The Emerging MEC Services Landscape – A Business Model Discussion

Alex Reznik
Enterprise Architect, HPE
Chair, ETSI ISG MEC

October 2017
Thriving in an age of digital disruption

New network requirements
5G Ready Telco Cloud

Transforming to 5G ready Telco Cloud infrastructure will change consumption models and the financial structure

Increasing customer expectations
Customer-centric operations

Customer centricity in operations, services and the ability to be in constant contact with customers via multitude of digital channels

Evolving value chains
Service diversification

Pioneering culture, rich partner ecosystem & new business models open new markets
The CSP Network is headed towards a distributed cloud

**Flattened network**, optimally placed functions along a ‘network of clouds’, and paths ‘stitched’ between cloud ingress and egress points.

- **Computing-at-scale** is changing how networks are built
- **Blurring Network and Service infrastructure boundaries**
- Services move closer to the point of consumption / production
The Telco industry has crystalized this left shift to the network edge with the notion of Mobile Edge Computing (MEC), which enables IT, NFV and cloud-computing capabilities distributed within the access network, close proximity to subscribers.

### Characteristics
- Ultra low-latency response
- High bandwidth delivery
- Local targeted computation
- As-a-service consumption model

### Possibilities
- **Improved user experiences:** Rapidly scale up or down applications, modify QoS, deliver new services faster
- **New service categories:** Real time access to RAN info with location awareness
- **Cost efficiencies:** COTS Volume servers to run network functions allowing for cost effective scaling
- **New business models for consumer and enterprises:** Broaden access to partners who can innovate

### Services
- Virtualized RAN
- CDN & Video Acceleration
- Augmented reality
- Video Analytics
- Connected Vehicles
- Data caching
- Connected Things
- Service point-of-presence for others
The Edge Computing Battleground

But the “network edge” is only a part of the edge computing space.

Telcos can place MEC anywhere here and compete/cooperate with various parties at the edge.
But what business models are needed to monetize the new services?

We have identified 5 business model types for MEC:

- Dedicated edge hosting
- Edge IaaS/ PaaS/ NaaS
- Systems integration
- B2B2x solutions
- End-to-end consumer application
What is the right model for your business?

Dedicated edge hosting
- CAPEX / EBITDA focused operators
- Owns infrastructure
- Smaller operator (lower market and geographic coverage)
- Fixed operator

Edge IaaS/ PaaS/ NaaS

Systems integration

B2B2x solutions
- NFV & MEC deployment schedule
- Closely-coupled NFV & MEC infrastructure
- Long-run ROI-focused operators
- Increasing ICT capabilities
- Multi-access operator
- Increasing partnering capabilities

End-to-end consumer application

The characteristics and skills required of the MEC operator change as we move along the business model spectrum.
Thank you