

BLOG SERIES

Why opt for **Network as a Service (NAAS)?**

The benefits of Network as a Service
for your entire organization



Network as a Service (NAAS) is seen by an increasing number of organizations as a logical alternative for a network under own management, due to the desired flexibility and cost benefits. But what are actually the most important (financial) advantages and disadvantages of NAAS compared to a network that is fully owned and managed by the company? In this e-book, five experts from Axians — the CIO/IT director, the CFO, the HR director, the CEO and the CTO/Business Development — give their vision on what NAAS means for an entire organization.

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» 1. The CIO/IT director

The balancing act between company objectives and IT resources: how do you manage them?

The network facilitates devices, applications and their users. Even though it is the hidden strength behind the continuity and growth of every organization, it is often viewed by senior management as a cost item. This has consequences for the size of IT budgets and thereby your innovative strength. As a CIO or IT manager how do you manage the balancing act between the company objectives and the IT budget?

“Most of the CIOs that I know struggle to justify the added value of IT”, says Edwin Kanis, Marketing & Innovation Manager at Axians. According to him, the IT department is often just seen as the team that keeps the systems running. “The same as applies for energy and water companies: you can only do things wrong.”

Innovation requires room in the planning

On the other hand, Edwin Kanis also notices that organizations are becoming more dependent on their network infrastructure, the management of which is becoming more crucial and intensive. In addition, it is increasingly expected from IT departments that they are involved with innovation and the future of the organization. Even so, network optimization is almost never a part of the company objectives. “A pity, because what if you can reduce the 25 percent of the time that you spend on network management to 5 percent?”



In that case you gain some room in the planning. This is essential to be able to innovate and I think that it is more profitable if you use this time to develop new services with IT, further optimize the production process, improve quality with the help of data, increase the accessibility of your organization or perhaps improve the working environment of your employees. And much more!”



For this reason, Edwin sees that Network as a Service is on the increase. The network is increasingly being outsourced, so it is no longer under the ownership and management of the organization. “Many organizations still have 3 to 5 network managers, but times are changing. I sometimes make the comparison with the Exchange administrator. There is almost no longer a need for this role, because everybody is migrating to Office365. The same thing is going to happen for the internal network administrator, now that ‘as a Service’ is becoming the norm.

Standardized network profiles

Along with more room for innovation due to a reduction in the administrative burden, there is another major benefit from Network as a Service. It works with standardized network profiles. This accelerates the technical implementation and operational manageability of your complete connectivity issue at ‘new’ locations.

An entire organization, for example following a merger, can also be quickly connected to the ‘mother network’.

Edwin Kanis: “Network as a Service offers ready-made building blocks. It is not necessary to build customized network profiles for each branch, location, target group or business unit, these are already available at Axians, with a services catalogue that provides the organization with immediate insight into the costs.”

In his opinion, the balancing act between company objectives and IT resources can also be managed by the implementation of NAAS. “It offers organizations optimal availability, flexibility and room to innovate while the Total Cost of Ownership of the network is lowered. So, a win-win situation.

» 2. The CFO

Why Network as a Service is more than just a lease plan for your network infrastructure

From a financial viewpoint the greatest benefit of Network as a Service is that the infrastructure does not need to be prefinanced. The buzzword for this is referred to as 'from CapEx to OpEx'. But there are far more financial benefits.

"If you only consider the direct costs of a network, then purchasing equipment yourself quickly seems to be the cheaper option", says Erik Pieterse, Financial Director at Axians. In this blog he discusses three unforeseen network costs on the basis of the benefits of NAAS. "It is the hidden costs that make the difference."

1. Better budgeting and administration

It costs time to keep track of your equipment and whether or not it is still compliant. The larger the organization, the more difficult it is to estimate what the costs are for replacement and maintenance. Organizations have various individual contracts with suppliers and the lifecycles of hardware components vary immensely.

Instead of a network with many different types of components, NAAS offers one solution, which includes your total network infrastructure. Your contracts are consolidated, you transfer to one hardware supplier and configurations are standardized across the entire infrastructure. For this, you pay a fixed, recurring fee

for each location. "When increasing or decreasing capacity the consequences are clear in advance", says Erik. "You know exactly what an expansion is going to cost, without any subsequent surprises."



By purchasing your Network as a Service on the basis of usage, you spread the costs over the period of the contract. This enables you to use money that you would otherwise spend on hardware and software to invest in activities that give better returns. “It is not profitable to include the infrastructure on your balance sheet, since it only depreciates. This is exactly the reason why many companies opt for lease cars”, according to Erik Pieterse.

2. Specialised knowledge and expertise

To be able to guarantee the availability of your network at all times, you need at least 3 FTEs. In practice it quickly increases to almost double this number. Recruiting, training and retaining the right technical specialists is a time-consuming and expensive matter. In relation to the costs of the network, this is an item that is often neglected. You can read more about this in chapter 3 of this e-book: ‘Outsourcing the network: what is going to happen to my employees?’ with Wendy Luijten, HR director at Axians.

Erik Pieterse: “We often see that the financing of the network does not have the largest impact on the total price, but whether or not the work is outsourced to a specialised party.” Axians employs a large pool of technical specialists, who are intensively trained and who can be deployed at multiple customers. “To stand still is to move backwards if you see the tempo at which innovation takes place. Cases from a number of years ago are possibly already no longer relevant next year. Technological developments take effect at a rapid tempo, for which investment in training has increased significantly. Volume is required to make a positive business case from this.”



It is exactly this expertise that is becoming ever more important, as technologies are becoming more complex. This leads to ICT projects regularly failing, and not just among the business community¹. There are unfortunately many examples²

3. Less risk of (image) damage

Another possible cost item that is frequently forgotten, covers the consequences of a failure or, even worse, cybercrime. Erik Pieterse: "The lost income and reputational damage as a result of a data breach can be tremendous. These days, data theft at a large organization is quickly headline news."

¹ <https://www.computable.nl/artikel/nieuws/erp/6311855/250449/een-op-de-vijf-retailers-ziet-ict-project-mislukken.html>

² <https://www.nrc.nl/nieuws/2019/04/16/weer-faalt-een-ict-project-van-de-overheid-a3957044>

If you outsource your network to a professional party, they ensure that your network is always up-to-date and is provided with the latest technologies. This guarantees that your entire network infrastructure is well maintained at all times. NAAS offers these benefits.



» 3. The HR director

Network outsourcing: what will happen to my employees?

An increasing number of organizations are outsourcing their network. In 2018, 71 percent of the networks in Western Europe were already managed by an external party, as reported in an IDC survey³. Half of those questioned indicated that 24/7 support and access to skills and expertise are the most important reasons for outsourcing. But what happens in this situation with the IT employees?

Specialised knowledge: a difficult story

When network innovations are not anticipated in a timely fashion or the level of training is no longer up-to-date, the IT department must quickly get to grips with new technical specialities. This is a time-consuming and expensive activity. Outsourcing the network then becomes a logical step, because you then engage the external skills and expertise in one go.

The phases of the outsourcing process

“Training is our right to exist”, says Wendy Luijten, HR director at Axians. She is personally involved with and responsible for the correct placement of people during an outsourcing process. “Our customers consider IT training as a secondary activity. As specialists we can take care of their network management for them. Employees are involved in the outsourcing process at an early stage and there is transparent communication. In this way, everybody can get used to the changes.”

³ <https://www.idc.com/getdoc.jsp?containerId=EMEA43855618>



Luijten recognizes that the HR aspect of network outsourcing is often seen as an inhibiting factor. Her experience is that the discussion about this is often avoided, while in fact this is where the discussion must start. "Outsourcing has a positive side. By means of individual discussions we focus on the specific talents and (career) possibilities. In this way, uncertainties are converted into new opportunities."

During all phases of the outsourcing process, close contact is maintained with regard to HR, so that the transition runs smoothly not only in terms of legislation, but also on a personal level.

In broad outline, Axians follows the following standard steps:

1. Which employees are affected by the outsourcing process?
2. Can you retain these people in your own organization or give them another role?
3. Can Axians place these employees in a relevant role?
4. How can we together provide the necessary retraining?

From a management role to a directive role

At the moment you switch from a physical infrastructure to Network as a Service, it is not the case that all network administrators are suddenly superfluous. Wendy Luijten: "When outsourcing your network, a part of the responsibilities always lies with yourself. So you still need IT staff, but they get a directive role.

The fulfilment of this role requires a different mindset. "We do this in close cooperation with the organization. Furthermore, your network is only a part of your IT infrastructure. The time that is freed up through outsourcing in the IT department can then be applied for other IT specialties.

It is impossible that employees will be without a job according to Wendy. "Currently there are twelve vacancies for every IT employee in the Randstad. This indicates how difficult it is to find suitable people.

Axians attaches great value to your employees and ensures that they can achieve the best from themselves. It is the 'Human Touch' in our slogan.



» 4. The CEO/director

How network outsourcing organizations help to achieve growth

Increasing digitalization places higher demands on IT infrastructures and the people who manage them. Organizations therefore opt more often to leave the management to a specialist. In this blog Tom Greeve, Deputy Managing Director at Axians, tells how outsourcing your network infrastructure is related to growth and how organizations benefit from this.

1. Digitalization

“Growth is generally a top priority for organizations”, says Greeve. “So, digitalization plays an increasingly important role. Initiatives such as digital earning models and the transition to the cloud are an integral part of the future plans for an increasing number of organizations.” The question that arises is how the current IT infrastructure can facilitate these initiatives and how an organisation creates space so that the IT department can achieve these initiatives. “Network as a Service ensures that as an organization you are always guaranteed an up-to-date network and that digital safety risks are covered”,



according to Greeve. “Because the daily management of the infrastructure is provided by external specialists, the IT employees have more time to spend on the digital ambitions of the organization.

This is also shown in a survey from Deloitte¹, in which 85% of the organizations that switch to “as a Service” experience a faster time-to-market and 87% see more efficiency under their employees.

¹ https://www2.deloitte.com/content/dam/insights/us/articles/4557_accelerating-agility-with-XaaS/DI_accelerating-agility_with-XaaS.pdf

² https://www.cbs.nl/-/media/_pdf/2018/38/csm2018_web.pdf



2. Risk management

Risks that arise in the area of privacy are becoming increasingly important. Greeve: "Certainly, when it concerns digitalization. Consider compliance of the General Data Protection Regulation (GDPR). This regulation serves an important objective. Organizations are processing ever larger volumes of data, leading to increasingly higher demands being placed on the security of the data." It is not surprising that almost three-quarters of Dutch companies with 500+ employees are involved in ICT security incidents². This not only concerns cybercrime, but also internal matters. "As an organization you are liable for the costs that arise when the current legislation is not complied with. By outsourcing the network management to a specialised party, the risks surrounding liability are reduced."

3. Workforce

Many different specialisms are needed to manage a network through its total lifespan. Consider, for instance, a licence specialist who checks the licences of all suppliers. Or a network specialist who keeps all the components up-to-date. The recruitment, training and retention of the right people is a significant time investment that, due to the current shortage in the labour market, continues to increase. You can read more about this in the blog 'Network outsourcing: what will happen to my employees?'

"Finding and training the right people is a major challenge in the current labour market. Since nowadays every organization is dependent on its network it needs to be available at all times and from any location. Many different specialities are needed to guarantee this" according to Tom Greeve. This leaves many organizations faced with a balancing act. "On the one hand the business sets increasingly higher requirements to be able to create and facilitate growth. On the other hand it costs an increasing amount of effort to be able to guarantee availability. The shortage in the labour market is a bottleneck that hinders the achievement of the company's ambitions."

Network as a Service

The transfer to Network as a Service (NAAS) ensures that as an organization you always have the right network knowledge and expertise available. Updates are installed on time and licences are extended whenever this is necessary, so that no digital safety risks arise. The IT department is given room for innovation. This helps with achieving growth. "Opting for NAAS is a major strategic step. As key figures in the organization the management must consult with all disciplines – HRM, Finance, Business Development and of course IT – in advance to be able to make the right choices. For the future of the network and therefore for the entire organization."

» 5. CTO/Business Development

To stand still is to move backwards: how your network guides you through the 4th industrial revolution

Robotization, Internet of Things (IoT), Artificial Intelligence (AI) and Machine Learning – not long ago these were something for the future, now they are all around us. But even though we are now on the eve of the “fourth industrial revolution”, many organizations are still not ready. This is apparent from recent research into digital transformation in Dutch boardrooms⁹

Digitale revolutie in de praktijk

The automation of production by means of electronics and information technology was the central theme during the third industrial revolution.¹⁰ We have now arrived at the fourth: Troy de Backer, Innovation Lead at Axians, comments that for many companies this is a relatively slow process. “Robotization, IoT, AI and Machine Learning have long passed being remote and something for the future. However, many CTOs and innovation managers are still not exploiting the opportunities that these new technologies offer.”

His view is supported by recent research – the ‘Digital transformation baseline measurement in boardrooms in the Netherlands’. This shows that only a third of the directors have a clear picture of the impact of digitalization on their organization. In the meantime, the management team is under increasing pressure to continuously innovate.



New products and services have to come to the market faster and the lead time to market introduction is getting shorter and shorter. De Backer: “It is expected that in the coming years many new technologies will enter the market. These will be quickly adopted by organizations and these will be accompanied by digital safety risks.”

⁹ https://www.nationaalregister.nl/sites/www.nationaalregister.nl/files/onderzoek_nulmetingcover-13maart2019-b-per_pagina.pdf

¹⁰ <https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond>

Innovation and your network infrastructure

The 'baseline measurement' states however that disruptive technologies should not only be seen as a danger, but also as an opportunity. De Backer: "Nowadays, these new IT possibilities enable companies to consolidate their position and even to expand it. Standing still – or too slow progress – is moving backwards. This is reality."

De Backer also notices that the connectivity issue is frequently forgotten. Slow response and downtime result in non-user-friendly applications, machines and platforms. This leads to frustrated users and customers. "New technologies lead to a higher load on your network infrastructure and this increases the operational dependence. The network is your information highway through the digital revolution. It has to provide sufficient capacity and flexibility to facilitate this journey."

Which requirements must today's network satisfy

Network as a Service offers the flexibility and technical support that is required for ambitious cloud initiatives. These are projects that are often difficult to support with legacy networks. You only need think of Salesforce, Office365 and Google's business apps; the majority of your applications are moving to the cloud and your network needs to be designed to support this. "A new SaaS application can be rolled out considerably faster with Network as a Service", says de Backer. "This is possible due to the latest functionality and insight into what the service can provide you with. Consider, for instance, automated quality of service, application performance monitoring and increasing and decreasing capacity."

Your network must enable you to easily increase and decrease capacity and functionality. It must be possible to quickly add new locations and you must be able to return unnecessary equipment or functionality. All network resources – devices, applications and their users – must be able to be managed and orchestrated from one central dashboard to satisfy growing user expectations.



Altogether this provides the business agility that is necessary to be ready for the fourth industrial revolution. It requires Network as a Service: a flexible, standardized network where capacity can be quickly increased or decreased, but where new functions can also be added in next to no time. A network that facilitates the adoption of new technologies and evolves on the basis of tomorrow's requirements.

» Summary

There are numerous benefits from Network as a Service (NAAS). The administrative burden is lowered because we work with standardized network profiles. This accelerates the technical implementation of connectivity at new locations or, in other words, NAAS stimulates innovation. By outsourcing your network, you create more space in your IT department, which can be spent on other IT components. NAAS also offers several benefits from a financial viewpoint. The infrastructure does not have to be prefunded in one go, budgeting and administration are easier, you engage specialised knowledge and expertise and you run less risk of (image) damage through cybercrime due to a modern and up-to-date network.

In addition, with NAAS your organization is ready for the future. You make use of a flexible, standardized network where capacity can be quickly increased or decreased, but where new functions can also be added in next to no time. However, when outsourcing your network, you continue to need an internal network specialist, who is engaged in monitoring and improvement. Axians experts of course ensure close cooperation, so that NAAS is optimally deployed.



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