

How to maximise revenue with the cloud

While cloud adoption among communications service providers (CSPs) in Africa is still at an early stage - with many regional operators only now beginning to implement concrete projects - Hassen Hamza, pre-sales and business development manager for Middle East & Africa at Nexign, says that making the shift will be key to ensuring that these organisations can easily and effectively roll out new products, services and technologies.



Hassen Hamza, pre-sales and business development manager for Middle East & Africa at Nexign

“These are mostly in the form of trials and proof of concepts for moving specific information technology or telecommunications applications to the cloud,” says Hamza, adding however that “early adopters will gain the advantage of being ready for the introduction of new technologies, such as 5G, and the ability to react rapidly to changing market conditions by introducing new products and services as quickly as possible.”

Currently, almost all regional operators are running legacy telco and IT solutions, including circuit switching, packet core, business support systems, operations support systems, and cloud adoption requires that they upgrade these. As such, cloud adoption requires investment not only in data centres and cloud infrastructure but also in upgrading telco and IT application software.

“Stagnating CSP revenues in the region, coupled with concerns around financial impact, robustness and security have meant that cloud adoption in Africa remains constrained and limited to a few select countries and network operators,” explains Hamza. “This is where cloud can make the difference - even though it requires an initial investment, it will help telcos reduce operational expenditure and free up capital expenditure for new investments.”

According to John Abraham, principal analyst at Analysys Mason, CSPs that embark on the digital transformation journey are focused on both business and financial outcomes. From a technology perspective, this is driving CSPs to demand systems that are cloud-native compliant.

There are a couple of ways CSPs can make the best of the public cloud. Increasing revenues or decreasing costs that includes using Network Function Virtualisation (NFV) architecture that enables telcos to virtualise some of the network elements. This allows telcos to optimise cloud computing resources, and introduce new services faster. CSPs looking to transform need to make use of the right solutions that are cloud-native, and fully support NFV and 5G architectures.

Hamza adds that CSPs can also divert some IT products and applications into the cloud. This enables telcos to decrease capital and operational expenditure by reducing data centre power, private computing resources and required maintenance. Ensuring these applications are cloud-native further enhances the benefits.

“Additionally, utilising Software-as-a-Service (SaaS) applications is especially useful to telcos as some offerings become commoditised. While not suited to all areas of operation within the organisation, there are a growing number of use cases where using the SaaS model can help CSPs reduce expenditure.”

Cloud compliance and security

The concept of hybrid cloud has also come to the fore in recent years, especially as more countries put in place regulations that govern where certain types of data can be stored and how it should be protected.

Hamza points out that even as the cloud becomes more secure, the endless race between cloud service providers, hackers and cybercriminals continues. Here, CSPs can either decide on encrypting their data in the cloud or go for a hybrid approach where data is kept in the private cloud while the processing engines, applications and products that utilise all this data resides in the public cloud.

Apart from compliance and security, telcos can use the public cloud to cater for peaks in demand for computing power and then scale back as the need subsides. Deployment models such as multi-cloud are also gaining in popularity.

Cloud is the future

According to the World Wide Worx Cloud Africa 2018 report, cloud computing is increasing in the economic hubs of South Africa, Kenya and Nigeria, with 74% of the South African companies surveyed increasing their cloud expenditure during 2017 and 80% of South African companies in 2018.

The bottom line is that cloud for CSPs is now capable of supporting increasing numbers of legacy technologies and helping them quickly develop and deploy new products or services while helping reduce costs. For most, it is only a matter of conducting a cost vs. benefits analysis, which many are busy with in order to decide their future path.

“Cloud is the future, and it is here to stay. It will become a commodity as more CSPs adopt it, further fuelling uptake, and those that don’t make the change quick enough will not be able to adopt new technologies or pursue new business opportunities, and end up losing market share,” concludes Hamza.

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