



I D C E X E C U T I V E I N S I G H T S

Transitioning Toward a Software-Defined Industry

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The ICT industry is making a transformation from one that has been largely defined by hardware and capex investments to one determined by software and services. Enterprise buyers are looking at network virtualization technology as a potential replacement for purpose-built appliances and extending virtualization from islands of storage, server and compute to one that encompasses network resources from switching and routing to areas such as firewalls and optimization. This provides alternatives to premise-based physical equipment. The end result is moving towards a software-defined industry that extends from the desktop (or device), to the datacenter across the wide area network. This software-defined network will be orchestrated to deliver an overall ICT environment which is more agile, programmable and responsive to business needs. According to the annual IDC C-Suite Barometer survey, software-defined infrastructure is the most appealing technology for 2015-16 for future investment. The survey also shows that the single biggest IT priority for CXOs is in creating an environment in which innovation can be used for competitive advantage.

This document takes a closer look at the investment plans and views of enterprises around software-defined networking (SDN) and network function virtualization (NFV), two complementary concepts that are being developed by the IT and telecoms industry. In the next 24 months, enterprises are going to focus on ways to virtualize the network by service providers to improve the overall delivery of ICT software and services to enterprises.

Aligning to Business Outcomes

How do we get there from here? The results of the IDC Asia/Pacific WAN and Communications Survey, 2015, show that enterprises see the network as becoming more aligned with business objectives and outcomes. The top reasons for network investments are to:

- Improve business process
- Increase employee productivity
- Enhance security and data governance
- Improve customer experience

The role of the datacenter is undergoing its own transformation. The average enterprise currently utilizes between three and five cloud providers. This figure is likely to triple by the end of the decade. In the not-too-distant future, the average enterprise will have more data in the cloud than on-site. This, in turn, is putting more pressure on the network to secure and transport data, and driving further investments into the datacenter.