NEC Cloud Solution - SaaS
Telefónica S.A.

Customer
• Telefónica S.A.

Industry
• Telecommunications

Challenges
• To meet SME customers' needs quickly with minimum cost and few risks.
• To create a new business model to boost revenues.

Solution
• NEC provides aggregation type of SaaS platform with IT and network integrated technology.

Results
• The successful and fast take up of SaaS service
• Satisfaction of end users that can utilize a variety of applications.
• High possibility of expanding Telefónica's SaaS service with its high usability and flexibility

Introduction

Telefónica, the world's leading integrated international telecommunications company, is based in Spain and has approximately 300 million customers worldwide. The Telefónica group is already providing next-generation services but these days, although there is growing demand for telecommunications services, revenue growth in its current conventional core telephony services may have peaked. Telefónica therefore started looking for and trying to create new value-added service business models to boost revenues and profitability.

Meanwhile, NEC, the leading global enterprise specializing in the IT and network business fields, has for many years been providing a variety of solutions based on its concept of C&C - the integration of computers and communications.

More recently, the company has also been pioneering the development of technologies relating to cloud computing that it calls "C&C Cloud."

Challenges

Like nearly all telecom operators, Telefónica has recently been facing growing pressures on its revenues and profits.

Meanwhile, companies in the critical field of small and medium-sized enterprises (SME) were requesting new services to strengthen their business capabilities. These customers were also wanting the new services to be made available quickly to enable them to respond their customers' needs promptly. Requiring little initial investment and few risks, Telefónica gradually settled on software as a service (SaaS) as the potentially optimum way to meet the needs of these customers quickly while keeping costs to the minimum.

"The most important issue was service usability," said Mr. Luis Aragoneses, Fix Product Marketing Manager in Telefónica's SME Segment. "We wanted to provide services that satisfied our customers across the globe. To do that, we have to offer services with high usability and flexibility with a diverse range of applications to meet customer needs."

Solution

"We carefully analyzed a large number of options and finally found the best solution which was NEC SaaS," explained Mr. Aragoneses.

There were several important reasons why Telefónica selected NEC as its partner and the most important was that, compared with its competitors, only NEC was able to offer an integrated IT and network solution.

"NEC is a quite unique company and is able to combine its long experience in the IT world with its experience in the networking and communication world," said Mr. Jose Isaac Mendoza Cubero, Strategic Project Director in NEC Iberica.

Another reason was NEC's ability to deliver its SaaS solution faster than anyone imagined. "I was honestly amazed! I never thought the service infrastructure could be set up in only 45 days," commented Mr. Aragoneses.

NEC also had to meet the tough Telefónica requirements for usability, flexibility, scalability, and security. Only NEC's proposed SaaS solution was able to do this and one reason was the company's long track record of reliable cooperation with telecommunication carriers and cutting edge technologies.

Two key technologies enabling NEC to successfully meet Telefónica's demands regarding its SaaS solution were "Aggregation Skills" and "Multi-Tenancy."

"The aggregation skill (on our SaaS platform) includes not only technology but business processors to aggregate and bring applications to the platform," explained Mr. Cubero. "These make it possible to deploy new applications very quickly and even globally if required thereby enabling us to achieve benefits from the economies of scale that we are able to pass back to our clients," he said.

The solution delivered by NEC is a multi-tenancy SaaS platform which allows multiple end users to subscribe to and use a variety of application services on the same infrastructure. Those end users can access all the applications they wish by using just one window. "NEC's multi-tenancy platform has made it possible for Telefónica to provide this kind of IT service which is desired by a large number of end users," said Mr. Aragoneses.

"NEC has a very broad portfolio that covers IT platforms, applications and access devices and the company was able to combine all three into an innovative and creative business model," commented Mr. Cubero.

Results

The benefits that the NEC SaaS solution is bringing to both Telefónica and its SME customers are way beyond initial expectations.

Telefónica is excited by the fast take up of its SaaS. "Since our service was launched, we've already gained over 10,000 users in this year and the number is significantly growing," enthused Mr. Aragoneses.

From the end user's viewpoint too, the NEC SaaS solution also has several key merits. End users have been eagerly utilizing a variety of applications such as CRM, billing, video-conferencing and GPS applications at low prices, and have enjoyed finding their requests for new applications being addressed quickly.

"This high level of usability will play an important role in expanding our services," said Mr. Aragoneses.

"The remote connections give us a clear advantage with respect to all our competitors," commented one end user.
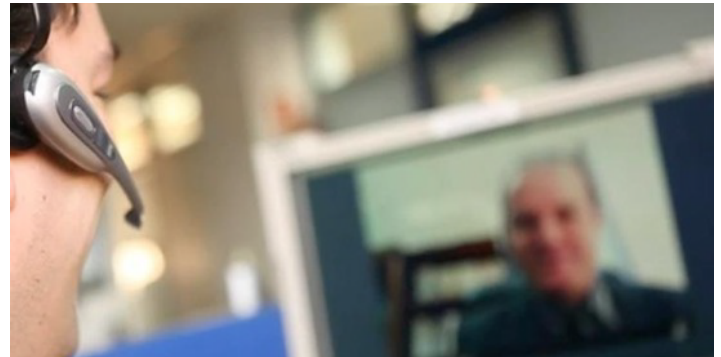
After observing the initial success of its SaaS business model, Telefónica plans to expand the services globally. Moreover, this promising start to the SaaS partnership between Telefónica and NEC opens the way to more extensive collaborations in the cloud computing field.

About

Telefónica S.A. is the No. 1 internationally integrated telecommunications company in terms of its customer base and is based in Madrid, Spain. Telefonica has approximately 300 million customers and their core business is in Spain and in 15 Latin American countries. It also operates in six other European countries.

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