# Rapid enterprise digitalization outpaces network capacity and spend

During the last 15 years, digitalization—as measured by the adoption of digital technologies and growth in data, devices, storage, cloud, compute and connected endpoints—has increased a staggering **162** times. Meanwhile, network capacity has grown only **43** times and innovation spend on network has grown just two-fold.



Index

165
145
125
105
85
65
45
25
5
-15

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

162x
43x
2x

— Digitalization Index    — Network Capacity Index    — Network Modernization Spend Index
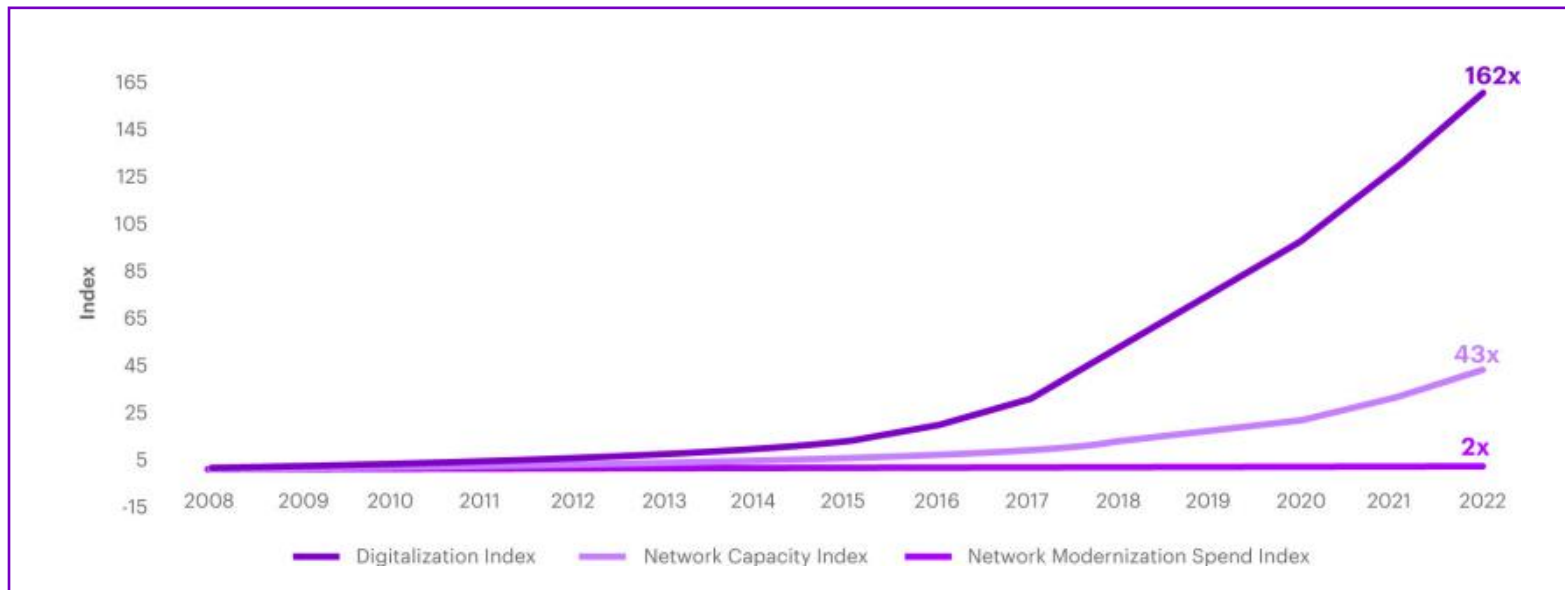
# 87%

of respondents in our global survey of business and IT executives said the growing data demands of their new AI systems have outstripped the current capabilities of their networks

# Unlocking business transformation requires network modernization

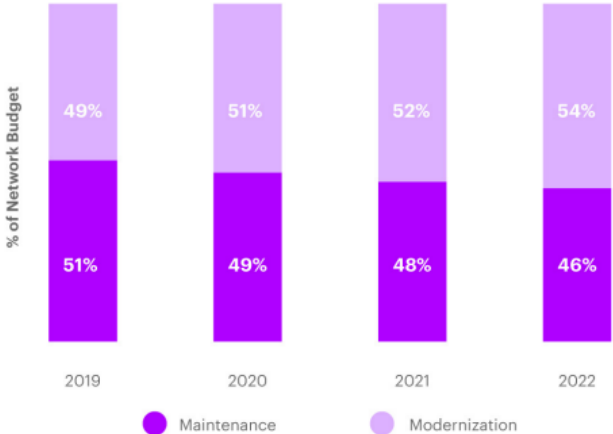Executives acknowledge that a modern network is a pre-requisite to transforming their business.

## 84%
of respondents cited increasing customer value, improving productivity and lowering costs as top three business impacts

## 66%
of respondents believe that advanced network capabilities such as AI cloud WAN, 5G and edge will create high impact on their businesses

## 83%
of respondents cited higher security standards as a significant characteristic of modern enterprise network



% of Network Budget

| | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Modernization | 49% | 51% | 52% | 54% |
| Maintenance | 51% | 49% | 48% | 46% |

● Maintenance    ● Modernization

Average % of network budget spent on Maintenance vs Modernization

Despite the acknowledgement of the benefits a network transformation will bring to the enterprises, evaluation of maintenance and modernization budgets over the last years shows that almost **half of network budget** is still spent on maintenance.

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# Essential steps for network modernization

Our research shows that companies are approaching network transformation differently, and with varying degrees of success.

What we found though, is that the companies achieving higher business resilience, cost efficiency and innovation are following three imperatives

## #1

**Flip the budget in favor of new, modern networks (Private 5G, SD-WAN, etc.) instead of repairing legacy ones**

## #2

**Stabilize the current network, then modernize with advanced technologies and capabilities and accelerate innovation**

## #3

**Make focused progress on advanced network practices to achieve higher business resilience**

# Expecting new telco value through network transformation

While the need for network modernization at the industries is gaining momentum, CSPs continue to invest billions in networks, both fixed and wireless.

**77%** of executives believe that network transformation will highly impact revenue and margins in the next three years, mainly through enterprise solutions (e.g. P5G).

**13%** of those surveyed, however, are accelerating their investments in next-generation networks. These leaders have higher expectations about their future performance

% CSPs expecting double-digit[1] average growth on the following KPIs over the next 3 years

1.5x
46%
30%

Revenue

1.8x
42%
23%

Gross Margin
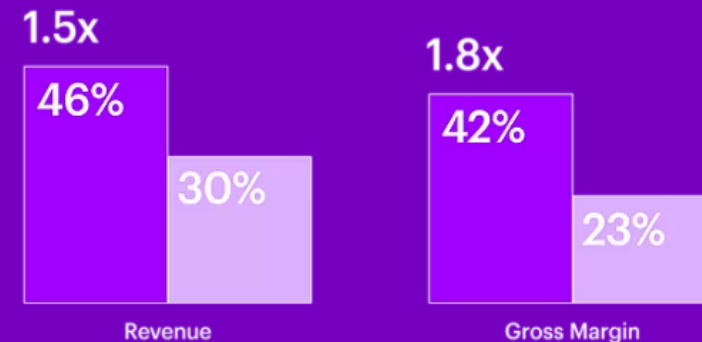
○ Industry Leaders[2]

[1] respondents which expect a growth of 11% or more
[2] Network leaders (13% of the respondents) are selected on a customized weighted index based on three foundational pillars: next gen network tech adoption and planned investments, effectiveness in adopting new technologies/capabilities and network workforce put through training & certification programs to reskill and upskill for modern network environment.

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# Embracing innovation. Launching reinvention.

**Network-led transformation** is a continuous reinvention strategy that redesigns and rearchitects the network by combining cloud-based technologies, along with the associated operating models, processes, and talent.

The goal for the CTOs that participated in our survey is to achieve an **agile network**, capable of **scaling new growth** with advanced network capabilities and continuously optimizing network costs and operations.

**83%**
cited network infrastructure flexibility as a significant priority

**84%**
cited improving time to market for new products and services as a priority

**85%**
cited that the ability to scale using public cloud is an important criterion for modern network in their company

# Three next steps for CSPs

CSPs must build their **network as a cloud-platform** to enable continuous innovation and optimal operations. To enable this reinvention, a set of three steps should be adopted.

## #1
### Re-engineer for flexibility and agility

CSPs must define their future goals and create a roadmap while adopting an agile mindset. This means that transformation relative to 5G, cloud, virtualization, should be executed through agility.

## #2
### Optimize network deployment and operations with AI-driven automation

Advanced AI and analytics can boost efficiency, optimize expenditures, and free up funds for growth. In addition, intelligent network deployment facilitates automation, lowers TCO and time-to-market

## #3
### Strategically open the network to enable new products and offerings

Standardized network APIs encourage third-party developers to build solutions on an existing network platform, driving innovation and the ability to build new solutions and use cases

# Accenture Network Transformation Services

## Cloud-based network technologies for business-focused growth



### Advise

Strategy, operating models, ecosystem partnerships, and market assessments. Best-in-class benchmarks to pivot towards a cloud-native architecture.

### Benchmark

Insights beyond the baseline for overall industry standing covering speed, latency, quality, performance and more.

### Engineer

Hybrid cloud network engineering and implementation services, Private 5G solutions and cloud WAN.

### Deploy

Industrialize and grow fiber, mobile deployment expansion, and generative AI copilots for automated deployment.

### Test

Lab-as-a-Service, managed network services and end to end testing.

### Operate

Operational efficiency at scale: B2B managed network services, green networks, legacy/cloud-managed services and assets, AI for autonomous networks.

# Thank you

accenture

George Vitiniotis

Cloud First Networks Lead

Accenture Greece

george.vitiniotis@accenture.com