CIMI Corporation

SPECIAL REPORT

Why Managed SD-WAN Services are Accelerating

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SD-WAN services save their users money, and that's a basic truth. In fact, average SD-WAN savings in VPN connectivity costs have grown from an already astonishing 67% in CIMI Corporation's 2018 surveys, to just short of 70% in early 2021. The technology is on a roll, and the COVID/lockdown crisis of 2020 is increasing SD-WAN interest as companies shift their thinking from "work-from-home is temporary" to "many workers will be working from home permanently". SD-WAN adoption as reported to CIMI Corporation by enterprises was up over 70% in 2020.

It's not just SD-WAN that's growing. Users are increasingly adopting SD-WAN in **managed service** form, and that shift has not only created a new source of total savings, it's also increased SD-WAN availability and increased the number of sites that can be connected. Managed services have been a major channel for SD-WAN adoption for several years, and now they're literally exploding. CIMI Corporation models continue to predict that SD-WAN opportunity will increase by **one thousand percent** by the end of the decade, and it's clear that managed SD-WAN services will be a major contributor. In fact, we believe our one-thousand-percent growth prediction will be conservayive when WFH impacts are factored in.

The reason for managed service success in the SD-WAN space is simple; lack of local technical support in small sites. Since SD-WAN has always focused on small sites and sites located in remote areas where MPLS VPNs aren't available or cost-effective, it's often deployed where local technical support is limited. In 2018, companies told me that remote technical support costs at these sites were 43% higher, which is an issue in itself. It turns out that higher small-site technical support costs, and in some cases lack of any effective support strategy, was also limiting SD-WAN adoption. In 2020, 52% of companies who considered SD-WAN services said they could provide no effective technical support in their remote sites, and 61% said that their remote sites couldn't be effectively connected even via SD-WAN because of tech support barriers.

As SD-WAN popularity grows, the difficult supporting any form of VPN connectivity in sites with no technical personnel has become the largest barrier enterprises cite for SD-WAN adoption (84% list it as a major problem, with multiple choices permitting). Not only that, enterprises are also reporting that their need to expand VPN connectivity into the cloud, and their use of SD-WAN in that mission, is also often stymied by lack of technical support. Over 58% of enterprises cite this as another significant barrier to widespread SD-WAN adoption, and this was before enterprises had fully considered the impact of WFH.

The 2020 COVID public health emergency and the radical changes that lockdowns and quarantines made to business practices overall have exacerbated network support problems for businesses. Home workers, temporary sites, the need to support video collaboration, a larger number of cloud applications, and a wide range of different home Internet capabilities combine to make reliable connectivity difficult to provide, and this has raised interest in managed services. MSPs and CSPs offering managed service reported to CIMI Corporation that enterprises who had considered SD-WAN in the past and delayed a commitment had returned and signed in 2020.

It's not only enterprises who have seen their networking needs change. Work-from-home has converted many single-site businesses into what are effectively multi-site businesses. Only two percent of businesses actually use wide-area VPN-style networking, because most have only one site. In 2020, work-from-home meant that the number of "multi-site" businesses grew by six hundred percent, and these businesses have no networking experience in house at all, and little chance to acquire and retain the people needed. It's no wonder that MSPs reported a sharp increase in the number of SD-WAN prospects who had no branch locations at all, just remote worker locations.

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MSPs also admit that they're finding it difficult to fully exploit the opportunities of managed SD-WAN services. That's because most SD-WAN products have a feature set for nothing but VPN extension, something that for enterprise users is often too limited a mission to create a compelling business case, and for SMBs isn't even relevant. The solution to this is managed SD-WAN services, and in particular the SD-WAN service portfolio offered by Juniper Networks. This unique offering combines basic SD-WAN thin-site with three features critical to MSPs/ CSPs.

The first capability is **additional highly attractive service feature support**. Juniper not only connects thin sites to the company VPN, they connect mobile workers to their local offices, cloud applications, and provide zero-trust security. Because Juniper's SD-WAN is session-aware, it can also prioritize critical traffic over more casual applications, leading to better quality of experience. All these capabilities make SD-WAN easier to sell and offer benefits to users that can sustain pricing power and margins for the MSP, creating a win-win relationship overall.

Capability number two is **central administration and logging**, including support for multiple role-based management portals. No managed service can succeed if the user and the provider can't agree on both conditions and remedial progress. With Juniper's central management, all information on session activity, security events, network status, traffic, and even changes to policies and configurations are logged, and everyone will see a view derived from that common information set. SLAs can be based not on general principles but on specific conditions, and both user and provider will have a view of those conditions, in real time and historically. Journaling of unusual events also permits reviewing past periods to detect situations that could be eroding performance, pointing to a future issue.

The third capability is **point-of-connection telemetry**. Every Juniper SD-WAN user, whether it's a branch office, a home worker, or a mobile worker, has a local agent process that collects the full set of policy and performance information applicable to that user at the specific point of attachment. That establishes not only the foundation for service management, it also establishes the point where responsibility shifts from provider to user, and where the provider wants to offer local network management services, it offers a connection point from which they can be projected.

These three capabilities combine to turn a basic small-site business case into a compelling managed SD-WAN story. With them, MSPs and CSPs can offer managed SD-WAN services that provide a good business case for users and a good and stable profit margin for providers. That turns the exploding managed SD-WAN service opportunity into real and durable revenue gains.

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