The Pan-European network service provider market remains highly competitive. The growing trend to interconnect networks means reach is gradually diminishing as a differentiator, and service portfolio and quality are increasing in importance.

WHAT YOU NEED TO KNOW

The Pan-European network service provider (NSP) market remains crowded and fiercely competitive. This has ensured that enterprises can obtain continued improvements in pricing and commercial terms, provided they continue to employ competitive procurement strategies.

For most enterprises, Pan-European networking now involves services in Central European and Eastern European markets, as well as markets in Western Europe. As a result, providers have had to extend their European coverage by some combination of network expansion or partnership. While ownership of intercountry and national infrastructures remains a differentiator for providers – allowing for improved pricing, better operational continuity and stronger SLAs – enterprises should not place undue focus on asset ownership, but on the outcomes that this enables, keeping in mind that no provider will own every segment of the network.

Service portfolios continue to evolve, with Ethernet services joining Multiprotocol Label Switching (MPLS) and Internet VPNs in the transport service portfolio of most providers. The array of managed services delivered over these networks continues to expand, hosting services are evolving to infrastructure utility services, and hosted Internet Protocol (IP) telephony is evolving to hosted unified communications (UC) and being joined by managed video communications, such as telepresence – all delivered to the enterprise over a managed network.

Although fixed mobile convergence offerings are emerging, the mobile market in Europe remains distinct, and Gartner covers it in separate Magic Quadrant research.
MAGIC QUADRANT

Market Overview

The number of providers serving the Pan-European NSP market remains high, ensuring a fiercely competitive market. However, in the absence of effective public list prices, enterprises must continue to employ competitive sourcing approaches to reap the full benefits of this environment, including considering smaller providers whose capabilities match their specific needs.

In new bids, traditional leased-line access has all but disappeared, and access to WAN services in new deployments is almost exclusively based on DSL for smaller locations or Ethernet, either over optical fiber or over copper (sometimes called “Ethernet first mile”) for larger locations. The use of cellular as a WAN access technique, principally for backup and rapid deployment, is now widespread and welcome, given enterprises’ frustration with long installation lead times for WAN services.

In Europe, the overwhelming majority of enterprises source their networks as “managed services,” with the WAN edge router owned and managed by the provider. Providers have extended this approach to a huge array of network services, from managed WAN optimization, LAN and wireless LAN, and video communications to hosted services, such as IP telephony and UC, and even to cloud services, typically infrastructure as a service (IaaS). Most network outsourcing deals are constructed from these standardized building blocks, complemented with a small layer of professional services.

Fixed voice services continue to evolve, with many enterprises now using IP telephony and some going beyond this to UC solutions, such as those using Microsoft Office Communications Server (OCS). With many enterprise voice endpoints now IP-based, enterprises are increasingly reviewing their sourcing of voice lines and minutes. As a result, Session Initiation Protocol (SIP) trunking is rapidly gaining in popularity. As part of this process, enterprises are typically centralizing their voice trunks, replacing many distributed Integrated Services Digital Network (ISDN) lines with a small number of dedicated or network-embedded SIP gateways.

Enterprise networking has been a horizontal market, with most providers interested in winning clients from any industry sector. However, we are seeing a strong growth in vertical industry solutions, with many providers offering unique value-added solutions for a handful of sectors, such as ultra-low-latency networks for the financial trading community, or content distribution and management for the media sector. We expect this vertical approach to become a growing area of differentiation.

No provider can deliver every last piece of a Pan-European network; therefore, NSPs combine their own infrastructures with third-party services to serve enterprises end to end. It is increasingly difficult to distinguish access purchasing, using centralized, often distance-insensitive approaches, such as

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wholesale DSL or Ethernet exchanges from reach extension partnerships using network-to-network interfaces to cover countries or regions of Europe. Therefore, enterprises should focus on the outcomes in terms of price, service levels and visibility, and ensure that the provider has the necessary skills to integrate network elements from different sources into an end-to-end solution. Portals giving online visibility and control over many aspects of the solution are an increasingly important tool to deliver this end-to-end experience.

**Market Definition/Description**

The NSP market is for the supply of enterprise data and voice services, spanning multiple European countries. These services may be delivered as unmanaged connectivity, managed services or outsourced networks. To qualify for inclusion in this Magic Quadrant, suppliers must be able to take prime contracting responsibility for the provisioning and ongoing operational support of network-only projects in Europe. The organizations delivering these services are primarily telecommunications operators and virtual network operators (VNOs).

**Inclusion and Exclusion Criteria**

To be considered for inclusion in this Magic Quadrant, providers must meet all the following criteria:

- Offer voice, data, managed network services and value-added services (such as security, UC or data center services), to enterprise customers across multiple geographies in Europe, as listed below

- Offer sales, support and delivery services to customers based in the U.K., France, Germany and Italy, plus at least one of the following regions: Benelux, Southern Europe, the Nordic countries, or Central and Eastern Europe

- Be willing to bid for stand-alone, European-network-only contracts with a total annual run rate of as little as €500,000

- Generate at least €100 million in enterprise network service revenue contracted in Europe (not merely revenue for delivery in Europe under contract from non-European sources)

- Not simply resell network services from another Pan-European provider

**Added**

No vendors were added.

**Dropped**

No vendors were dropped.

**Evaluation Criteria**

**Ability to Execute**

Our emphasis regarding Ability to Execute continues to be on service quality, the match that the provider brings to its target customer base and how well this covers the wider requirements of organizations that need Pan-European network services. In addition to having a good track record of meeting customer requirements (presales and postsales), providers that scored best here not only had a broader service portfolio, but also were able to deliver it in a more uniform manner to a wider range of customers (see Table 1).

**Table 1. Ability to Execute Evaluation Criteria**

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product/Service</td>
<td>high</td>
</tr>
<tr>
<td>Overall Viability (Business Unit, Financial, Strategy, Organization)</td>
<td>standard</td>
</tr>
<tr>
<td>Sales Execution/Pricing</td>
<td>high</td>
</tr>
<tr>
<td>Market Responsiveness and Track Record</td>
<td>high</td>
</tr>
<tr>
<td>Marketing Execution</td>
<td>low</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>high</td>
</tr>
<tr>
<td>Operations</td>
<td>standard</td>
</tr>
</tbody>
</table>

Source: Gartner (March 2011)

**Completeness of Vision**

A continuing focus on the strategy for addressing customer needs geographically and functionally weighed heavily in the assessment of Completeness of Vision. Organizations with a wider portfolio of network-centric services and a stronger road map for service development scored better than those that had more-constrained plans to develop their offerings. In a fast-developing market, providers need to be innovative in terms of their product offerings just to keep up. At present, frontier areas for service include unified communications and collaboration (UCC), cloud services and vertical industry offerings (see Table 2).

**Table 2. Completeness of Vision Evaluation Criteria**

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Understanding</td>
<td>standard</td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td>low</td>
</tr>
<tr>
<td>Sales Strategy</td>
<td>high</td>
</tr>
<tr>
<td>Offering (Product) Strategy</td>
<td>standard</td>
</tr>
<tr>
<td>Business Model</td>
<td>standard</td>
</tr>
<tr>
<td>Vertical/Industry Strategy</td>
<td>low</td>
</tr>
<tr>
<td>Innovation</td>
<td>high</td>
</tr>
<tr>
<td>Geographic Strategy</td>
<td>high</td>
</tr>
</tbody>
</table>

Source: Gartner (March 2011)
Leaders

Leaders have a full portfolio of voice and data services, including relatively new offerings in areas such as UC and Ethernet services. These services are delivered with good quality across a wide area of coverage at competitive prices by account teams that are typically closer to the customer. Leaders have a strong vision of the market and their role in it, and they will typically be able to address a wider range of customers (in terms of size, geography and service requirements) with their service offerings than others in this Magic Quadrant.

Challengers

Challengers offer a good portfolio of voice and data services, with strong operational capabilities. However, their long-term plans may be vague, undifferentiated or focused around themselves, rather than on the market’s needs. They likely will have more-limited new service capabilities than Leaders.

Visionaries

Visionaries have a strong understanding of the direction of the market and their position in it. They typically have strong road maps regarding new network service offerings, and will be addressing several of the frontier service areas outlined previously. However, their delivery capabilities will be more limited, or their ability to execute on their visions may be constrained by financial or operational limitations.

Niche Players

Niche Players do not address the full range of market needs covered in this Magic Quadrant. This may be a deliberately focused strategy, or these vendors may lack the necessary investments or broad visions to serve the needs across the whole market. However, Niche Players may excel in a specific subsegment of the market, such as a vertical industry, product or service area, specific sourcing model, geography, or particular customer demographic.

Vendor Strengths and Cautions

AT&T

AT&T has enjoyed recent success in winning global deals with European-headquartered companies, but has become even more selective when it comes to pursuing European-only deals, principally addressing larger enterprises, to which it offers a variety of sourcing options, from managed services to full outsourcing. AT&T offers MPLS, Ethernet and Internet-based services with a network covering most European markets. It also has a broad voice portfolio, although not all of it is available to the European market. When combined with limited deployments of its intercity fiber and aggressive access souring, this has led to AT&T being reasonably competitive on price and service levels.

Strengths

- AT&T’s service quality is above average for this market.
- The vendor’s customer portal offers class-leading self-service functionality.

Cautions

- AT&T lacks the deep in-country infrastructure in the major European markets that some of its competitors have, affecting its pricing and service delivery for networks needing substantial density of sites in these markets.
- Sometimes, the vendor’s highly selective approach to deciding which opportunities it will pursue leads to it not bidding on opportunities for which it seems to be a good fit.
- AT&T tends to be inflexible when enterprises want things outside its admittedly broad standard product offerings and contracting approaches, such as custom SLAs.

BT Global Services

BT Global Services has begun the process of rationalizing its heterogeneous network infrastructure and has stabilized its organizational structure. As a result, reports of customer dissatisfaction were significantly reduced during 2010. However, BT Global Services still has some way to go in this process before it can be regarded as fully complete. The vendor is strongest when addressing larger managed service opportunities, where its extensive footprint can be brought to bear.

Strengths

- BT Global Services has an extensive Pan-European MPLS network, and additional national networks in the U.K., Italy, Spain, Germany, Ireland and the Netherlands.
- The vendor has a broad portfolio of managed service options, from application-aware networking via security and data center services to LANs, including managed telepresence.
- BT Global Services has a strong European voice capability, including telephony, UC, public voice minutes, conferencing and contact center services, and is beginning to deploy SIP trunking.
- It has developed a particularly strong focus on certain vertical sectors, including financial services, consumer packaged goods, government, healthcare and global commerce.

Cautions

- The vendor’s networks and service portfolio are currently fragmented among different countries, resulting in inconsistency in the services available in various locations.
• BT Global Services is behind other leading European providers in Pan-European Ethernet services.

• It has not been as active as some other European providers in the use of partnerships and network-to-network interfaces to improve its coverage into markets such as Central and Eastern Europe.

Cable&Wireless Worldwide
Cable&Wireless Worldwide is now separated from Cable & Wireless Communications, allowing it to focus on serving the communications needs of large enterprises. Cable&Wireless Worldwide has a reasonably broad portfolio of network and managed services, and was one of the first providers to make extensive use of MPLS network interconnection to extend its reach. The vendor offers connectivity, managed network services and network outsourcing. However, it is very U.K.-centric, with several of its offerings only available in the U.K. Cable&Wireless Worldwide is most suitable for enterprises needing strong coverage of the U.K. market, combined with coverage in the other major European markets.

Strengths

• Cable&Wireless Worldwide is one of only a handful of providers to offer multiservice Ethernet access in the major Western European cities.

• The vendor is innovative and flexible in terms of the solutions it offers and in the commercial arrangements it is prepared to construct, including a willingness to aggressively compete on price.

Cautions

• The vendor is very focused on U.K.-headquartered companies, and is less visible and active, from a sales perspective, in other markets.

• A number of Cable&Wireless Worldwide’s service offerings are only available in the U.K. (for example, its on-site cellular offering).

• Gartner clients report that the vendor’s quality of support lags behind that of the Leaders in this Magic Quadrant (for example, with less proactive notification than that provided by its peers). However, this is being addressed, in part, by the enhancements to the portal.

Colt
Colt has been evolving its strategy, which had been based on leveraging its extensive fiber and data center assets in Western Europe, to become more focused on providing broader enterprise networking solutions. However, while the strategy has evolved, we still see many aspects of the product portfolio, and especially sales behavior, that follow the previous commodity product approach.

Historically, Colt’s vertical industry focus has been on the financial sector; however, lately, it has expanded to cover media, business services and the public sector. Colt should be considered by enterprises looking for connectivity or managed services, especially at high speeds, where the requirements are weighted to the Western European market.

Strengths

• Colt has an extensive fiber infrastructure among and within the major Western European cities, enabling the vendor to offer strong service levels and aggressive pricing for those locations, especially for Ethernet services.

• Colt’s value-added service portfolio is reasonably broad and especially strong in hosting and data center services, which it is progressively coupling more tightly with its network offering.

• Colt has strong vertical offerings for the financial services sector, especially the trading community, for which it has developed low-latency networking services.

Cautions

• Although the vendor has extended its network into some Central European markets, Colt has limited capabilities in the smaller European markets, relying on partners for those markets.

• Colt is less strong at delivering value-added services with a significant on-site component, such as managed LANs and PBXs.

• Colt tends to position its offerings (such as hosting, voice and networking) separately, despite a growing level of technical integration of those offerings.

Easynet
Easynet recently changed ownership – previously part of BSkyB, it is now owned by Lloyds Development Capital. Easynet has been progressively increasing the size of the deals and clients it pursues, but is still strongest at addressing the needs of midsize multinationals. Easynet has expanded into a small number of markets outside Europe, and has broadened its managed service portfolio with offers including managed IP telephony and UC; however, it must be careful not to overreach or divert itself from the need to expand its coverage and portfolio in Europe.

Strengths

• Easynet’s geographic footprint covers the majority of Europe, including deep in-country coverage with its own DSL assets in some markets, such as the U.K. and the Netherlands, combined with partnerships to extend its reach into smaller markets.
• Easynet has been innovative not only in product areas, such as offerings for the media sector, but also in commercial terms, with its differentiated approach to SLAs and its "total satisfaction guarantee."

• Gartner clients report that Easynet is responsive and flexible in responding to their needs, including offering innovative commercial approaches.

Cautions

• Some of Easynet’s capabilities, such as its own DSL, are specific to certain markets, rather than universally available, and offers in other markets, based on partnerships, are not always equivalent.

• Although growing, Easynet is still a relatively small provider, and will be challenged to handle very large deals, such as major outsourcing projects.

• Easynet’s voice and on-site solutions, such as managed LAN, are limited in capability and scope, compared with the Leaders in this Magic Quadrant.

Global Crossing

Global Crossing has focused on being the primary provider to midsize multinationals and the secondary provider to the largest Pan-European multinationals. While executing well on the basics in the major Western European markets, the vendor is still challenged by the need to simultaneously expand its coverage into Eastern European and smaller markets, and to enhance its managed service portfolio.

Strengths

• Global Crossing has strong network coverage, including its own fiber in the Western European markets, especially the U.K., making it cost-effective for networks in these markets.

• Global Crossing is expanding the range of managed services it offers – for example, forming a partnership with telepresence vendors Teliris Telepresence and Cisco, as well as opening new data centers to enable it to deliver hosting and infrastructure utility services, thus putting it in a stronger position to respond to more-comprehensive RFPs.

• Gartner clients report high levels of satisfaction with Global Crossing’s account management.

Cautions

• In some European markets (for example, the U.K. and the Nordic region), Interoute lacks its own national coverage, affecting pricing and service levels for enterprises with substantial requirements in these markets.

• The vendor is focused on network-based solutions and has limited capability in the area of customer on-premises-based services, such as managed LAN, on-site IP PBX or telepresence.

• Interoute’s emphasis on its core fiber network makes it less suitable for networks with dispersed requirements, or where the majority of sites are not served by Interoute’s own network footprint.

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• Gartner clients report high levels of satisfaction with Global Crossing’s account management.

Cautions

• Although the vendor is expanding its footprint, its network does not currently cover most of the smaller European markets, and it has not been as strong as some of its competitors at partnering to extend its reach.

• Despite having a growing portfolio of enterprise managed services, Global Crossing still trails the market leaders, especially in the area of on-site value-added services, such as managed LANs.

• Global Crossing has struggled to capture mind share with European enterprises, especially in important new areas like cloud services and video.

Interoute

Interoute is using its own extensive fiber network and data centers to offer not just high-capacity transport, but also network hosted IT and communications services. Interoute has also entered into partnerships with several smaller European national operators for local access. The vendor is beginning to expand into a number of markets beyond Europe, such as Africa; however, as a smaller provider, it must be careful not to lose its focus on innovation in Europe. Enterprises with networking requirements in Western and Central Europe should consider Interoute, especially when high-capacity services are required.

Strengths

• Interoute has an extensive fiber network, including intercity and metropolitan area coverage of most European markets, delivering high-capacity services at very attractive price points.

• Interoute has developed several innovative services, such as its unified connectivity multiservice access offering.

• The vendor has a portfolio of managed services, primarily cloud-based, such as hosted UC, IaaS, and site-to-site and public IP voice.

• Interoute has innovative vertical industry solutions for sectors such as media and publishing.

Cautions

• In some European markets (for example, the U.K. and the Nordic region), Interoute lacks its own national coverage, affecting pricing and service levels for enterprises with substantial requirements in these markets.

• The vendor is focused on network-based solutions and has limited capability in the area of customer on-premises-based services, such as managed LAN, on-site IP PBX or telepresence.

• Interoute’s emphasis on its core fiber network makes it less suitable for networks with dispersed requirements, or where the majority of sites are not served by Interoute’s own network footprint.
• Interoute has low brand recognition, compared with the Leaders in this Magic Quadrant.

KPN
KPN’s primary European networking focus is on midsize Pan-European enterprises, with a secondary focus on supporting the larger enterprise customers served by its IT services company, Getronics. KPN has integrated its Infonet Netherlands business into its International Business Services unit, giving it access to significant parts of BT Global Services’ portfolio. KPN should be considered by midsize multinationals and others requiring connectivity that is weighted toward Western Europe.

Strengths
• KPN has an extensive fiber network connecting the major Western European markets, making it especially cost-effective in this region. The vendor extends coverage to smaller markets through partnerships, especially with BT Global Services.
• In addition to a managed network service portfolio, KPN is able to offer a portfolio of managed IT services, such as managed LAN and desktop, through its Getronics subsidiary.
• KPN has offerings for vertical sectors, including media and automotive.

Cautions
• KPN has not been expanding its own network coverage, relying instead on partners, especially BT Global Services, to extend its reach. This limits KPN’s ability to offer competitive pricing, especially for requirements in Central and Eastern Europe.
• KPN maintains Getronics as a separate company, targeting a different size and geographic profile of customers than those of KPN’s international business. This leads to challenges in aligning the two companies’ offerings.
• KPN’s sales coverage is focused on the largest European markets, with little coverage of the smaller markets.
• Although KPN has services in areas such as UC, video and IaaS, it was later in developing these services than other vendors, and has not aggressively marketed some of its offerings, such as Ethernet.

NTT Communications
NTT Communications (NTTC) has little recognition in the European NSP marketplace, although its network covers the major Western European markets and it has a number of exclusively European clients. In addition, NTTC provides managed services for many enterprises on top of other providers’ networks, and gains excellent feedback for the quality of these and the other services it provides. The acquisition of network-centric system integrator Dimension Data by NTT (the holding company of NTTC) presents the opportunity to significantly improve NTTC’s offerings, provided it can integrate Dimension Data’s capabilities with its own. However, NTTC’s previous acquisitions, such as Verio and Integralis, have tended to be kept at arm’s length, resulting in a dilution of the potential benefits. NTTC should be considered for networks that require coverage in the top European markets and where high quality is a priority.

Strengths
• NTTC offers a wide range of value-added services, including hosting, LAN management and application acceleration.
• NTTC enjoys very high levels of customer satisfaction, thanks to factors such as proactive SLA management.

Cautions
• Although efforts to grow the vendor’s European network coverage and in-country sales and support continue, they are less extensive than those of most other vendors in this Magic Quadrant.
• Some of the vendor’s solutions in areas such as virtual desktops are based on internally developed platforms, rather than on standard industry offerings, increasing lock-in and limiting integration possibilities.
• NTTC’s voice portfolio is limited, compared with the Leaders in this Magic Quadrant.

Orange Business Services
Orange Business Services is able to exploit its broad service portfolio and even broader geographic reach to serve enterprises that need the widest coverage of the European landscape. The vendor focuses on delivering managed services, rather than basic connectivity, and, although it will undertake network outsourcing, it tends to be quite cautious in pursuing these types of engagements. Orange Business Services has developed several very innovative solutions in the French domestic market, including vertical industry offers in a number of sectors. However, like many operators, it has only managed to globalize a small fraction of these offers. Orange Business Services should be considered by most enterprises requiring Pan-European networks, provided they are interested in sourcing managed network services, rather than unmanaged connectivity.

Strengths
• Orange Business Services places a great emphasis on customer experience – for example, running programs to improve initial target date for delivery (ITDD) and deliver proactive pricing. These efforts are reflected in high levels of satisfaction reported by Gartner clients using this vendor.
• The vendor has a very broad and strong portfolio that meets the vast majority of client needs and consists of managed network services, including security, WAN optimization, IaaS and UC.

• The vendor has many innovative offerings, mostly developed in the French market, such as fixed mobile convergence/bundling and its VPN Gallery cloud services brokerage, which it is gradually internationalizing.

Cautions

• Orange Business Services lacks its own national infrastructure in the major markets, except for France, Poland and Russia, and has been less willing than the other providers to use network-to-network interfaces for reach extension, which inhibits its ability to deliver cost-effective high-capacity transport services.

• Although the portfolio is strong overall, Ethernet services are less well-developed (for example, multiservice Ethernet access has just been launched).

• Orange Business Services still struggles with mind share in new service areas, including cloud computing, Ethernet services and advanced video solutions, such as telepresence, despite having reasonable offerings in most of these areas.

Reliance Globalcom

Reliance Globalcom positions itself as offering a hybrid VNO approach to enterprise networks; however, with its own global backbone network and about the same number of access partners as the other Pan-European providers, its approach is not fundamentally different from the other providers in this Magic Quadrant. However, the ability to combine multiple national DSL providers and even interconnect multiple MPLS services, derived from its acquisition of Vanco, can be useful for enterprises requiring a deep in-country presence in multiple countries (for example, the retail sector). Reliance Globalcom principally offers managed services, rather than basic connectivity or outsourcing, and has a reasonably broad portfolio of managed services, including WAN optimization and managed LANs. The vendor is combining its global business with its domestic Indian enterprise business, which should give its European clients access to shared/hosted services developed in India. Clients requiring managed network services with deep capillarity in multiple countries should consider Reliance Globalcom.

Strengths

• Reliance Globalcom is strongest at addressing high-capillarity branch networks spanning multiple countries.

• The vendor’s unique virtual service interconnection points enable it to combine multiple DSL and MPLS services into an end-to-end solution, to cover broad geographic requirements.

Cautions

• Gartner clients continue to report service delivery issues with Reliance Globalcom, especially around network deployment.

• The vendor is reluctant to accept commercial terms, such as benchmarking clauses, appropriate to its status as an infrastructure-owning operator with limited partners, preferring its “active negotiation process,” which can result in customer dissatisfaction with price controls during the lifetime of the deal.

• Its portfolio of managed services is not as broad as the Leaders in this Magic Quadrant, especially in areas such as voice, video and UC.

SITA

SITA was formed to provide networking services to the air transportation sector. From this base, it has selectively expanded its scope to include some government entities, shipping companies, ports and even rail operators, and it is for these types of organizations that SITA may be a likely option. However, it recently pulled back from this strategy of selective expansion into adjacent sectors. SITA has a close relationship with Orange Business Services and uses many of its network services, including its MPLS network. SITA complements these with its own offerings in areas such as Internet VPNs, voice and mobility, supported by shared airport hub infrastructure. Enterprises in, or closely aligned with, the air transportation sector should consider SITA.

Strengths

• Through the combination of its airport hubs and the network of Orange Business Services, SITA has very broad coverage of the European market.

• The vendor has integrated its product and solution organizations, allowing it to further expand its offerings in areas such as UCC, mobile workforce and cloud applications, including many innovative solutions specifically tailored for the air transportation sector.

• SITA is innovating in pricing by bundling connectivity with business applications, such as passenger solutions and pricing on a per-passenger basis.

Cautions

• SITA remains narrowly focused on the air transportation sector, and has retreated from its prior approach of gradual expansion into adjacent markets.

• The vendor’s coverage and pricing for high-capacity-service Ethernet is not as strong as other providers in this Magic Quadrant.
Although it has created some local partnerships, SITA’s ownership structure and strong commitment to Orange Business Services limits its ability to respond flexibly in areas such as large outsourcing deals or partnerships with other industry players.

**T-Systems**

Although still often thought of as an IT services company, T-Systems has been strengthening its networking business, both network outsourcing and managed network services, such as MPLS. The vendor’s European network continues to grow, reducing its dependency on partner networks, and its service portfolio has been strengthened with functionality, including Ethernet access, third-generation (3G) backup and UC services. T-Systems is benefiting from the convergence of IT and network services, and is even offering a growing portion of its IT, as well as its networking services, in a unitized subscription manner. The vendor should be considered by enterprises with significant requirements for managed and professional services as part of their deals, and whose requirements are weighted toward Germany and Central Europe, where T-Systems infrastructure is strongest. T-Systems also has a number of vertical industry offerings in sectors such as healthcare and automotive, many of which are connected to its network offerings.

**Strengths**

- The vendor’s network strategy is closely coupled with its cloud and dynamic IT services capabilities.

- T-Systems has been commercially innovative in areas such as utility pricing for managed services.

- As a result of being an IT services provider, T-Systems tends to have a broader view of corporate needs; therefore, it can bring innovative or even transformational ideas to its customers.

**Cautions**

- Although still growing, T-Systems’ own network in Western Europe (outside Germany) is still significantly smaller than the leading facilities-based competitors, making it less competitive for networks with deep requirements in these markets.

- T-Systems’ portfolio of standard network-related managed services lags behind that of its leading competitors in areas such as DSL aggregation and portal support.

- The vendor still has lower marketing visibility for its network services than for its IT services outside Germany. As a result, T-Systems is not considered as frequently for network-only deals as other leading providers, thus limiting its growth opportunities.

**Telefonica**

Telefonica Multinational Solutions, the business unit addressing multinational enterprises, is newer than its peers and comprises its own resources and matrixed resources from Telefonica’s various operating entities across Europe. However, aligning multiple national offerings is challenging, and, as a result, Telefonica often has to deploy customer-specific solutions to ensure satisfactory end-to-end outcomes. While Telefonica Multinational Solutions started with large outsourcing deals, this unit has evolved to address managed network service opportunities. The vendor should be considered by enterprises requiring large managed service networks or network outsourcing, especially when coverage is weighted toward Western Europe.

**Strengths**

- Telefonica’s network covers most European countries, with deep coverage in Spain, Germany, the U.K. and the Czech Republic.

- Telefonica has reorganized so that both its Multinational Solutions and International Wholesale Services units report to the chairman and CEO of Telefonica Europe, ensuring a high profile for the Multinational Solutions unit and alignment with the international network infrastructure build-out.

- The vendor’s financial position is strong and includes investments in other operators, such as Telecom Italia, although, at present, these investments have little direct impact on Telefonica’s ability to deliver global enterprise networks.

**Cautions**

- Although Telefonica Multinational Solutions is making good progress at industrializing all its offerings, this process is far from complete, and, for existing clients using custom solutions or processes, the transition from custom to industrialized can be challenging.

- While the vendor’s portfolio of managed services is reasonably broad, it is not as comprehensive as those of the Leaders in this Magic Quadrant.

- Outside Spain, the vendor suffers from limited brand awareness and especially low recognition of its capabilities in the enterprise networking market, although its O2 brand is recognized in several European markets, including the U.K. and Germany.

**Verizon**

Verizon has strengthened its position in the Pan-European NSP market, improving its coverage of the Central and Eastern European markets. Unlike many of the other NSPs in this research, Verizon can address a wide variety of opportunities, from small
networks to the largest of networks, and offers sourcing models, from high-capacity transport via managed services to outsourced networks. Continued investment in its customer service portal has positioned Verizon to drive more run-and-maintain issues to a self-service model.

Strengths

- With its national fiber networks in Europe’s major economies, including metropolitan networks in the major cities, Verizon has been able to offer very attractive pricing, especially for high-capacity services, such as Ethernet.

- The vendor has an extensive array of managed services that it continues to broaden in areas such as data center services, security, managed mobility and application assurance.

- Verizon also has an extensive voice portfolio, ranging from public voice minutes to hosted IP telephony, IP Centrex and UC.

- The vendor has a simple, functionally based, organizational structure, leading to fewer issues of geographic conflict in products, sales and support.

Cautions

- Although Verizon has been improving its coverage of Central and Eastern European markets, it still lags behind some of its competitors in these regions.

- Compared with other leading NSPs, Verizon is not as strong at partnering with other industry players, ranging from other operators to IT services companies. This has slowed its launch of some services and its expansion into smaller markets.

- The vendor has been slow to respond to enterprise video initiatives, trailing leading rivals in the telepresence market.

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.
Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets, skills, etc., whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization’s financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in the product, to continue offering the product and to advance the state of the art within the organization’s portfolio of products.

Sales Execution/Pricing: The vendor’s capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor’s history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization’s message in order to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This “mind share” can be driven by a combination of publicity, promotional, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements, etc.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers’ wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen and understand buyers’ wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling product that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor’s approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements.

Business Model: The soundness and logic of the vendor’s underlying business proposition.

Vertical/Industry Strategy: The vendor’s strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including verticals.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor’s strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the “home” or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.