



## **WHAT IS SD-WAN AS A SERVICE?**

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## Software delivered as software: What is SD-WAN as a service?

At its heart, software-defined wide area networking (SD-WAN) is a service that enables secure, private connectivity across multiple physical enterprise locations. It is delivered as a software function, which does not depend on specialist hardware to run. The way that it is deployed, however, tends to be under a hardware-centric managed service model: a service provider (which could be a telecoms operator) installs a physical box on the customer's site which runs the software.

You could argue that, from the customer's perspective, this deployment model is just the same as traditional, non-software managed wide area networking (WAN) solutions of the past.

But SD-WAN does not have to be delivered in a hardware-centric way. Enter SD-WAN as a Service.

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This enables new ways for vendors and customers to sell and consume SD-WAN services. In the same way that, for example, Microsoft has decoupled Office from physical install media and now offers it as cloud-based software under a subscription model, SD-WAN vendors can decouple SD-WAN software from customer premises equipment (CPE), and offer it direct to customers as a cloud-based service.

## What's the point? The benefits of SD-WAN as a Service

Managed SD-WAN services tend to be bought on a single or multiyear contract basis, with a specific service-level agreement (SLA) tied to a defined number of connected sites. Customers are able to define a service upfront that complies with their own budget requirements. But when they want to change up their contract – perhaps to add or remove sites – they typically get stung with penalty charges.

Under the SaaS model, customers pay a monthly subscription, based on the features that are used. The subscription fee scales up or down depending on what is used in a given month. If the customer wants to connect a new site, for example, they simply configure it through the cloud-based service management portal, and are charged accordingly at the end of the month. If the customer needs to cut back, the same applies in reverse. In effect: SD-WAN as a Service is a much more flexible model for the end-user.

For managed service providers (MSPs), the benefit of offering SD-WAN as a Service is that it might enable you to pick up more of the long tail of enterprise customers. When a service is very bespoke, as in the case of most managed WAN services, most of the sales focus tends to be on catering to the needs of the MSP's top 10 or top 100 customers by revenue, since a bespoke service requires more effort and manpower so it makes sense to direct that manpower at the opportunities that offer larger revenues. SD-WAN as a Service, managed by the user, is closer to an "off-the-shelf" product, requiring less human resource to deliver. There is greater capacity to cater for all the small and medium-sized businesses that would previously have been ignored because the opportunity didn't look big enough.

## What's stopping us? The limitations of SD-WAN as a service

The downside of SD-WAN as a Service for the enterprise customer is that they lose the bespoke setup that they'd get if they bought a fully-managed service, where the provider goes to the site, looks at the setup and

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ensures it all works. Management and orchestration of the software is left to the enterprise to figure out for themselves, using the MSP's management portal. Skills and expertise, therefore, have to come in-house.

For the MSP, selling SD-WAN under a SaaS model could be problematic. First, it's a new type of business model that could put their existing connectivity portfolio at risk. Second, most MSPs – including telcos – are not software companies, and are not used to selling under this model. New sales skills and incentives are required.

Last of all, adopting a SaaS model means moving from a pricing model where services are charged front, to a model where services are charged at the end of the month, once usage has been calculated. Many businesses, both MSPs and enterprise customers, have a financial set-up which makes this very difficult.

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