SD-WOT SYNDROME

SD-WAN: state of the nation

The first in a three part series from Cogeco Peer 1
following a study of 300 UK decision makers

cogeco PEER 1

Foreword

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We consider this a really important piece of research into how SD-WAN is being adopted in the UK. We've questioned 300 IT decision makers in the finance, retail and education sectors and discovered that a lack of adoption is seriously affecting UK businesses. This follows on from our Powering Potential report last year which found that IT decision makers are willing to pay more for good service, but they get overwhelmed by the different and complicated technologies available. The report sheds light on the attitudes towards SD-WAN and how much money and time is being lost due to the dearth of SD-WAN implementation.

We will be using this insight to shape our own products and services, as I am determined to ensure Cogeco Peer 1 provides businesses with the tools they need to power their potential.

This part of the study looks at SD-WOT Syndrome, which is an illness afflicting UK businesses which don't understand and haven't implemented SD-WAN technology. Understanding of Software-Defined Wide Area Network (SD-WAN) has grown within technology circles, but awareness of it and its benefits remains low in the wider world. This lack of understanding is detrimental to British business as the benefits to the technology are startling as the application performance, availability, efficiencies and ease of deployment make it an obvious choice for upgrading. 88% of survey respondents expected SD-WAN cost and efficiency savings to be a key business differentiator in the next 12 months.

Get in touch to arrange a meeting – what are your thoughts on SD-WAN – will it power your potential or do you suffer SD-WOT Syndrome?

What is SD-WAN?

Network performance and agility are critical to the success of digital transformation initiatives and the effectiveness of the hybrid IT environments that underpin them. As data volumes grow and applications become more distributed, network technologies need to become equally agile to keep pace. Geographically distributed offices need to access, manage and optimise communications between headquarters, branch offices, data centres and cloud-centric applications. Depending on the specific network requirements, traditional networks may not always be the best choice for every scenario.

A Software-Defined Wide Area Network (SD-WAN) is an automated approach to managing enterprise network connectivity and circuit costs. It incorporates software-defined networking (SDN) into an application that businesses can use to quickly create a private network providing services like business-grade IP VPN, secure broadband Internet or application-aware routing with full security and QoS over WAN connections. Traffic can be automatically and dynamically forwarded across the most appropriate WAN path based on network conditions, the security and Quality of Service (QoS) requirements of the application traffic at hand, and cost of the circuit.

What is SD-WOT Syndrome?

SD-WOT Syndrome is an illness afflicting UK businesses who don't understand and haven't implemented SD-WAN technology.

A survey commissioned by Cogeco Peer 1 of 300 UK IT decision makers in the **education, financial services, and retail sectors**, found that 72% of respondents have a lack of understanding around SD-WAN technology. In addition to this, and contributing to the rise of SD-WOT Syndrome were respondents citing perceived security issues (43%), and a fear that SD-WAN will disrupt business (34%) as reasons they were not implementing the technology solution.

Why is it a problem?

SD-WOT Syndrome will ultimately leave companies lagging behind. The application performance, availability, efficiencies and ease of deployment of SD-WAN technology make it an obvious choice for upgrading. The financial benefits are clear: operational expenditure was over £250 million for 51% of respondents. 14% had OPEX figures between £1 billion and £5 billion, making the potential savings huge for all businesses.

12% Respondents expected, on average, 12% OPEX savings from deploying SD-WAN – they could be looking at a return of tens of millions of pounds.

85% 85% of survey respondents say SD-WAN is crucial to digital transformation.

Knowledge about what SD-WAN is and how it can help companies has stayed largely within technology arenas which means that wider awareness and adoption is low. Software-Defined Wide Area Network (SD-WAN) technology is no longer a new buzz word – it's become mainstream within technology circles. SD-WAN is an automated approach to managing network connectivity. It provides a simple, secure and agile enterprise grade WAN for companies who use cloud-based applications and have distributed locations.

One reason behind the low uptake in adoption, which has led to SD-WOT Syndrome, is that there are other solutions which provide networking connectivity, such as MPLS. With organisations having already spent money implementing alternative technology or bolt on additions, it's understandable that there's some hesitancy to move. But, with SD-WAN being heralded as the future of networking, there are big business benefits to be gained from implementation. Organisations who think they may be suffering from SD-WOT Syndrome should get help or risk being left behind.

What's behind the lack of implementation?

There's a myriad of reasons why businesses aren't planning to deploy SD-WAN. 72% of respondents cited a lack of understanding as the biggest barrier. Further roadblocks include perceived security issues (43%), and a fear that SD-WAN will disrupt business (34%).
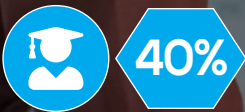
Sector specific barriers to implementation include:

£ 75%

75% of those in the financial services sector said the technology was too expensive

🛒 50%

50% of those in the retail sector worried there were no proven benefits

🎓 40%

40% of those in the education sector said the amount of time before they see value from it had put them off

What are business priorities around SD-WAN?

The survey revealed the following were among network priorities in the next 12 months:

60% — 60% said improving network security

47% — 47% said improving cloud performance

43% — 43% said improving connectivity between our different locations

42% — 42% said minimising downtime
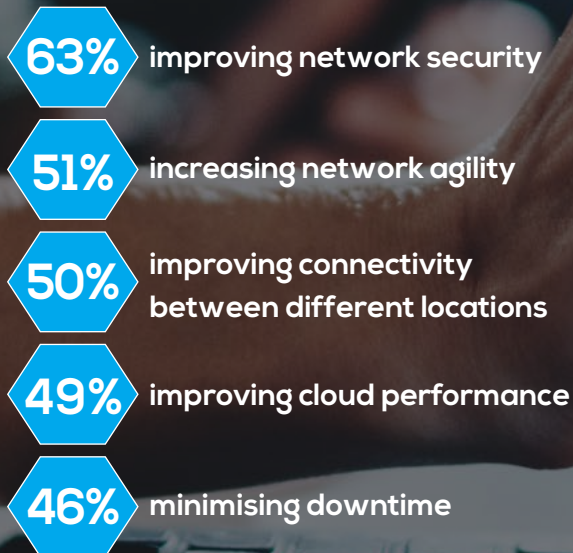
Retail: **52%** said improving cloud performance

Education: **66%** said improving network security

Finance: **58%** said improving network security

For the **C-suite** priorities were as follows:

63% improving network security

51% increasing network agility

50% improving connectivity between different locations

49% improving cloud performance

46% minimising downtime

Overall, organisations listed the following objectives for the next 12 months:

61% increase security

54% increase cloud usage

44% digital transformation

42% reduce operational costs

This demonstrates the clear desire that security is a paramount concern for all businesses. All sectors and all levels of seniority answered that security was the top concern and top priority for the coming 12 months. SD-WAN provides the benefit of using a unique authentication system for each customer each time as well as two-factor-authentication on SD-WAN devices, enabling a high level of security.

What can businesses do about SD-WOT Syndrome?

The objectives listed above demonstrate that, while some do have their head in the sand when it comes to the future of their IT, most are open to the benefits SD-WAN brings. Some are actively trying to combat the barriers to implementation with training programmes and hiring new staff.

64% of survey respondents had an internal training programme in place...
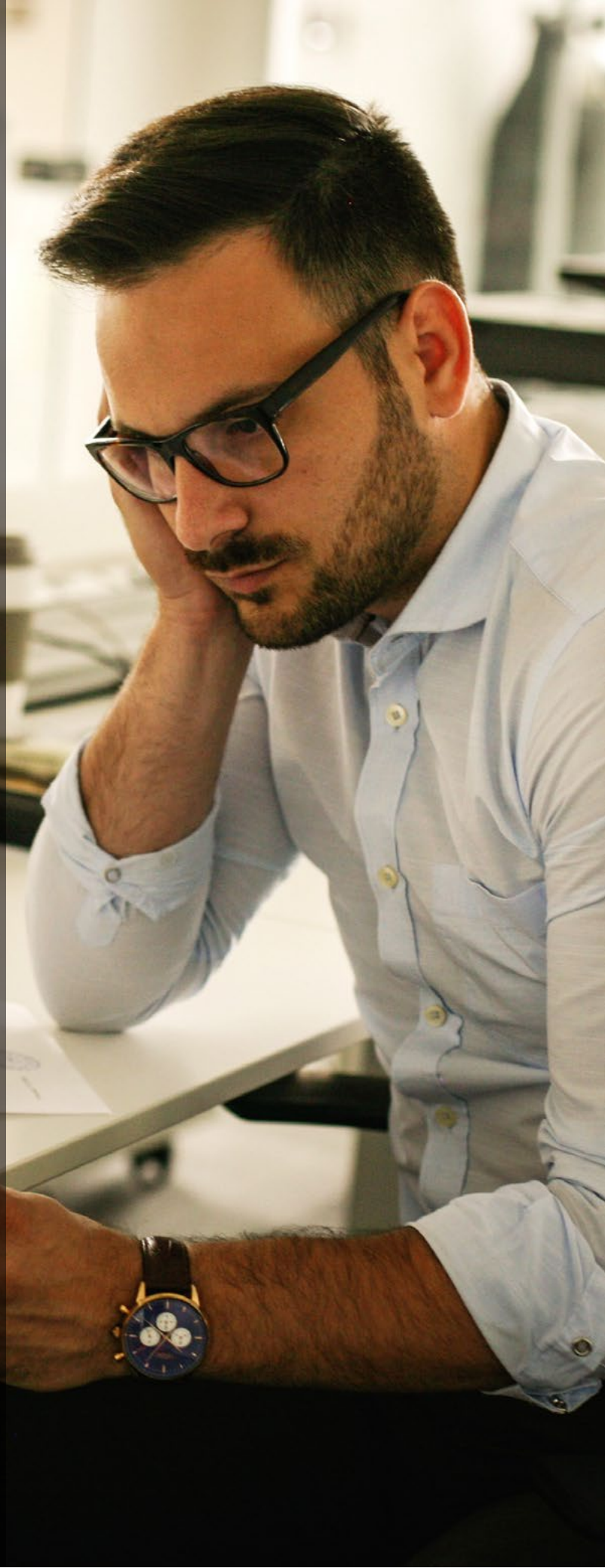
...with 49% bringing in external training.

37% had hired new staff...

...while 30% had outsourced deployment to a managed services provider.

Only 1% of respondents hadn't done anything to combat the barriers to implementation.

Financial benefits

Quite simply **–** if you implement SD-WAN well, your network connectivity costs will go down.

13% **Education: 13% expected to see a 20-25% annual OPEX saving from deploying SD-WAN.**

67% **67% expected between 5-15% savings.**

77% **This rose to a whopping 77% expecting between 5–15% in the retail sector.**

43% **43% in financial services expect 5-10%.**

While some organisations may have spent money on technologies such as MPLS, these don't always provide the perfect solution to networking woes. Having to rip and replace technology can be cost prohibitive, but one of the benefits of SD-WAN is that it is several technologies combined to create enhancements.

SD-WAN is not simply a bolt on which will eventually save money – it's an architectural response to meet the need for long-term increased WAN efficiencies. Of the survey respondents, 88% strongly agreed or somewhat agreed that the cost and efficiency savings derived from SD-WAN could be a key differentiator in the next 12 months.

88% **SD-WAN savings will be a key differentiator in next 12 months.**

Digital transformation and democratising technology

Digital transformation is a movement which keeps growing and isn't going to diminish in the coming months or even years. Organisations who aren't embracing or actively focused on digital transformation are going to be, at best, uncompetitive, likely left behind and at worst, fail completely. Traditional WAN solutions simply don't meet the needs for a complete digital overhaul of a business' processes.

85%

85% of survey respondents strongly agreed or somewhat agreed that in order to truly digitally transform, SD-WAN will be crucial.

10%

10% somewhat disagreed or strongly disagreed that SD-WAN will be crucial to digitally transform, while 5% didn't know. It's curious to think that 10% don't consider SD-WAN as having a place in their organisation's IT future, given the drawbacks of the legacy technology.

Digital transformation is about improving performance, creating more and more efficiencies between lines of businesses, and streamlining all areas of a business. SD-WAN enables this due to its ability to rapidly respond to network needs immediately in an efficient and agile way. It democratises technology so that all businesses can access the benefits of this technology.

Cogeco Peer 1 customer LOVESPACE on its use of SD-WAN technology

"At Lovespace, we need capability to manage networking traffic right across Europe, with secure handovers of data. SD-WAN gives us that control. If we want a small server in Portugal, say, that replicates our central logistics controls, it's straightforward. The software gives us a point-to-point network system.

We have the in-house software development team to re-architect our solution on the fly and to allow us to manage in different ways without needing an on-premises hardware install. With all the variables we are dealing with it was cheaper and quicker and scalable to adopt SD-WAN.

Also, it is backed up by an external support team that knows just what to do if something goes awry. Having this system means we can provide support for instant storage opportunities – like warehousing for retailers in their busy periods, such as Christmas and Black Friday promotions."

Dave Walker, Director of Technology, LOVESPACE

About the Study

The research was commissioned by Cogeco Peer 1 and undertaken by Vanson Bourne, an independent research company based in the U.K.

There were 300 decision-makers from SME, medium, and large enterprises interviewed across the U.K. The respondents were drawn from various industries including education, financial services and the retail sector.

The research sheds light on the attitudes towards SD-WAN and the benefits the technology can bring.

About Cogeco Peer 1

Cogeco Peer 1 is a wholly-owned subsidiary of Cogeco Communications Inc. (TSX:CCA) and is a global provider of essential business-to-business products and services, such as colocation, network connectivity, managed hosting, cloud services and managed services, that allow customers across Canada, Mexico, the United States and Western Europe to focus on their core business. With 16 data centres, extensive FastFiber Network® and more than 50 points-of-presence in North America and Europe combined, Cogeco Peer 1 is a trusted partner to businesses small, medium and large, providing the ability to access, move, manage and store mission-critical data worldwide, backed by superior customer support. More information visit **cogecopeer1.com**.

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