

Why NFV Ought To be a Part Of Every Operator's Business Strategy

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Network Functions Virtualization (NFV) is taking the telecommunications industry by storm. Historically, enterprises have been purchasing a host of devices to deliver the many tasks and activities that are a part of network services. This approach is rife with a number of problems, provisioning delay being a major one. This in turn leads to loss of productivity, which doesn't augur well in today's competitive world. To mitigate this and many other related problems the telecommunications industry has turned to virtualization.

NFV is a major step forward in easing the burden of service providers as it allows them the flexibility to move network functions from appliances to generic servers. With the network functions hosted in the cloud, that it allows for scalability is a given. Even though NFV is still in its early phases, as per a recent research, SDN and NFV investments are slated to grow at a CAGR of 46 per cent between 2016 and 2020 and are projected to account for over \$18 billion in revenue by 2020.

The benefits gained from this technology include but aren't limited to:

Reduced operating expenditure and capital expenditure costs - With NFV offering an easy option to deploy and maintain services, it has an inverse correlation with operating expenditure costs, driving them down significantly. As per a report by ACG Research, adopting a virtualized evolved packet core can reduce operating expenditure by an average of 67 per cent and capital expenditure by 68 per cent.

Reduced time to market - The timelines of deployment of virtualized network components are significantly lower than that of traditional network hardware. This is known to result in a quicker time to market, a factor whose importance cannot be over emphasized in today's competitive market.

Improved return on investment from new services - Virtualization takes away the need to make large capacity additions to infrastructure well in advance of demand, unlike in the traditional methodology. The agility of NFV has the potential to enhance capacity in a manner that it closely parallels demand. This

ability in turn, leads to improved ROI from the new services introduced.

- **Greater flexibility to scale up, scale down or evolve services** - With the delinking of network functions such as firewalls and routers from proprietary hardware, new services can be rolled out when needed. Scalability in fact, is one of the largest benefits of virtualization as it allows operators to deploy new services with ease as also to adjust the scale of the existing services basis the demand.
- **Opportunities to trial and deploy new innovative services at lower risk** - Virtualization equips the operator with the ability to adapt to user needs with agility. The associated risks of introducing new services, therefore is far reduced than in the traditional methodology where any changes in capacity or new services involved a significant time lag.
- **Openness to the virtual appliance market and pure software entrants** - Virtualization enables a wide variety of eco systems. By opening the market to pure software entrants it encourages innovation and the possibility of introducing new revenue streams.

While the concept of NFV may be recent, it is all set to become a catalyst for major changes contributing to significant

transformation in the telecommunications industry. 🚀



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