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Gen 2 SD-WAN Solutions Create New Opportunities for Solution Providers

A new wave of products promises to revolutionize the software-defined wide area networking market by delivering unprecedented flexibility, automation and ease of management. Here's how providers that move quickly to implement Gen 2 SD-WAN go-to-market strategies can leave their competitors in the dust.

By Pedro Pereira

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About the Author



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When it comes to network management, we live in a software-defined world. The software-defined wide area networking (SD-WAN) market is expanding at **69%** annually, having approached the \$2 billion mark in 2019, according to IDC. Growth is expected to continue at a fast clip, with IDC predicting the SD-WAN market will top \$8 billion in 2021.

What is driving the growth? Market expansion tends to build on early successes, which is the case with SD-WAN. Organizations have started reaping the benefits of deploying SD-WAN solutions to cut network costs, boost network agility and easily connect new, geographically dispersed locations.

More significantly, SD-WAN opportunities are multiplying thanks to a new generation of products expected to take SD-WAN solutions to new levels of flexibility, automation and ease of management.

Gen 2 SD-WAN will neutralize some of the limitations of Gen 1 by making it easier to leverage multiple clouds, improve security and visibility, and implement self-driving networks, among other benefits.

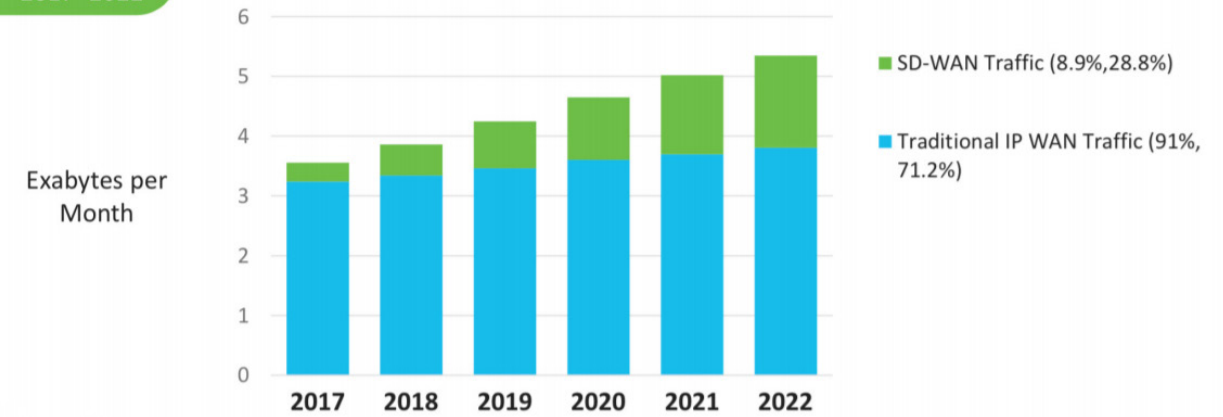
For channel partners, Gen 2 opens a world of new opportunities: Organizations need providers to deliver and service SD-WAN solutions that help them better manage their networks and leverage technology advances such as artificial intelligence (AI) and the internet of things (IoT).

These opportunities are available to channel partners with expertise in Gen 1 SD-WAN as well as partners with networking backgrounds who are

Global Enterprise SD-WAN Traffic

SD-WAN traffic will grow at a CAGR of 37% compared to 3% for traditional WAN SD-WAN will increase 5x and will be 29% of WAN traffic by 2022

9% CAGR
2017-2022



* Figures (n) refer to 2017, 2022 traffic share

Source: Cisco VNI Global IP Traffic Forecast, 2017-2022

willing to invest in Gen 2. Providers that move quickly to implement Gen 2 SD-WAN go-to-market strategies can get in on the ground floor of the market's rapid expansion and step ahead of the pack.

SD-WAN: Generational Differences

SD-WAN solutions build on the functions of software-defined networks (SDN), such as on-demand bandwidth delivery, network visibility and separation of the control plane from the data plane. SD-WAN primarily

differs from SDN by extending its functionality over widely dispersed geographies.

Gen 1 SD-WAN products appealed to visionary adopters who recognized the potential of freeing networks from the constraints and costs of hardware-controlled environments. With SD-WAN, organizations gain new levels of flexibility and elasticity that simply weren't available with hardware-controlled networks.

But while Gen 1 SD-WAN solutions delivered significant benefits to network management, including improved control over virtual private networks, packet-based routing and multiple concurrent internet connections through split tunneling, there were also shortcomings, as is often the case with emerging technology.

Gen 1's shortcomings break down into three major areas:

Multicloud limitations. Most organizations are leveraging hybrid, multicloud environments combining public and private clouds with internal data centers. But Gen 1 SD-WAN solutions aren't designed to support these environments because they do not support application networking, which is necessary when using the cloud.

Lack of application awareness. Gen 1 solutions cannot identify applications or understand how they are performing. Lack of visibility into application transactions and

response time makes it virtually impossible to track user experience, which makes troubleshooting a significant challenge.

Carrier dependence. While organizations are looking for the flexibility and freedom of running their environments as they see fit, Gen 1 SD-WAN solutions hamper their efforts because they are carrier-dependent. This means an organization cannot just decide to switch to another carrier without also switching solutions.

Gen 2 Advantages

Gen 2 SD-WAN solutions address the limitations of Gen 1 while providing additional improvements. For starters, Gen 2 supports multicloud environments, a much-needed improvement considering the increasing reliance on multiple clouds: As of 2019, [84%](#) of enterprises have multicloud strategies.

Gen 2 also brings application awareness to networks, regardless of whether apps reside in a cloud or an internal data center. The network is no longer focused on packet routing, but rather on application routing; routing decisions are based on policy definitions tied to each app's impact on the business. This allows network administrators to prioritize critical functions around performance, compliance security and user experience.

With Gen 2, carrier dependence is no longer an

issue, either. An organization can use the carrier of its choice to establish connections between different environments, be it data centers, private or public clouds. Gen 2 also allows connections between different types of broadband, such as MPLS and fiber, which makes it possible to mix and match connectivity types based on local availability.

Other Gen 2 SD-WAN advantages include the following:

Self-driving networks. Gen 2 delivers significant advances in automation. Using infrastructure-as-code and API-led deployment models minimizes error, improves scalability and enables autonomous functions. Just as AI enables self-driving cars, Gen 2 SD-WAN enables self-driving networks with self-healing properties that accelerate troubleshooting by eliminating manual intervention, which minimizes downtime.

Security improvements. Gen 1 solutions left much to be desired in terms of security, but Gen 2 delivers integration with cloud-based security architectures and best-of-breed security products from a range of vendors. Monitoring tools and centralized security management allow network administrators to uniformly enforce policies and track anomalies that could indicate a breach. As organizations increasingly rely on multicloud environments, they need assurances their data

and networks have effective protection against cyberthreats.

Better data/control separation. The use of multitenant, cloud-hosted controllers ensures data never has to traverse the SD-WAN controller. Instead, it moves directly between the branch SD-WAN device and the application server, which is essential to minimizing security vulnerabilities and preventing downtime.

accomplish this by delivering the flexibility and scalability that gives administrators better control over their networks, allowing them to make routing and bandwidth-allocation decisions based on specific business needs. For instance, if video streaming requirements in some locations increase substantially at certain times of day, administrators can allocate bandwidth appropriately.

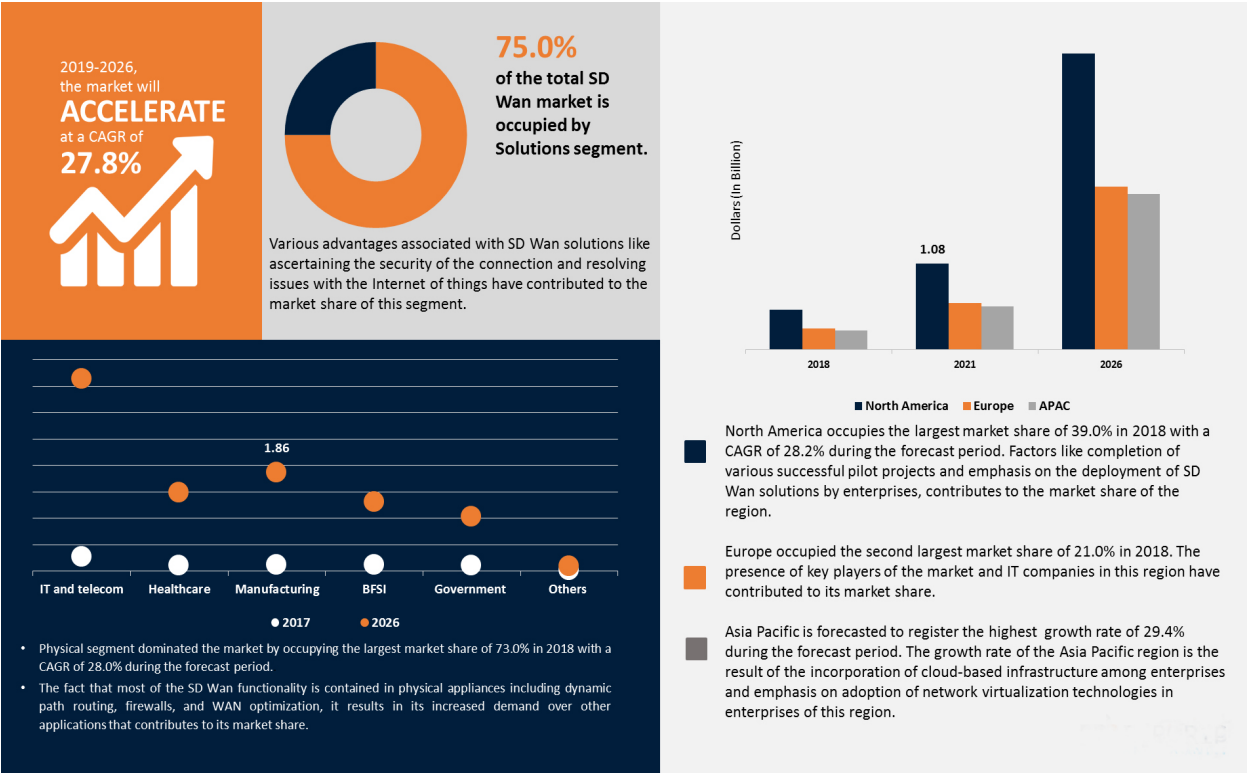
SD-WAN also vastly improves network visibility, rectifying a serious

SD-WAN Market Drivers

The introduction of Gen 2 SD-WAN solutions creates opportunities for channel partners to add new services for existing customers and attract new clients. Solution providers always need to stay a few steps ahead of commoditization, after all, and investing in expanding markets is an obvious way to accomplish that.

With 69% growth rate, the SD-WAN market is ripe for investment. Enterprises are driving this growth as they seek to modernize networks, often as part of digital transformation plans to prepare for a digital future where agility and responsiveness to market dynamics are critical.

One of the biggest drivers of SD-WAN investment is the need to reduce network costs and complexity, especially in hybrid environments with applications in multiple locations. Software-driven networks help



Source: Reports and Data

shortcoming of legacy networks. Visibility enables administrators to monitor everything all the way to the farthest reaches of the enterprise. This translates to better management of remote locations and a more secure network.

The SD-WAN market's expansion also plays a role in the enterprise's IoT plans. Many digital transformation projects are a precursor to implementing IoT environments that allow organizations to collect and act on data in real time. SD-WAN solutions make it easier to connect and manage multiple sites, and to allocate the bandwidth necessary for real-time functionality.

Addressing Pain Points

Gen 2 SD-WAN solutions make it possible for channel partners to address their customers' network management pain points, including:

Management limitations. Legacy, hardware-controlled networks are notoriously restrictive. They provide poor visibility, creating management and security challenges. And because of the inherent limitations of hardware, they are expensive to scale, typically requiring considerable infrastructure investments to add capacity and adopt new technologies. With the ability to connect to the cloud and leverage as-a-service models, software-defined networks provide virtually limitless scalability.

“ Gen 2 SD-WAN opportunities for solution providers go beyond selling one-time customer deals: SD-WAN training and consulting services are expected to grow at a 64% annual rate through 2025. ”

Future-proofing restrictions. It's next to impossible to future-proof legacy networks. Organizations often would put off deploying new applications — or forego them altogether — because of scalability limitations. With SD-WAN-driven networks, organizations can invest in new technologies such as AI, IoT and augmented reality (AR) much more quickly and with lower budgets. This improves user productivity and accelerates time to market for products and services.

Bandwidth obstacles. Businesses often struggle with bandwidth limitations that hamper network and application performance. This could mean they need to add bandwidth, or it could be an allocation-related problem. SD-WAN helps

address bandwidth issues by enabling policy-based routing and allowing administrators to make routing changes as needed.

Security challenges. Securing networks is no easy task. Gen 2 SD-WAN makes it easier to protect networks and the data that flows within them through integration with best-of-breed security vendors. Monitoring tools, improved visibility and policy-based application management and routing also contribute to the environment's overall security.

Seizing SD-WAN Opportunities

Gen 2 SD-WAN opportunities for solution providers go beyond selling one-time customer

deals: SD-WAN training and consulting services are expected to grow at a [64%](#) annual rate through 2025. This translates to long-term engagements with customers, starting with the need to educate stakeholders on business outcomes. Customers may not grasp the benefits of deploying an SD-WAN solution at first, so providers need to educate them while resisting the temptation to focus too much on technology. The focus must stay on business benefits, because that is what customers understand.

Once customers understand SD-WAN's benefits, they will need help with planning and implementation. Channel partners can provide the needed expertise to develop a strategy around a customer's specific needs and then execute the implementation. This is the stage where realistic budgets and timetables must be set in order to avoid customer frustration later because of cost overruns and project delays.

Once SD-WAN solutions are in place, channel partners have the opportunity to stay engaged with customers through training programs as well as ongoing monitoring and management services. In many cases, customers will be looking to offload management tasks so they can focus on core functions, and no one will be better positioned to take over those tasks than providers who deliver consulting and implementation services.

Recommendations for Solution Providers

As channel partners develop strategies to deliver SD-WAN solutions and services, here are some factors to consider:

- Take the time to research and learn about the technology and market opportunities in order to determine the right fit for your business, and make a plan to develop the necessary skills and capabilities.
- Perform due diligence on SD-WAN vendors and select channel-friendly companies. Vendors that allow conflict between direct and indirect sales may not truly understand the value partners deliver.
- Check that vendors have well-developed, reliable sales and engineering resources that collaborate with you on winning customer deals. To win enterprise deals, you may need the strong backing of a vendor with the requisite resources to recruit and serve customers.
- Partner with vendors that are serious about investing in a growth market by providing market development funds and lead generation.
- Work with vendors responsive to the needs of solution providers and their customers. That includes providing customer references when you request them.

Conclusion

As the SD-WAN market shifts from early adoption to next-generation solutions, market expansion is fast accelerating. Channel partners willing to invest now in Gen 2 SD-WAN products will get a competitive advantage. Teaming with a vendor poised to grow at an aggressive pace with the market thanks to its Gen 2 architecture will help partners forge a viable growth path well into the future.