - 1,200 employees;
 - Dual data centre in the Netherlands, with capacity in Belgium;
 - Czech Republic:
 - Part of BT CEE (Central and Eastern Europe);
 - Offices in:
 - Prague;
 - Budapest;
 - Debrecen;
 - Warsaw;
 - 24 countries served;
 - More than 400 customers;
 - Denmark:
 - Part of BT Nordics;
 - Offices in:
 - Denmark;
 - Finland;
 - Norway;
 - Sweden;
 - 70 employees;
 - Finland – as Denmark;
 - France:
 - Revenues: €375 million;
 - 300 clients;
 - 2,000 employees;
 - 16 PoPs across major cities;
 - More than 1,200 customers;
 - 3 data centres;
 - 3-fibre loop City Fibre Network in Paris;
 - Germany (including Austria):
 - About 1,300 employees;
 - About 1,000 customers;
 - Tier 3 data centre in Frankfurt;
 - MANs in:
 - Düsseldorf;
 - Frankfurt;
 - Munich;
 - Stuttgart;
 - Hungary – as Czech Republic;
 - Ireland (covers Northern Ireland and Eire):

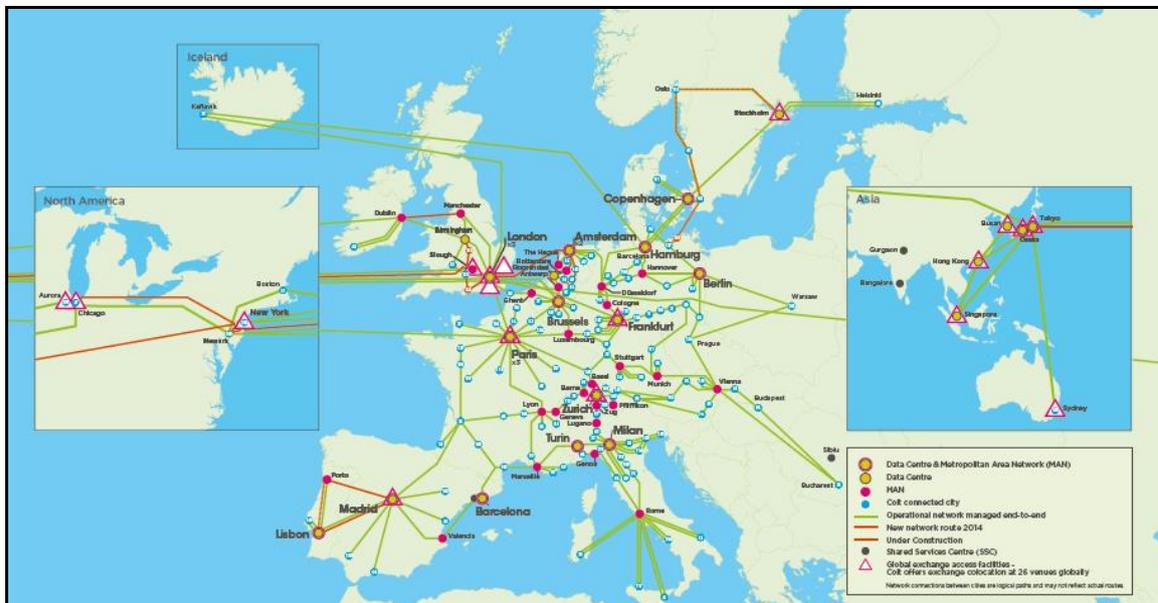
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Geographic Reach:

Colt operates a 28-country, 187,000 kilometre network that directly connects 205 cities and includes metropolitan area networks in 49 cities, with direct fibre connections into 24,158 buildings and 34 carrier-neutral data centres (22 Colt-owned).

Colt owns and operates 22 carrier-neutral data centres in Europe and manages a further 7 in the Asia Pacific region. It also has agreements with other providers to offer 'total European coverage.'

The image below illustrates Colt's network:



Colt's city fibre networks (and data centres) are in the following locations (with other Colt-connected cities in *italics*):

- Australia:
 - *Sydney*;
- Austria:
 - *Graz*;
 - *Innsbruck*;
 - *Klagenfurt*;
 - *Linz*;
 - *Salzburg*;
 - *St Polten*;
 - *Vienna*;
- Belgium:
 - Antwerp;
 - Brussels (1 data centre);

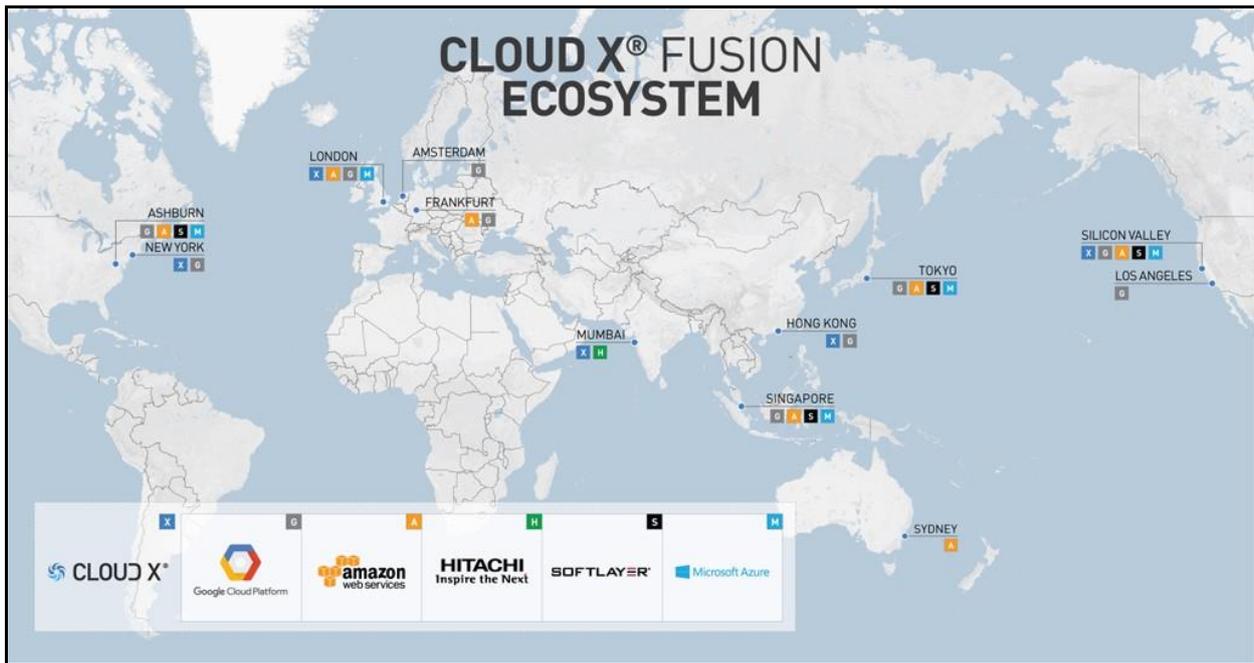
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Communications:

- **Interoute One Bridge:**
 - Unified voice and video conferencing platform, delivered ‘as-a-service;’
 - Any user can dial into a video conference from any device from almost any vendor;
 - HD video and content sharing with Microsoft Lync;
 - Unlimited Virtual Meeting Rooms;
 - Works for video and voice calls;
 - Works with WebRTC;
 - Global coverage;
 - Local dial-in in 44 countries;
 - Charged per concurrent port in use;
 - On-line management portal;
- **Hosted Exchange:**
 - 24x7 managed service hosted in Interoute’s VDC infrastructure;
 - Fully virtual, dedicated instance ensures scalability while also enabling the customer to add resources to existing infrastructure;
 - Threat protection using Symantec’s Skeptic technology;
 - Functionality includes e-mail, calendaring, task management, address lists and access to shared document repositories;
- **Hosted Skype for Business and Lync:**
 - Hosted UCaaS (Unified Communications-as-a-Service);
 - Hosted in Interoute’s fully resilient, EU-wide, country-specific VDCs;
 - Secured and scaled with load balancers and firewalls;
 - Software resiliency to mirror hardware resiliency;
 - Integrated Lync SIP trunk to Interoute’s voice network for PSTN termination;
 - Native Contact Centre option;
 - Includes:
 - Interoute One Voice;
 - DDIs – available in 45+ countries with direct connections, NGNs, emergency service termination (11 countries) and number porting;
 - Integrated Video Conferencing – integrating desktop units with telepresence rooms;
- **Hosted Contact Centre:**
 - Offers full contact centre functionality, natively integrated with Skype for Business and Lync;
 - Fixed price per user;
 - Features include:
 - ACD;
 - Call Recording;
 - Quick IVR;
 - Web Chat;

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- Cloud X Fusion:
 - Offers private, secure access to cloud service provider platforms, including:
 - IaaS:
 - CLOUD X;
 - Amazon Web Services;
 - SoftLayer;
 - Microsoft Azure;
 - Google;
 - Rackspace;
 - VMware;
 - More than 20 others worldwide;
 - SaaS:
 - Microsoft Office 365;
 - Google Apps;
 - The chart below illustrates availability by location:



- Cloud X Multi-tenant:
 - Compute:
 - On-demand computing;
 - Choice of operating systems, including:
 - Windows;
 - Linux;
 - ubuntu;
 - CentoOS;
 - Over 60 SaaS applications available, covering:
 - Content management;

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Management

Revenue:

In its financial year ending 31st December 2014, GTT generated revenues of \$207.3 million (2013: \$157.4 million), up 32% year on year, with adjusted EBITDA of \$36.1 million (2013: \$24.3 million). Growth was primarily attributed to the acquisition of United Network Services.

GTT’s financial objectives are to generate revenues of \$1 billion and adjusted EBITDA of \$250 million in the next five years (as at November 2015), having achieved its previous objectives of \$400 million in revenues and \$100 million in adjusted EBITDA.

GTT lists its target customer groups as follows:

- Enterprises;
- Carriers; and
- Governments.

As at 31st December 2014, GTT had a customer base of 4,000 businesses, the largest five of which accounted for 18% of consolidated revenues. About 58% of revenues were generated in the USA, 27% in Italy, 13% the UK and 2% from operations in other countries.

Further details of GTT’s customer base, service mix and geographical origin of revenues are illustrated below:

