Network As A Service Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 196 pages | Mordor Intelligence

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Report description:

The network as a service market is expected to reach USD 59.44 billion by the end of the forecast period, registering a CAGR of 32.67%. One of the primary factors driving the growth of the network as a service (NaaS) market is an increase in new data center infrastructure globally.

Key Highlights
The increased adoption and implementation of the cloud for data storage and the introduction of Big Data analytics, as well as virtualization in the data center for workload mobility, have resulted in efficient resource utilization, increased availability, reduced overall costs, and ensured high reliability and security for mission-critical business applications.
The market is further influenced by the rising need for subscription (pay-per-use) business models in network virtualization, cloud computing, software-defined networking (SDN), and large and small businesses increased use of cloud services.
Network as a service (NaaS) offers companies greater flexibility and performance gains in their network infrastructure. Companies can be more cost-conscious through on-demand purchasing and pay only for the networking services they need. Network as a service (NaaS) can also enable companies that want greater flexibility in provisioning without having to rearchitect networks or redo contracts from the ground up.
Although NaaS provides excellent benefits, specific challenges, like reliability concerns, may obstruct the market's growth over the forecast period. Hiring a third-party networking infrastructure vendor to host critical business infrastructure involves believing that the providers' business may endure the relationship with them. In case of any failure by providers to sustain the competition in the market, the enterprises relying upon them may have to replace critical pieces of infrastructure entirely, as it is not possible to conduct business.?
Since the COVID-19 outbreak, the demand for cloud-based solutions has witnessed significant growth, owing to the remote working model being adopted by enterprises. However, various industries, such as retail, manufacturing, BFSI, and others,

witnessed a significant slump in their revenues during 2020. With the growing remote working model, companies are increasing investments in cloud-based analytics and assurance, edge computing, and AI-powered networking technologies. This is expected to boost the NaaS market.

Network as a Service Market Trends

Cloud-based Services Expected to Hold a Significant Market Share

As enterprises strive to run their IT infrastructure efficiently, they find ways to operate and manage their networks efficiently. Enterprises are modernizing traditional IT techniques on commodity hardware, such as computing, storage, and networking, to incorporate cloud technologies that enable rapid development and deployment of new network services.
With a growing number of cloud-based applications across enterprises, cloud-based services are increasingly becoming popular. Cloud computing adoption is rising due to increasing investments from small and medium enterprises (SMEs). According to Cisco Systems, the global cloud data center IP traffic was expected to reach 19,509 exabytes by 2021.
The major reasons for migrating to the cloud are scalability, increased effectiveness, faster implementation, mobility, and disaster recovery. Cloud migration is also gaining popularity for its real-time experience, business elements, and accessibility to on-premise data. This technology also aids in setting up and working based on several units in minimal time. Enterprises are adopting network as a service (NaaS) solutions to foster seamless cloud migration.
Cloud computing continues to evolve as a vital computing platform for sharing various resources, including infrastructure, software, business processes, and applications. According to the Global Cloud Index by Cisco, for the period 2016-2021, 78% of all cloud workflows were expected to be delivered in a SaaS model. It was also anticipated that infrastructure as a service would drop to 21% in 2021 compared to an overwhelming 44% in 2013, while platform as a service was likely to account for 9% of the global cloud market.
Additionally, from a vendor's perspective, to help service providers meet low latency and high bandwidth requirements, Ericsson upgraded its cloud solution with the launch of Ericsson Edge network virtualization, optimized for the network edge. The newly developed solution is part of the end-to-end managed and orchestrated distributed cloud architecture, making it possible to distribute workloads, optimize the network, and enable new services in the cloud.
Furthermore, VMware's Telco Automation Cloud was launched to model, onboard, orchestrate, and manage virtual network functions (VNFs), cloud network functions (CNFs), and network services. As part of its "Ready for NFV" program, TAC made NFVs and VNFs more manageable by taking a cloud-first approach to reduce multi-cloud complexities.

North America Expected to Occupy the Largest Market Share

Increased preference for implementation and acceptance of advanced technology, developments in network automation, a surge in the number of cloud-based services, and other factors are driving the network as a service (NaaS) market in the country. Over the next five-plus years, most IT teams are expected to increasingly adopt NaaS as suppliers deliver hybrid offerings that include software, cloud intelligence, and the option for management of on-premises hardware.
Substantial growth in connected and mobile devices is spiking the growth in demand for enhanced network services. Since the United States has always remained at the forefront of technology adoption, the region witnessed the maximum adoption of connected devices. For instance, according to CTA, in 2016, connected device shipments accounted for 621 million units in the United States and reached 791 million shipments last year. Storing and managing this huge data flow through the connected device without operating costs spiraling out of control will be a substantial challenge. This is where cloud-native technologies come to the rescue.

Only with an end-to-end cloud-native core network can an operator take full advantage of the agility, scalability, resiliency, and economies of the cloud. The quickest way the operator can apply all these capabilities to support the IoT needs of its enterprise customers is through a hosted/third-party environment. Nokia WING, which stands for IoT Network Grid, is a managed service based on a cloud-native core that supports both local-only and large-scale deployments with the same architecture.
The market for NaaS in Canada is growing mainly due to new product roll-outs, acquisitions, mergers, and partnerships, which are shaping the market landscape in North America overall. There has been a rise in malicious cyber activity targeting information technology (IT) service providers, which is causing a leak of client information. Due to rising network infiltration, the Canadian Centre for Cyber Security has provided businesses guidance. This has, in turn, led to companies getting very selective while choosing their network service providers.
With increasing automation and connected device deployment, the market demand is expected to increase significantly. Additionally, the NaaS model benefits small businesses because they can offload day-to-day maintenance of equipment and focus on tasks that they do best, such as customer service.

Network as a Service Market Competitor Analysis

The network as a service market is highly competitive and consists of several major players. The market is fragmented due to the presence of multiple small and large players. The major players that hold a prominent market share are focusing on expanding their customer base across regional boundaries. These companies leverage strategic collaborative initiatives to increase their market share and profitability. Some major players in the market are AT&T Inc., Verizon Wireless Inc., and Cisco System Inc., among others.

June 2022 - Cisco has announced its expanded relationship with General Dynamics Information Technology (GDIT), a business unit of General Dynamics, to deliver Cisco Private 5G services to a broad set of government entities, where together, Cisco and GDIT can provide government agencies with simple and intuitive private 5G solutions for IoT and edge use cases.
May 2022 - Telstra announced a collaboration with Prysmian Group to build a new state-of-the-art inter-capital fiber network in the market. The national fiber network project is a multi-year project that will see Telstra build a new ?state-of-the-art' intercity dual fiber path that will add up to 20,000 route kilometers of new fiber-optic terrestrial cable, boosting its inter-capital capacity and capacity for regional areas.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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