SingTel's Cloud Services for SMEs

EXECUTIVE SUMMARY

COMPANY PROFILE

The SingTel Group is Asia's leading communications group, providing a diverse range of communication services and solutions, including fixed, mobile, data, Internet, info-communications technology, satellite, and pay TV. SingTel has a network of 36 offices in 19 countries and territories throughout Asia-Pacific, Europe and the United States.

COMPANY HISTORY

In 1955, the Singapore Telephone Board (STB) was incorporated as a statutory board with exclusive rights to operate telephone service within Singapore. This incorporation was followed in 1974 by the merger of STB and Telecommunications Authority of Singapore (TAS). Until that time, STB was responsible for local services, while TAS provided international services. 1982 saw the merger of the Postal Department with telecoms. In 1988, a subsidiary, Singapore Telecom International, was formed. This formation marked the beginning of SingTel's expansion into overseas markets. The corporatization of SingTel in 1992 was followed by its Initial Public Offering a year later.

Challenge/Opportunity

SingTel wants to move beyond connectivity. Its strategic objective is to be the leading "ICT (information and communication technologies) experience provider" for enterprises in Asia-Pacific, and a leader and shaper in cloud services.

Although SingTel has pan-regional ambitions and numerous assets beyond Singapore on which it can build, its early focus is the domestic market, which is characterized by large numbers of small and medium enterprises (SMEs). It is dominant in this sector, despite having developed specific products for small and medium businesses for only a relatively short time.

SingTel is aiming to build its cloud service proposition for Singaporean SMEs based on its existing broadband products together with other SingTel business services. It is combining these with Google applications and products from Independent Software Vendor (ISV) partners, which it hopes to attract by building an environment to encourage innovation. SingTel is bringing a strong funding and support model for partners. High levels of government support (funding) are available for its infrastructure projects, innovation initiatives, and for customers willing to sign up for new services.

SingTel is faced with the following challenges:

- SingTel needs to help ensure that its investment in SME service innovation pays off. Its approach to innovation and funding is a positive move, but it must focus on projects that will develop into real services. Identifying and accelerating promising projects will be the key to commercial success. The SME market is notoriously difficult to address successfully. SingTel needs to focus on services that meet SMEs' business needs, simplicity in pricing, reliability, and ease of use.

- A major challenge for SingTel is to build on its momentum in the SME-dominated domestic market and turn this achievement into pan-Asian success. The market opportunity is clearly substantial: the International Monetary Fund (IMF) predicts that Asia-Pacific will be the largest economic region globally by 2030, and SingTel aims to take a major share of this opportunity. It also has serious ambitions in Africa for mobile services. Altogether it sees a mobile market of 350 million subscribers.

- SingTel will surely face strong competition from other Asian competitors with equally ambitious plans, as well as global service providers with aggressive cloud services plans and established relationships with multinational corporations.

In Ovum's view, Singapore and SingTel have a lot going for them, including a strategic geographical position, advanced local infrastructure, and strong government support and funding for ICT. However, it is SingTel's attitude to service development through innovation, which has an outward-looking feel (being built around a strong partnership strategy), that may just tip the pan-Asian balance in its favor.

Alliances/Partnerships

- Cisco is a strategic partner in cloud services for SingTel. In September 2010, SingTel announced that it will introduce enterprise cloud-based virtual data center services in Singapore with technology from VCE, the Virtual Computing Environment coalition created by Cisco, EMC and VMware. The services were scheduled to be available in late 2010.

- SingTel was one of the first telcos to announce a partnership with Google, and its OneOffice service for SMEs was successfully built on this collaboration. SingTel aims to attract a large number of partners for its SME cloud offer, including many small specialist players. Those companies known to be MyBusiness partners include CommonTown, Conversant Solutions, F-Secure, NCS, and Paper Terminal.

- SingTel has a strong partnership strategy. Among its other partners involved in its enterprise offers are: Intuit, Samsung, Arkadin, Ericsson, RIM, Juniper Networks, Nokia, Polycom, Riverbed, Sybase, and V3.

- For IT services, SingTel has its own system integration company, NCS, but also partners with a number of ISV players in major verticals.

> "My staff and I can edit the same documents simultaneously and send faxes and SMSes from our laptops. More importantly, I get better cost control with no upfront investment."
> **—Jamie Tan, Principal, Rainforest (Customer OneOffice)**

Strategy

SingTel offers a variety of services through its MyBusiness, SaaS marketplace for SMEs. Some of the services offered through MyBusiness portal are:

- OneOffice: Office productivity and collaboration suite based on Google Apps
  - Tariffs: basic service for five users with extra users charged per month; additional services (fax and Short Message Service [SMS]) pay per use
- ReputationWatch: Developed with social media monitoring company, JamiQ, this service allows tracking of reputation and brand presence on social networks and blogs
  - Tariffs: basic service per three topics per month; additional topics per month
- V-Cube Meeting: Web-based video conferencing service
  - Tariffs: one-time charge, or monthly charge per user

Innovation is a critical component of SingTel's ICT strategy. The company believes that innovation is the only way to stay relevant to its customers. SingTel has created several programs to nurture innovation for itself and its partners. SingTel is expecting its strategic partners to take an important role in the initiative and has made it clear that the company is keen to embrace co-funding opportunities with partners.

SingTel Innovation Exchange (SiX) is a partner program for third-party developers. SingTel supports the program in four key areas: incubation, ultra high-speed connectivity, faster access to market, and regionalization.

SingTel has also set up a corporate venture capital company, SingTel Innov8, to invest in innovative technologies and solutions. Through this company, SingTel will invest an initial US$150 million (S$200 million) to promote innovation within the ICT industry by leading developers, government agencies, and R&D organizations.

SingTel believes that the above initiatives will help to promote a stronger national ecosystem of players to build momentum and support the rapid development of new services. SingTel expects a "step change" in activity: a large base of application developers will help SingTel to address a broader range of verticals and potentially grow its sales channel. Successful developers will use their relationships in the market to chase customers and ultimately drive sales of SingTel's network infrastructure and services that are part of their offering. The initiative is expected to form good basis to position Singapore as a leader in regional cloud services.

> "With SingTel, Alliance Net has cost-effective, easily scalable infrastructure architecture in place. Additional computing power can be easily scaled up as we grow. Equipment investment, maintenance, and upgrades are completely managed by SingTel, reducing hefty and risky capital expenditure for Alliance Net."
> **—Gavin Lai, Managing Director, Alliance Net (Customer SingTel's IaaS)**

Success Factors/Metrics/Monetization

SingTel does not share its Key Performance Indicators (KPIs) for success in this market.

- However, with an early entry in the market, SingTel's cloud strategy is starting to pay off on multiple fronts, at least in terms of numbers of customers. It already has a significant number of customers, most of which are local Singaporean enterprises and SMEs. SingTel claims about 100,000 business users of software-as-a-service.
- Given the pricing of OneOffice compared with its standard broadband offer, it is not surprising that SingTel has had success in migrating its SME customers from basic services to higher value bundles and get them using the MyBusiness portal. The real measure of success in Singapore will be in the revenue growth, and profitability returned, from additional services, which will take far longer to achieve.
- In platform-as-a-service, SingTel currently works with 300 ISVs, developing applications, many sold through the MyBusiness portal. One of the company's objectives in setting up its innovation initiative was to develop stronger relationships with the development community, with the assumption that these relationships would lead naturally to new channels to market (that is, from developer partners selling SingTel connectivity as part of their offers). It is too early to measure the success of this strategy, but it looks promising.
- SingTel's infrastructure-as-a-service offerings include:
  - Alatum, a virtual data center for on-demand cloud computing infrastructure
  - EXPAN Grid, an on-demand computing power and storage offering, for which SingTel claims to currently have 20,000 users.

Company Background

- Read SingTel overview

Case Study Source: Cisco sponsored research developed by Ovum

Printed in USA

FLGD 10307   03/12