# The Distributed Enterprise: who they are & what they need

## Focus on the Customer-Facing Distributed Enterprise (CFDE)

## SUMMARY

### In a nutshell

Ovum researches the enterprise market and provides insight on the different aspects of enterprise segments, customer requirements and unique solutions, as well as monitors the various ICT providers globally. Cradlepoint engaged Ovum to review its horizontal category of customer-facing distributed enterprises (CFDEs); identify their unique requirements; and provide insight into their specific challenges and their need for simple, turnkey, reliable solutions. Ovum also provides thoughts on Cradlepoint's position in addressing this enterprise category.

### Ovum view

Enterprise customers can be segmented into many categories and groupings beyond line size, number of employees and revenue spend. Another one of the common segmentation models for enterprise customers is based on the vertical industry. Other valid segmentation models are more horizontal in nature. This report focuses on Customer-Facing Distributed Enterprises (CFDEs), a segmentation Cradlepoint created. Ovum believes there is value in developing new and different segmentation models. This report explores this unique segmentation, its requirements and the appropriate solutions to address this segment.

### Key messages

- Customer-Facing Distributed Enterprises (CFDEs) have their own unique requirements that cut across all verticals.
- These requirements include on-premises equipment, reliability, security (at the host and edge), service bundle and service management support.

- Scalability, turnkey implementation, remote provisioning and centralized management need to be part of the service package.
- Solutions for CFDEs require a broad set of services (starting with connectivity) that are cost effective with a 'light touch' support approach.
- Integrating the required services cost effectively with remote network management is part of this challenge to address CFDEs.

## CFDE characteristics

- CFDEs cut across all verticals and have customer-facing branches or storefronts with high-frequency transactions.
- The ability to grow and contract is part of the CFDE model, fluctuating as needed to meet customer demand within each location and add or delete locations quickly.
- CFDEs have hundreds to thousands of locations spread over a large geographic footprint managed from one central location.
- Financial and ERP applications are implemented to serve customers with real-time, high-volume activity within CFDE locations.
- IT support and technical expertise is very limited (non-existent, in most cases) on-site.
- CFDEs require secure connectivity services for private network and public connectivity, typically with PCI compliant environments.

## Challenges CFDEs face

To succeed, CFDEs need a full solutions package with bandwidth, security and equipment, which also delivers a combination of a lower cost of ownership and remote management. Finding the right-sized offer with mission-critical service levels at extremely competitive pricing is part of their challenge. Since these customers lose revenue when their ability to conduct financial transactions slows or fails, their solutions can have virtually no downtime.

CDFEs increasingly need both wired line and wireless communications for connectivity, business continuity and Wi-Fi within each location. Their network bandwidth requirements are growing as digital signage, customer analytics, public Wi-Fi and business M2M applications become more common. With so many remote locations, security has become a top priority for CDFEs that need a comprehensive approach to protecting the core and edge of their networks.

## Difficulty addressing these customers

Providing 100% uptime and low service cost, with all the required service elements necessary to address CFDEs and their customers, is a challenge. The ability to meet these requirements at the right price point with the appropriate service level and simplicity for scalability summarizes the

difficulty addressing these customers. Providing the required functionality at the right cost and managing a large number of locations while providing a low-touch service model summarizes the balancing act. The service management model has to be designed with high reliability, built-in redundancy, upgrade automation and remote monitoring. Support and upgrades have to be provided remotely with centralized operations to minimize any requirement for on-site technical staff. The solution has to include support for multiple devices and limit the amount of on-premises equipment while providing enterprise-grade, high-availability service.

The budgetary constraints of these customers make it difficult to provide highly reliable connectivity with some elements of disaster recovery or failover. For traditional service providers, addressing CFDE solution deployments is also challenging because they tend to cross network footprints and require managed service elements, a variety of network technologies (wired line/wireless), and feature-rich, highly reliable equipment at the acceptable price point. Ovum has heard from some of these customers about the difficulty to find one provider to address their network, equipment on premises, support and service level, price point and uptime.

## Overview of the ideal solution

The solution has to be a right-sized service bundle at a low total cost of ownership. Installation, upgrades and turn-up have to be a simple and scalable process. Redundancy has to be built-in with wired line and wireless connectivity for automatic failover. Support should be centralized and designed for remote locations without any on-site technical staff. Scalability and automation need to be baked into every service within the bundle. CFDEs also need a provider that continually offers new services and technology that increases functionality, lowers service cost and improves overall availability.

## Cradlepoint's position in addressing this CFDE market

Cradlepoint has made the transition from a consumer-based vendor to focus on addressing the enterprise market by leveraging its experience in the consumer market. The combination of low-cost of network ownership, designing quick provisioning tools, and reduced support requirements are ingredients to the successful CDFE solution. Cradlepoint complements this with deep carrier partnerships that have given it experience in supporting wireless and wired line connectivity. Working with carriers also provides a wealth of knowledge of each provider's coverage to deliver reliable network options and coverage with failover options. Its service model has been designed for the remote support of equipment and very low need for any technical expertise on site.

Cradlepoint has also invested in providing additional features like cloud-based security and management of its equipment and networks. This approach enables a centralized service model that provides upgrading, configuration and scalability for the customers — with a very high volume of geographically dispersed locations.

# Customer-Facing Distributed Enterprise (CFDE) Examples:

## Jackson-Hewitt – National Tax Service

Jackson-Hewitt has a large number of locations across the US like most CFDEs, but has the additional challenge of adding locations quickly with its stores-within-a-store environment during tax season. The ability to partner with Cradlepoint allowed this customer to deploy a cost-effective solution with a quick provisioning cycle and more reliable network connectivity than its past solution.

**Figure 1: Store-within-a-Store Environment**



*All applications are leveraging Parallel Networking
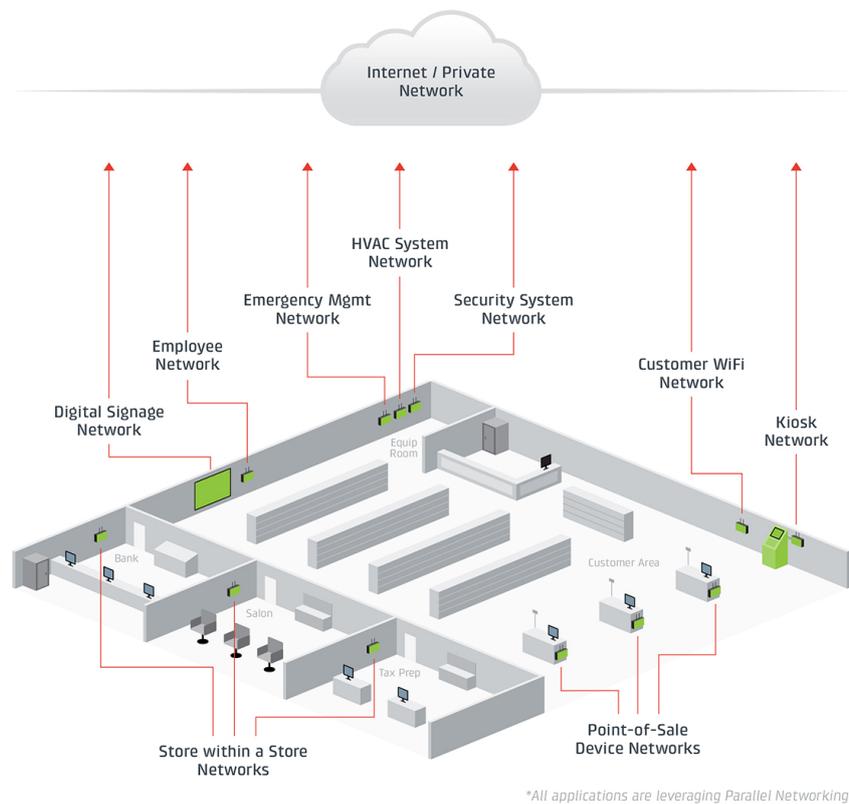
Sources: Cradlepoint

## Quick Service Restaurant Chain

This CDFE customer, with more than 17,500 locations, needed reliable network connectivity, improved manageability and public Wi-Fi at each location. Its solution included using cellular service (4G/3G) for connectivity with built-in failover, enhanced management with Cradlepoint's

cloud-based management and the ability to offer Wi-Fi service in each store. Cradlepoint also provided support to assist the customer in selecting the best provider for each location, based on Cradlepoint's experience with all the major mobile operators.

**Figure 2: Quick Service Restaurant Chain – 1000s of locations and broad coverage**
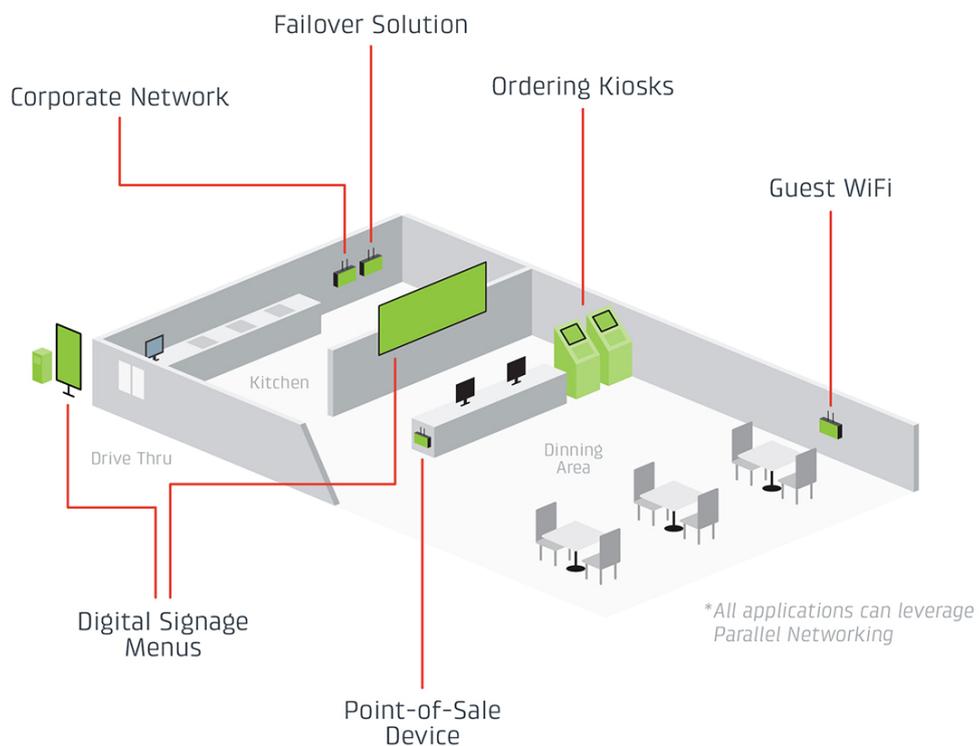


Sources: Cradlepoint

# APPENDIX

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