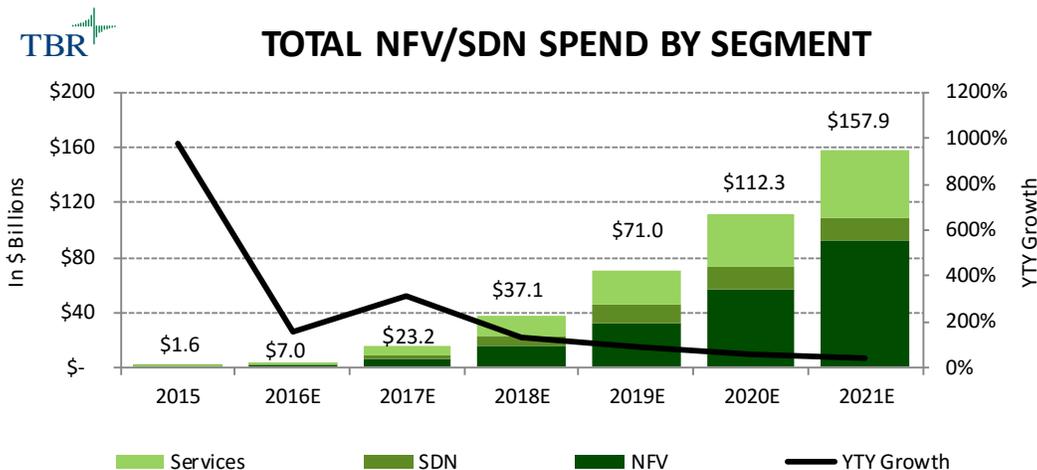


FOR IMMEDIATE RELEASE

Spend on NFV and SDN ramped up in 2015 and is expected to grow at a 116% CAGR through 2021 to nearly \$158B

HAMPTON, N.H. (June 13, 2016) — According to Technology Business Research, Inc.’s (TBR) latest *NFV/SDN Telecom Market Forecast*, covering 2015 to 2021, the NFV and SDN market will grow at a 116% CAGR through 2021 to nearly \$158 billion. Early adopters, such as AT&T, began to ramp up investment in 2015 as transformation became their top strategic priority.

“A growing group of Tier 1 operators is leading the charge in implementing NFV and SDN. This group is driving a significant amount of development in the NFV and SDN ecosystem and is pushing the vendor community to rapidly adapt to this new architectural approach to networks,” said TBR Telecom Senior Analyst Chris Antlitz. “NFV- and SDN-related spend volume is forecast to ramp up in 2017, at which time use cases will be more defined and the cost benefits of using NFV and SDN will be more apparent. This will prompt holdout operators to jump on the bandwagon and aggressively pursue transformation with these technologies to avoid being left behind.”



SOURCE: TBR DATA

Most spend on NFV and SDN will stem from redistribution of legacy infrastructure capex as operators implement virtualized environments and decommission legacy infrastructure gradually. There will also be some external opex spend incurred as operators lean on vendors for maintenance, professional and managed services to support, integrate and operate software-mediated environments.

Operators are testing NFV and SDN by transitioning domains that are relatively easy to convert first, such as CPE, routing and switching, optical transport, EPC and IMS. Some of the more challenging domains, such as the wireless and fixed access layers, will be among the last domains to be virtualized.



On average, operators in the U.S. and Europe will drive three-quarters of NFV and SDN spend each year through most of the forecast period, with APAC operators projected to ramp up spend in 2019. Though most Japan-, South Korea- and China-based operators are implementing NFV and SDN, spend will be eclipsed by what select operators, namely AT&T, Verizon, CenturyLink, BT, DT, Orange, Vodafone and Telefonica, invest in in the U.S. and European markets.

CALA- and MEA-based operators will be laggards in NFV and SDN, with major transformations coming after evolution in most other regions is underway. America Movil, Telefonica, Etisalat and MTN are exceptions in these developing regions.

TBR's annual *NFV/SDN Telecom Market Forecast* projects spend on NFV, SDN and related services across key domains globally and by region. Operators mentioned in the report include America Movil, AT&T, BT, CenturyLink, China Mobile, China Telecom, China Unicom, DT, Etisalat, KDDI, KT, MTN, NTT, Orange, SK Telecom, Sprint, Telefonica, TIM Argentina, Verizon and Vodafone. Suppliers mentioned in the report include Accenture, Amdocs, Atos, CA Technologies, Ciena, Cisco, Dell, EMC, Ericsson, Hewlett Packard Enterprise, Huawei, IBM, Intel, Juniper, NEC, NetCracker, Nokia, Oracle, Red Hat, SAP, TCS, Tech Mahindra and ZTE.

Additional research on the NFV and SDN markets can be found in TBR's *NFV/SDN Telecom Market Landscape* and *Telecom Software Mediated Networks (NFV/SDN) Customer Adoption Study*, covering the operator and vendor landscapes and customer purchasing decisions regarding NFV and SDN.

For additional information about this research or to arrange a one-on-one analyst briefing, please contact media relations at +1 603.758.1843 or heather.waters@tbri.com.

ABOUT TBR

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