

POINT OF VIEW

A Couple of Market Drivers and Security Considerations in the Telco Market



Telecommunications providers (Telcos) are in constant evolution, trying to keep a healthy balance between technology, innovation, and growth. They initiate and control some aspects of this evolution but also have to respond and react to external market conditions and drivers.

Rising Energy Cost and the Move to Sustainability

The increase in energy and goods prices in Europe and around the world and global climate initiatives are forcing telecom providers to rethink infrastructure and services developments and priorities, considering their energy, environmental, and sustainability impacts.

Energy-efficient products in service providers' infrastructures and services are crucially needed. Power consumption is becoming a key decision factor when selecting solutions and vendors. This is particularly urgent as the deployment of a greater distributed infrastructure is taking place to enable new enterprise-facing use cases.

Telco growth will be driven by the enterprise consumption of innovative services and use cases. The demand for security as an adoption enabler is growing. Therefore, in planning and deployment, attention must be given to energy and rack space consumption by the security solution in place. These considerations must be a factor in deciding on the use of security virtual network functions (VNFs) and/or physical network functions (PNFs) and the choice of security vendor.

Fortinet security physical appliances and their custom ASIC technology lead the industry in providing unparalleled performance coupled with the highest energy- and space-efficiency for Telco use cases and scalability. Fortinet enables Telcos to secure their infrastructure and services while reducing their energy costs, footprint, and overall environmental impact.

The Pursuit of Growth

Telcos have "suffered" a modest annual growth rate, driven by the commoditization of services, focus on certain markets, lack of innovation and low value delivery, competition, and more.

As world economies are slowing down due to pandemics, armed conflicts, and climate uncertainty, the pressure to drive growth and profitability is constant and demands more effort and attention than ever before. Growth and profitability will grow based on Telcos' ability to efficiently manage its total cost of ownership (TCO) with correlation to the investment and delivery of value to its enterprise and consumer customers.



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From a TCO perspective, investment in security has been a risk-management exercise—a balance between investing in security versus the potential risk of not doing so. However, as new value-added and critical services and use cases are being enabled via investment in technology and innovation, security plays an enabling role in the market's willingness and rate of adoption.

Security is no longer just a cost—it is a value and revenue facilitator and generator and should contribute to the overall Telco pursuit of growth by maximization of security services within a given TCO.

Fortinet enables this via the availability of Telco-specific licensing schemas that minimize TCO based on real-world scalability needs coupled with the broadest set of security solutions. In parallel, these solutions, regardless of their form factor and TCO, all provide the widest set of converged security services in the industry, empowering Telcos to maximize functionality within a given TCO.

Building Trust and Keeping the Customer in the Telco Domain

Keeping the customer within the Telco domain for as long as possible while consuming as many services as possible is the goal of Telcos. The key to doing so is constant innovation—to meet existing customer needs and create new ones, define market trends, and raise the competitive bar.

Connectivity services, even with 5G, are a commodity. Relying on infrastructure innovation alone will risk the failing connectivity-focused approach and may only lead to price wars and reduction in the Telco ability to keep customers in their domain. The key is innovation in applications and the resulting value, services, and capabilities that are available for consumption. To do so, Telcos are spreading their wings to the public and edge clouds, and are embracing agility and innovation in applications and services via the adoption of continuous integration/continuous development (CI/CD) methodologies and tools.

To lure customers to consume their services, trust must be established. Trust can only be established if the applications, services, and value Telcos deliver are available and reliable. This can only be truly achieved by:

- The integration of security into the application development, or the CI/CD pipeline, to reduce security vulnerabilities
- Protecting the application itself from attacks
- Safeguarding the environment in which the applications operate

Fortinet's broad, converged security portfolio safeguards Telco value and innovation with availability and integrity. It offers tools to integrate and enforce security in CI/CD pipelines and protect applications in any Telco environment and on any platform. The Fortinet Security Fabric provides security visibility and automation, and help in ensuring compliancy, so that Telcos and customers can build trust.

Regulatory Pressure

Telecoms are in the process of becoming essential to the economic and social fabric of society: smart everything, Industry 4.0, remote education, and more. With the growing criticality of telecoms's infrastructure and services comes greater responsibility, a statement that lawmakers are encouraging service providers to implement via regulations. Telecoms's exposure to regulations is growing, as demonstrated by the U.K.'s Telecom Security Bill and the European NIS2 directive adopted in late 2022.

Regulatory pressure is also driven by the demand side—by enterprises. As telecoms invest and innovate to maintain and grow enterprise ARPU, they need to ensure that by doing so they are not hindering their customers' ability to comply with their own set of regulations.



As new value-added and critical services and use cases are being enabled via investment in technology and innovation, security plays an enabling role in the market's willingness and rate of adoption.

Cybersecurity alone is never the sole component in achieving compliance, but it is an important component in enabling compliance for telecoms and their customers.

Fortinet cybersecurity solutions help telecoms gain better security visibility, provide continuous security posture evaluation, mitigation, automation, and reporting. It allows a converged set of services to secure their customers' data and assets within the telecom domain. It empowers the service provider to implement cybersecurity mechanisms to help their enterprise customers maintain compliance and ensure trust.

Conclusion

Cybersecurity is one of the pillars telecommunications providers should fully adapt to be able to meet the market evolution and requirements. It will allow them to create and sustain trust with their enterprise customers to drive growth and value creation. It will allow them and their customers to better comply with an ever-more rigid set of regulations.

Coherent and efficient cybersecurity, integrated into the very fabric of telecom providers, is a strength service providers can explore and rely on.

Fortinet Security Fabric solutions offer cybersecurity broadness and convergence of form factors, capabilities, and consumption models to meet Telco's technology, scale, and service requirements like no other.