CenturyLink Launches Its Next-Generation Cloud Services in Asia-Pacific: Why It Matters

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IN THIS FLASH

On March 21, 2015, CenturyLink launched its public cloud platform, CenturyLink Cloud, for Asia-Pacific with its first node up in Singapore, which follows its global footprint expansion. CenturyLink's Asia-Pacific operations date back to 1999, and the company launched its first virtualized hosted offering in the region in 2007.

SITUATION OVERVIEW

Given its heritage as a telco (CenturyTel, Embarq, Qwest) datacenter, hosting, cloud, and managed services (Savvis and Tier3) provider, CenturyLink has grown by placing strategic bets through acquisitions (more recently AppFog, DataGardens, and Cognilytics) to enhance its market presence, offering capability while transforming its overall business. Thus it is only logical for the company to focus on building its public cloud platform, first for its customers in the United States — its home market — and gradually extend the same services globally and more recently in the Asia/Pacific region.

Although there are quite a few players offering cloud services in Singapore and in the region, CenturyLink has done well not to build a portfolio of traditional infrastructure as a service (IaaS) offerings based on popular stacks. Focused largely on the enterprise market, the company has invested on in-house tools, leveraging intellectual property (IP) assets from its acquisitions, which have led to the construction of a public cloud offering that is unique in itself. The company has placed its managed services capability at the forefront and adopted "Hybrid IT" as its core go-to-market strategy.

Cloud offerings currently available in Singapore from CenturyLink include: 1) Public cloud: Multitenancy across compute, storage, and networks; 2) Dedicated compute cloud: Offering single tenancy for compute and multitenancy for storage and networking; and 3) (Hosted) private cloud with single tenancy for IaaS services across compute, storage, and networking: This has the same hardware as public cloud but is dedicated to single customer. In addition to these, CenturyLink provides disaster recovery as a service (DRaaS) and public platform as a service (PaaS) for compute, storage, and networking. These are supplemented with professional services for IT consulting, managed services, and business continuity and disaster recovery (BC/DR). These are expected to be followed by cloud-enabled managed services in Singapore in the near term.

One of the most important value propositions for CenturyLink is its user portal, which is also the front end to the orchestration engine (which is normally two separate functions). Demos from the company showed the user portal's ease of use and the level of financial transparency and predictability that users get. Both are important as most existing portals and tools are layered with complexity and granularity — which makes sense for a large IT company with specialists. However, customers want simplicity and sophistication.

The aforementioned services are coupled with base tenants for its public cloud offering for standard VMs including security (termed as "defense-in-depth"), 99.99% uptime service-level agreement (SLA) on standard VMs and 100% for network, DRaaS, strong level of visibility into usage billing, management level control and transparency into asset performance, on-demand managed services, 24 x 7 monitoring and response, and onboarding services for first-time customers. Furthermore, if the customer is on CenturyLink's network, there are many use cases that support free inter-datacenter connectivity. In addition, as part of its SLA CenturyLink offers 45x the hourly cost per VM of downtime (with a cap at 100% of monthly charge in case of outage). This is a marked difference in the significant caps other cloud providers place on service credits.

FUTURE OUTLOOK

The following are key implications IDC foresees for the cloud market in Singapore and for CenturyLink.

Market Opportunity

The Asia/Pacific (excluding Japan), or APEJ, cloud market is expected to reach US$7 billion by 2018, with Singapore comprising US$535M of that total. A significant portion of this growth will be in the virtual private cloud and hosted private cloud space across IaaS (for compute, storage, and networks), software as a service (SaaS) (productivity solutions, CRM, HRM), and PaaS (application development, testing, and management). IDC also expects that enterprise customers in Asia/Pacific will move on their hybrid cloud journey quite aggressively and channel their private cloud and this showcases that there is significant potential for CenturyLink's offerings in the near term.

Tech Buyers

IT and business buyers of cloud solutions will find CenturyLink to be a refreshing cloud provider. This view is mainly due to how the company takes away the complexity of building, operating, and managing cloud environments by virtue of sophistication in the back end through its orchestration engine. The pricing, location/data residency, chargeback, metering, and service provisioning ease are key features that make it much simpler to work with CenturyLink as compared with the complex cloud billing models that have come to be the mainstay of the market today.

Partners

Given CenturyLink's plans to invest in managed cloud services, make it an ideal partner for technology principals such as VMware, Cisco, EMC, and event software players such as SAP and Oracle. With a large customer base in the enterprise space (CenturyLink claims 98% of the Fortune 500 are its customers across its overall portfolio), it is a partner that can be leveraged in Singapore and in the broader Asia/Pacific region.

Channels

In discussions, CenturyLink shared that it intends to build and grow its channel ecosystem in Singapore and in the region as well. These channel partners will have the ability to "white-label" CenturyLink's Cloud offerings and take it to market as their own. Demos shared with IDC showed the ease with which a channel partner could set up their web front end and integrate it with CenturyLink's back-end systems to be up and running to offer cloud solutions.

Although IDC sees several positives for CenturyLink in Singapore and across the markets it operates, there are a few challenges ahead. The cloud market is ultra-competitive, especially in Singapore, and

most countries are dominated by local telcos and global cloud service providers. With the most important cloud factors being price and country presence, CenturyLink has to differentiate itself in many ways. Therefore it is of utmost importance that the company continues to invest in R&D and continues to enhance features and offerings rapidly to stay competitive. Although CenturyLink is not in the features/release number game, this is an important criteria for customers to evaluate their cloud partners. Therefore, the company needs to set its proposition of "Hybrid IT" to the market. Lastly, the channel ecosystem is rather fragmented in Asia/Pacific and addressing Southeast Asia through Singapore will be difficult. CenturyLink's ongoing engagements for datacenter (DC) partnerships and channel recruitment will be crucial to its success.

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